

UN Panel Calls for Immediate Suspension of Coal Power Projects in the CDM

7 July 2011, Marrakesh, Morocco. In a note published yesterday, a UN panel of technical experts called to immediately suspend coal projects under the Clean Development Mechanisms (CDM) after an analysis revealed that current rules could lead to millions of artificial carbon credits. The CDM Executive Board is expected to make a decision at its upcoming meeting beginning 11 July in Marrakesh.

The CDM Methodology Panel is recommending that the CDM Executive Board suspend the super critical coal methodology (ACM0013) on the grounds that it significantly inflates baseline emissions. These inflated baselines could lead to a potentially serious overstatement of emission reductions from those projects and the issuance of carbon credits that don't reflect real-world reductions. The analysis by the Methodology Panel shows that current CDM crediting rules allow plant operators to use outdated information to determine baseline emissions that ignores the efficiency improvements that have occurred at new fossil fuel-fired power plants over time.

Environmental groups have long argued that super critical coal projects do not belong in the CDM and strongly support a suspension of the super critical coal methodology.

"The current crediting rules compare the performance of new coal power plants with plants that were constructed up to ten years ago" explains Anja Kollmuss from CDM Watch. "While the original aim of the methodology was to reward only the most efficient coal plants, the current calculation of baseline emissions fails to do this. Instead it allows plant operators and project participants to claim carbon credits for artificial emissions savings from projects that do not improve on what is already common practice in the sector."

Conservative estimates based on IEA data show that on average projects could be over-credited by 25-50%. The Methodology Panel states in its note¹ *"In the worst case the implementation of a project that claims emissions reductions, in fact, might have caused an emissions increase."*

The baseline flaws identified by the Methodology Panel also highlight the fundamental non-additionality of these coal projects. More recent data on common practice shows that in the vast majority of cases super critical coal technology is already a mainstream technology.

"Dramatically rising coal prices provide a strong incentive to coal power producers to use more efficient technology" explains Steve Herz, at Sierra Club. "With over 500 supercritical units in operation, representing more than 20 per cent of units installed worldwide, super critical coal technology is already the technology of choice. In other words, not only is the baseline methodology flawed but such projects are also non-additional."

Last but not least, the projects perpetuate the burning of coal, the world's most carbon intensive fossil fuel. The financial support of coal projects fundamentally undermines the CDM's climate mitigation goals. In addition, coal causes enormous environmental and social damage during mining, locks in decades of new carbon emissions, and leaves host communities with a myriad of toxic air and water pollutants. It is cynical to claim such projects deliver clean and sustainable development, the second, often overlooked, mandate of the CDM.

¹ Methodology Panel Note: http://cdm.unfccc.int/Panels/meth/meeting/11/050/mp50_an09.pdf



“Awarding carbon credits to new coal-fired power projects could waste hundreds of millions of dollars on the fossil fuel industry at a time when the world desperately needs to invest its scarce climate resources in real, renewable energy solutions.” said Alyssa Johl at the Center for International Environmental Law.

With clear evidence from the UN’s own technical body, it is vital that the Executive Board suspend the current methodology. With four projects already approved, and 32 more projects in the process of applying, hundreds of millions of artificial credits worth billions of Euros in windfall profits threaten the integrity of the CDM.

Ends.

You can download the Information Note on ACM0013 at http://cdm.unfccc.int/Panels/meth/meeting/11/050/mp50_an09.pdf

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