



Overview of the CDM in the oil and gas sector

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Team Leader | CDM Methodologies

Methane to Markets

30 October – 1 November 2007

Beijing China

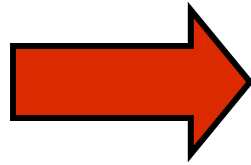


What is the CDM | Incentives

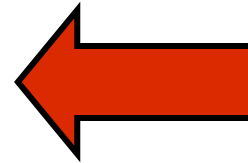
Industrialized countries (Annex I)

→To assist in meeting their
emission limitation commitments

Investors



**CDM project
activity**



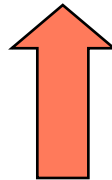
Project participants



(private business,
governments, NGOs)

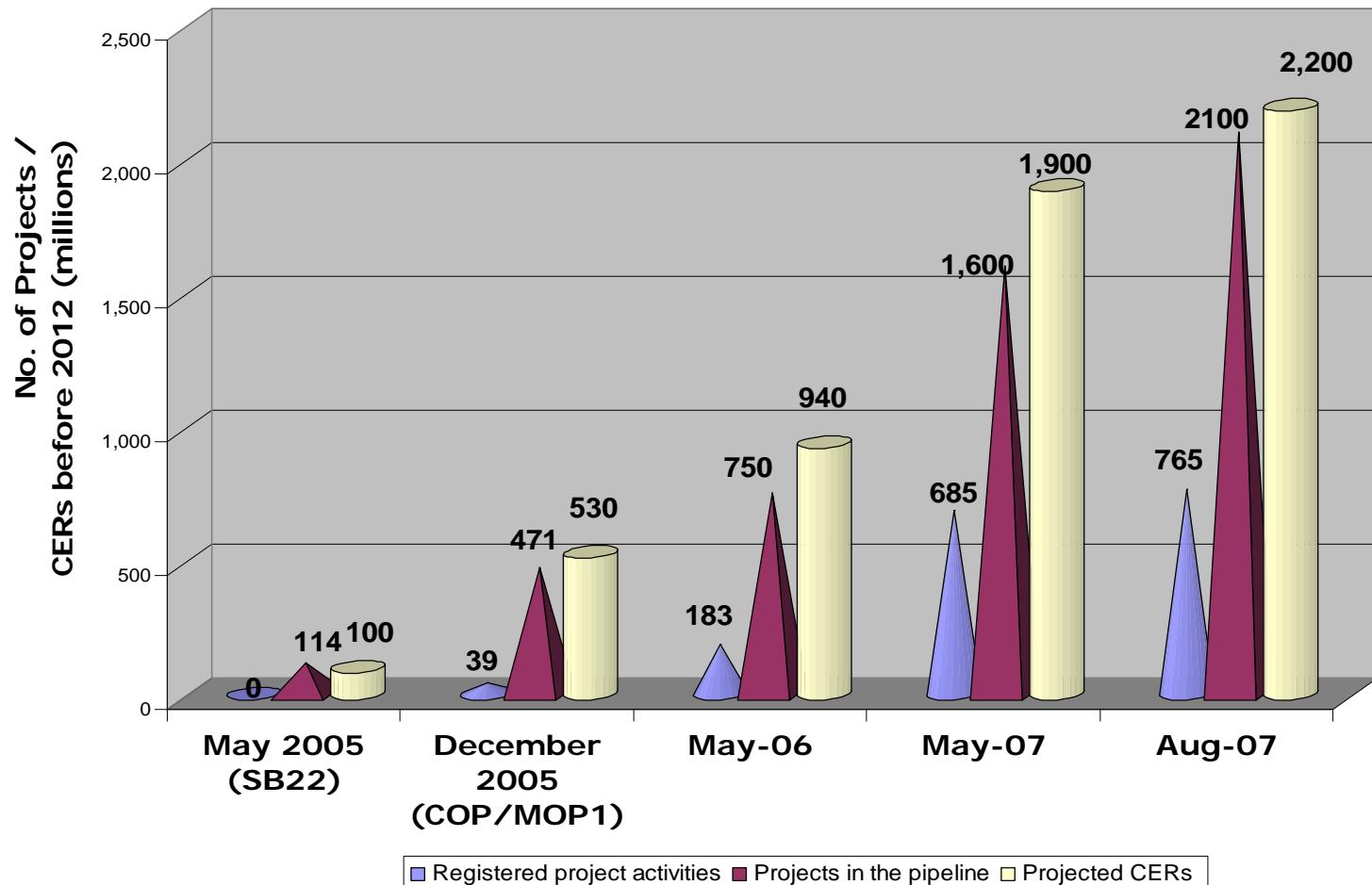
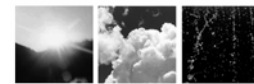
Developing countries (Non-Annex I)

