



EU-China Partnership in CDM implementation

Michael Bröge
Berliner Energieagentur GmbH

Conference on Financing Renewable Energy Projects in China
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**The project is co-financed by
the European SYNERGY Programme**

Start of the project: June 2003

End: June 2005



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Project partners :

Berliner Energieagentur GmbH (Co-ordinator), Germany
InWEnt gGmbH Capacity Building International, Germany
**ENEA (Agency for new technologies, energy and
environment), Italy**
SenterNovem, The Netherlands
LDK Consultants, Greece

Energy Research Institute ERI, NDRC, China
Guangzhou Institute for Energy Conversion, China



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Strategic objectives:

- **Promotion of dialogue between EU and China on energy policy related to the Kyoto Protocol**
- **Assistance to EU countries in achieving emission limitation and reduction commitments, and to China in achieving sustainable development**
- **Contribution to co-operation in renewable energy policy between EU and China**
- **Strengthening of Chinese institutions in handling CDM projects**



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Operational objectives:

- **To identify barriers to renewable energy and CDM development in China, and formulate a strategy to overcome them**
- **To identify renewable energy project opportunities under the CDM scheme**
- **To increase awareness among European investors and promote CDM projects in renewable energy in China**



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Events in China

Three workshops on promotion of renewable energy in China:

- Shanghai (November 2003)
- Guangzhou (February 2004)
- Chengdu (February 2004)

EU-China Conference on renewable energy policy and project financing

- Beijing (April 2004)

Training on CDM methodology

- Shanghai (November 2003)
- Beijing (November 2004)



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Events in China

Fact-finding mission to China (April 2005)

- Meetings with CDM project developers in Shanghai, Hangzhou and Beijing
- Meetings in Beijing with the Chinese Ministries MOST and NDRC on the preliminary rules for CDM in China



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Events in Europe

Study tour to Europe (June 2004)

- Visits to European renewable energy technology developers in Germany, The Netherlands, Italy and Greece

Conference on renewable energy technologies (June 2004)

- Meeting with Environmental Commission of the German Parliament in Berlin
- Side event on the UNFCCC conference in Bonn



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Events in Europe

Conference on financing renewable energy and CDM projects in China

- **Brussels 19 – 20 May 2005**



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Reports

- **Status-quo of Chinese renewable energy policy**
- **Selected renewable energy policies in EU countries**
- **Workshop and conference proceedings**
- **Chinese renewable energy technologies**
- **Catalogue on European renewable energy technologies**



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Reports

- **Pre-feasibility studies for renewable energy CDM projects**
- **Inventory of EU investors for renewable energy projects**
- **Mission programmes and reports**

All these documents will be downloadable from the project's website:

www.cdm-res-china.net



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Reports

Pre-feasibility studies for renewable energy CDM projects

- Utilization of methane in Ningxia Pingjipu cattle farm
- Nanchang landfill gas power plant
- Jiangsu Xinghua biogas project
- Nanmu multi level small hydro project
- MSW incineration for power in Mianyang landfill site
- Small-scale biogas systems for households in LuZhou
- Waste-to-energy plant in Shenzhen, Nanshan



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Experiences and observations

Pre-feasibility studies for renewable energy CDM projects:

- The projects analysed contribute well to sustainable development
- The project development and implementation cost vary to large extent
- It is difficult to obtain quantitative and economic data from the Chinese project developers
- The additionality of the projects is difficult to prove
- The new Renewable Energy Law affects the baseline for business-as-usual



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Barriers to renewable energy CDM project implementation

- **It needs to be clarified what impact the Renewable Energy Law will have on the additionality criterion requirement for CDM projects**
- **The ownership of the Chinese Government of CERs generated needs to be defined in detail**
- **Project development and implementation cost of renewable energy CDM projects are higher than of other CDM projects (HFC 23, coal gas, energy efficiency, etc)**



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Barriers to renewable energy CDM project implementation

- **Renewable energy projects have high upfront cost, are of smaller size leading to higher transaction cost, have higher risks of resource availability compared to non-RES projects**
- **Since the Kyoto Protocol is in effect only until 2012, the remaining time to generate useful CERs is very short to create sufficient revenue to make the projects feasible**
- **The responsibilities of provincial and local administrations in China for CDM project approval are unclear**



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Approval status of CDM projects in China (March 2005)

- **2 projects are approved by the Chinese DNA (NDRC)**
(Beijing Anding landfill project, Huitengxile wind farm)
- **1 project is in consideration**
(Nanjing landfill gas project)
- **4 projects received letters of non-objection**



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Strategies to overcome the barriers

- **Bundling of RES CDM projects, checking of sectoral approach**
- **Clearer formulation of the Interim Rules for CDM Management in China, to give orientation for project development prior to investment**
- **Definition of provincial and local responsibilities for CDM, and targeted capacity building on CDM project development and approval**



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Thank you very much !

**Michael Broege
Project Co-ordinator
Berliner Energieagentur GmbH
Rudolfstr. 9
10245 Berlin**

broege@berliner-e-agentur.de

www.berliner-e-agentur.de

www.cdm-res-china.net