

## Press Release: New Proposed Rules for United Nations Carbon Offsetting Scheme Undermine Montreal Protocol

**Brussels, 25 May 2011. CDM Watch calls on the United Nations' CDM Executive Board to reject the proposed new rules for calculating emission reductions from industrial gas projects because they undermine the Montreal Protocol and risk carbon leakage.**

**Background:** Following concerns that HFC-23 abatement projects under the United Nations' Clean Development Mechanism (CDM) are deliberately increasing emissions in order to be able to destroy them to earn carbon credits, the United Nations' CDM Executive Board suspended the methodology for HFC-23 abatement projects. A new methodology will be discussed at the next meeting of the Board starting on 30 May 2011 in Bonn.

*"Although a step in the right direction, the proposed revision of the methodology is too weak to prevent the CDM from undermining the phase-out of HCFCs under the Montreal Protocol"* said Eva Filzmoser from CDM Watch. *"The proposed rule changes would only account for the technological improvements but not fully eliminate the risk of hampering the HCFC-22 phase-out because of large CDM revenues"*.

In order to avoid that carbon credits be issued for the destruction of inflated emissions, the United Nations Methodology Panel has proposed to lower the waste generation rate to 1% compared to 3% in the old methodology. Last year, CDM Watch has proposed a waste generation rate of 0.2%.

*"Proposing to cut the cap from 3% to 1% shows that even the United Nations recognizes that the scheme is terribly flawed"* Filzmoser added. *"It is now up to members of the CDM Executive Board to show backbone and reject the new methodology until all issues of concern are addressed and these CDM projects no longer undermine climate and ozone protection"*.

### Further Improvements Blocked By Meth Panel

CDM Watch also lamented that the revision fails to address the need to recalculate and reduce the waste generation rate when CDM HFC-23 plants are retrofitted with more efficient production technology. A proposal to address this was submitted by CDM Watch last year but has not yet been discussed by the Board arguing that CDM Watch is not qualified to make submissions.

*"At a time when the CDM's integrity is being challenged over a range of flaws we expect Ms Christiana Figueres, the UNFCCC's Executive Secretary, to ensure that formal consideration is given to proposals that address methodology flaws that have been clearly documented"* said Eva Filzmoser.

Since this proposal does not amend but only clarifies rules, CDM Watch's proposal to address the improved efficiency of retrofitting would be applicable to the current crediting period of all registered HFC-23.

### Rules in Place must be adjusted

The first renewal request was submitted last year by the HFC-23 Decomposition Project in Ulsan, South Korea, operated by the Ineos Group. According to current CDM rules the project could be renewed on the basis of the old, flawed methodology. But CDM Watch insists that these rules need to be changed and urges the CDM Executive Board to first resolve the methodology issues before such projects can renew their crediting period.

### Demands to CDM Executive Board:

- Reject the methodology revisions and task the Methodology Panel to fully address the risks associated with undermining the Montreal Protocol and with carbon leakage.
- Address the clarification request (AM\_CLA\_0191) and apply changes to the current crediting methodology
- Reject the renewal request of the Ulsan project activity 003

**Note to journalists:**

- Note by Methodology Panel on revised rules for AM0001 at [http://cdm.unfccc.int/Panels/meth/meeting/11/049/mp49\\_an13.pdf](http://cdm.unfccc.int/Panels/meth/meeting/11/049/mp49_an13.pdf)
- CDM Watch comment on Meth Panel Note on AM0001 at <http://www.cdm-watch.org/?p=1994>
- CDM Watch proposed revision of methodology AM0001 of March 2010 at <http://cdm.unfccc.int/methodologies/PAmethodologies/revisions/58215>
- Clarification request AM\_CLA\_0191 to AM0001 “Use of historical data if the key components of a HCFC-22 plants have been retrofitted or replaced” and related documents at <http://cdm.unfccc.int/methodologies/PAmethodologies/clarifications/39765>

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