→To assist in achieving
sustainable development

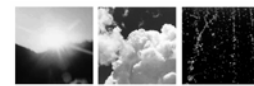


(private business,
governments, NGOs)

CDM | Growth of the CDM



CDM | Key project indicators



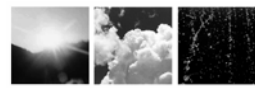
Projects to date	Total number	CERs expected*
Project activities in pipeline	> 2,100	> 2,200 million by 2012
Project activities requesting registration	51	90 million by 2012
Project activities with review requested	43	10 Million by 2012
Project activities under review	30	9 million by 2012
Project activities registered	803	> 1,050 million by 2012
CERs issued	77,460,008	

CDM | Key meth indicators



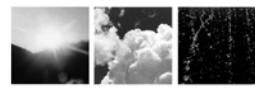
Growth in methodologies for 2007	Total number
1. New large scale non-A/R methodologies	14
Of these are new approved consolidated	2
Total number of approved LS methodologies	49
2. New methodological tools	9
Used in large scale non-A/R methodologies	42
Used in small scale non-A/R methodologies	5
3. New large scale A/R methodologies	4
4. New small scale non-A/R methodologies	4
Total number of approved SSC methodologies	24

CDM | Characteristics

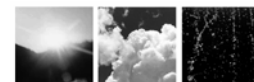


- Only market mechanism offering developing country (non-Annex I) opportunities to participate in the carbon market
- Lowest marginal cost of abatement
- Ensures sustainable development (as defined by the host country)
- Projects or programs must result in real, measurable and long-term greenhouse gas (GHG) emission reductions
- Are additional to any emission reductions that would occur in the absence of the project.
- Participation is voluntary and both public and private entities can participate.
- An international supervisory and standards setting body (CDM EB)
- Is open to regulatory and stakeholder scrutiny, at all times
- Employs the principles of bottom-up, re-use and broad application for all methods
- It offers a low cost option (SSC)
- It offers a multi-project option (PoA)
- A true global currency (CERs) with a strong SD and ToT spin-offs

CDM | Lifecycle



- It has a clear and transparent life-cycle:
 - project design and development of the PDD by the project proponent;
 - approval of Sust.Dev. aspects by the host country;
 - validation by a DOE;
 - registration with the CDM EB;
 - project monitoring by the PP;
 - verification and certification by a DOE;
 - issuance of CERS by the CDM EB.



CDM | Accountability

- The Executive Board is answerable to COP/MOP
 - Publicly available annual report
 - Contact group at sessions of the COP/MOP
 - Q&A sessions with EB
- Other entities answerable to Executive Board
 - DOE/AE: Interaction at each Board meeting
 - Panels, Working Groups and Teams



CDM | Compliance

- CERs are compliance instruments
- CERs are issued into the CDM registry
- Part of international registry system (ITL, national registries)
- Each CER has a unique serial number
- Serial number contains the project identifier
- National registries (and account holders) can easily identify the project type and individual project
- ITL ensures that
 - Units are held in one account only
 - Units are used (retired or cancelled) only once



CDM | Transparency

- All project documentation is publicly available
 - PDD, including annexes
 - Validation report
 - Letters of approval and authorization
 - Methodology employed
 - Monitoring reports
 - Verification and certification reports
 - Requests for reviews
 - Responses to requests for reviews
 - Scope of reviews
 - Reasons for rejection



CDM | Fugitive emissions (oil & gas)

Oil & Gas Methodologies:

- Recovery and utilization of gas from oil wells that would otherwise be flared - AM0009
- Leak reduction from natural gas pipeline compressor or gate stations - AM00023
- Leak reduction from a natural gas distribution grid by replacing old cast iron pipes with polyethylene pipes - AM0043

Registered Projects:

