

CDM/JI/AAU

Group endorses CDM in US cap and trade

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With improvements, the CDM can provide quality carbon credits in US cap and trade, a coalition said.

The Offset Quality Initiative, a group of offset organisations, said in a new report the UN's clean development mechanism (CDM) is generally able to ensure sufficient offset quality.

But it recommends that the UN flexible mechanism should improve how it measures the additionality of projects and verifies emission-reduction projects in developing countries.

The mechanism, which was created under the Kyoto protocol, had been criticised in its early days for enabling projects of questionable environmental integrity to earn UN-backed carbon credits, known as certified emission reductions (CERs).

For this reason, some observers have speculated that CERs may be restricted or limited in a US cap-and-trade market.

One of the offset group's biggest criticisms of the CDM is the way it proves a project is "additional". Additionality is proof the emission reductions from an emission-reduction project would not have occurred without the existence of an offset programme.

The group contends the mechanism's additionality tests are too subjective and vague, and recommends the CDM puts in place a more rigorous and standardised approach to determining additionality.

The coalition also recommends the CDM's independent third-party verification process should be restructured to ensure better offset quality.

The recent suspension of two of the mechanism's auditors – DNV and SGS – for not sufficiently auditing projects has highlighted industry's flaws in the CDM verification process.

In addition, some have raised concerns auditors face a conflict of interest because they are often paid depending on whether the project receives CER credits.

The Offset Quality Initiative said auditors should be better trained and meet a minimum level of training.

To avoid conflicts of interest, a neutral party should assign auditors to projects instead of project participants hiring auditors themselves, it says.

Members of the coalition are The Climate Trust, the Pew Center on Global Climate Change, Climate Action Reserve, Winrock International, Greenhouse Gas Management Institute, and The Climate Group.

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By Kim Moore – kmo@pointcarbon.com

Washington DC