

Reporting on co-benefits of CDM

Edit Kiss

Carbon Portfolio Manager

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Eneco Holding N.V.

- One of the largest Dutch utilities
 - ❖ A-Rated, owned and backed by Dutch provinces and municipalities
- Strong focus on renewables, such as off-shore wind and biomass
- EU ETS compliance player

- **Vision:** Sustainable energy mix by 2030
 - ❖ Elected as the greenest energy company by Greenpeace in 2008 and 2009
 - ❖ Recognized as Climate Saver by WWF since 2010
 - ❖ Joined the Leaders For Nature Forum – an initiative of IUCN NL
 - ❖ Voluntary target of 100% carbon neutrality and carbon footprint reduction target of 50% from 2007 by 2013

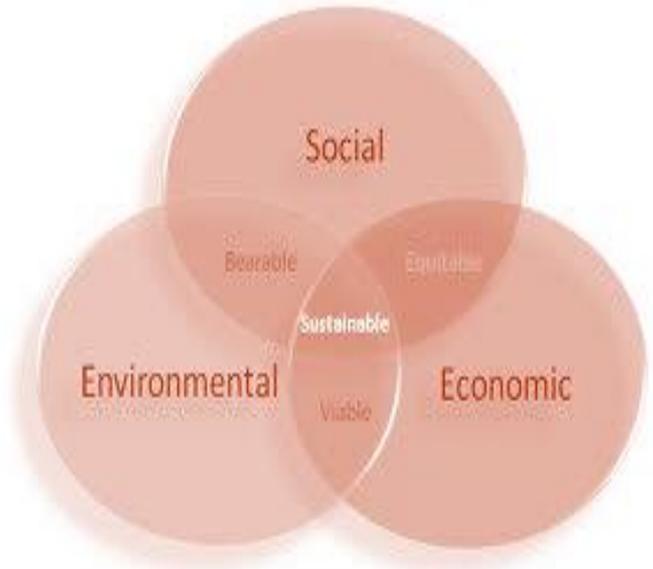
The Carbon Desk

- Eneco is an active purchaser of **carbon credits** for both its own use, and for 3rd parties with which it partners
- Participation in over **50 CDM projects** in China, India, Vietnam, Argentina. Mexico, Thailand and Colombia, Uganda.
- Offering **voluntary offsets** from projects with strong sustainable development credentials for partner organizations and internal clients who wish to offset their footprint
- Our philosophy is to work with projects which have **clear sustainable development benefits** and a positive environmental impact - and we work with clients with a similar philosophy



Does CDM contribute to sustainable development and environmental co-benefits?

- A study published by the UNFCCC in 2011 concludes that there is evidence to suggest that CDM projects are indeed making a contribution to sustainable development over and above the mitigation of the GHG emissions in the host country.
- But it also notes that HFC and N2O related projects yield the fewest sustainable development benefits.
- Other studies conclude that the CDM governance process largely fails to ensure sustainable development and social equity.



Eneco's view...

CDM can contribute to sustainable benefits but it is not always the case

Lack of strong governance and rules within CDM

- **DNA Letter of Approval** : only non-binding guidelines
- **Stakeholder consultation**: not clear guidelines
- **Validation**: not focused on reality check for sustainable benefits (EIA is weak)
- **Verification**: no follow up audit on environmental and social issues

Some practical experience...

Dimension	Indicator	Examples
Economic	Local job creation	Hydro power plant in Vietnam and Laos using skilled Chinese labour due to lack of skilled local labour. Indigenous communities are especially suffer.
	Investment in local infrastructure	Roads, bridges built, however, it increased deforestation.
Environment	Promotion of renewable energy	Renewable energy projects will do except when exporting electricity to neighbouring countries
	Impact on biodiversity, natural resources such as forests	Often negative Palm oil projects (waste water treatment) that are directly responsible for deforestation in Malaysia
Social	Poverty alleviation	Typically only small scale demand side projects Negative side effects of municipal solid waste projects for waste pickers can deteriorate livelihoods
	Engagement of local population	Stakeholder consultation is often too short, and locals are excluded due to language barriers

Eneco's approach

1. Negative list

- ❖ *No palm oil related project*
- ❖ *No biomass project which competes with food*
- ❖ *No coal*
- ❖ *No large hydro, however, sometimes small hydro have worst impact*

2. Positive list

- ❖ *Small scale household level projects (cookstove, efficient lightning etc.)*

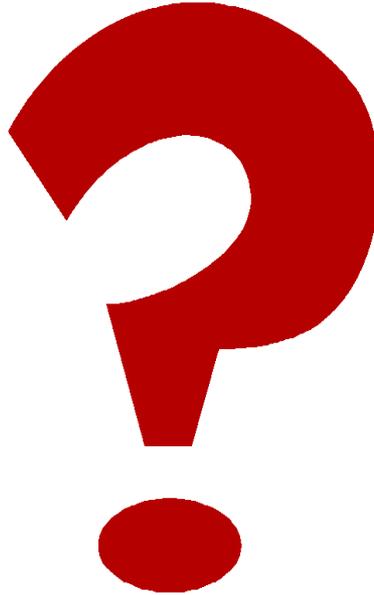
3. Implementation

- ❖ *For projects where deemed necessary additional environmental due diligence and Environmental Monitoring Plan to be verified annually*

Solutions?

- Validation and registration process should be simplified for additionality and more rigorous criteria added on the environmental and social requirements (UN)
- Demand side restriction by EU – only high quality projects should be eligible, this would help prices as well
- Market premium? Possible but in larger volumes is more difficult...

Thank You for your Attention!



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