- Rang Dong Oil Field Associated Gas Recovery and Utilization Project, VietNam/Japan/UK (677 000*)
- Recovery of associated gas that would otherwise be flared at Kwale oil-gas processing plant, Nigeria/Italy (1,496 934*)
- Al-Shaheen Oil Field Gas Recovery and Utilization Project , Qatar (2,499 649*)

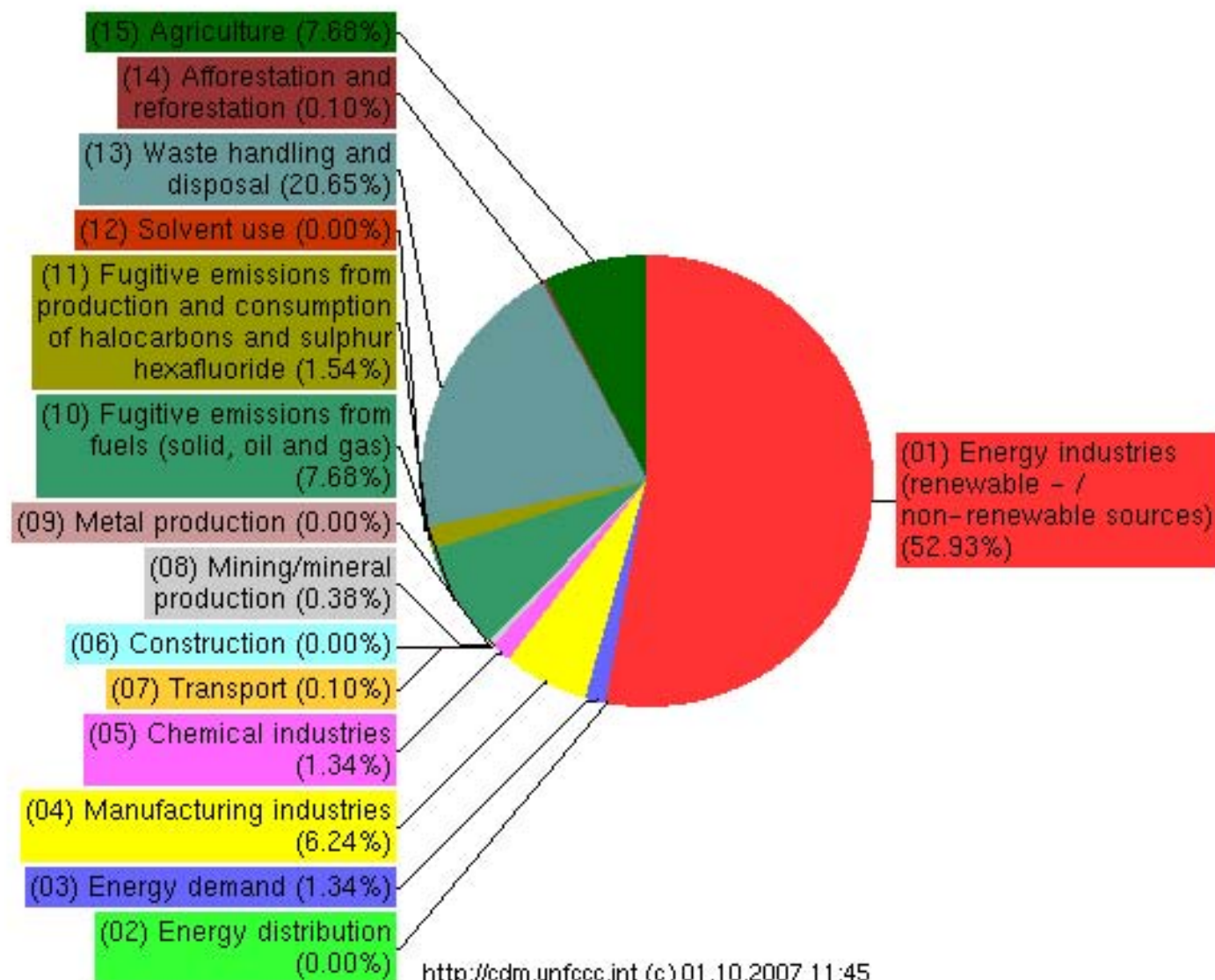
Under validation (17):

- MedcoEnergi Associated Gas Recovery and Utilization Project, Indonesia (123,723)
- Tambun LPG Associated Gas Recovery and Utilization Project, Indonesia (327,335)
- Tres Hermanos Oil Field Gas Recovery and Utilization Project, Mexico (57,603)

* Estimated emission reductions in metric tonnes of CO₂ equivalent per annum (as stated by the project participants)

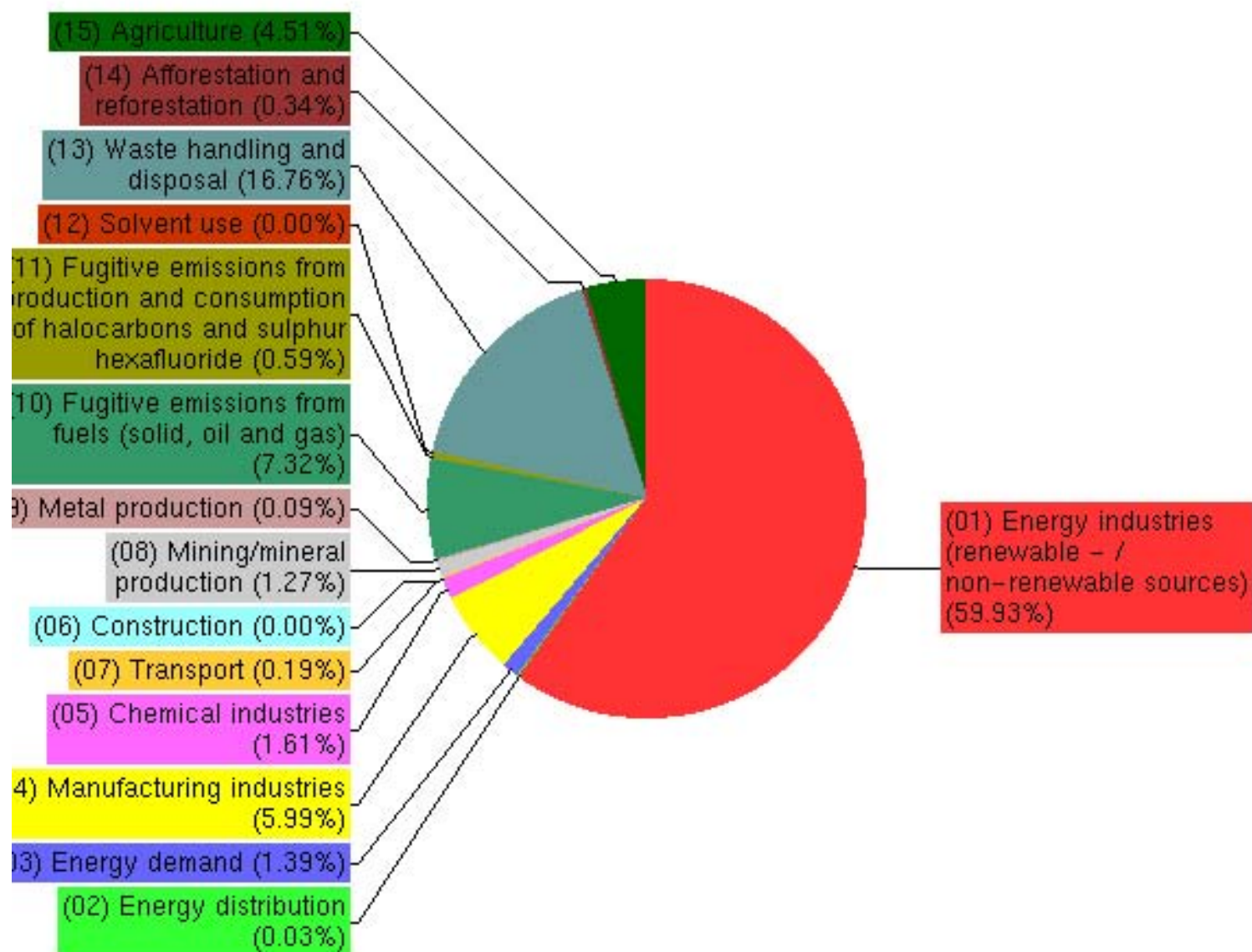


Distribution of registered project activities by scope



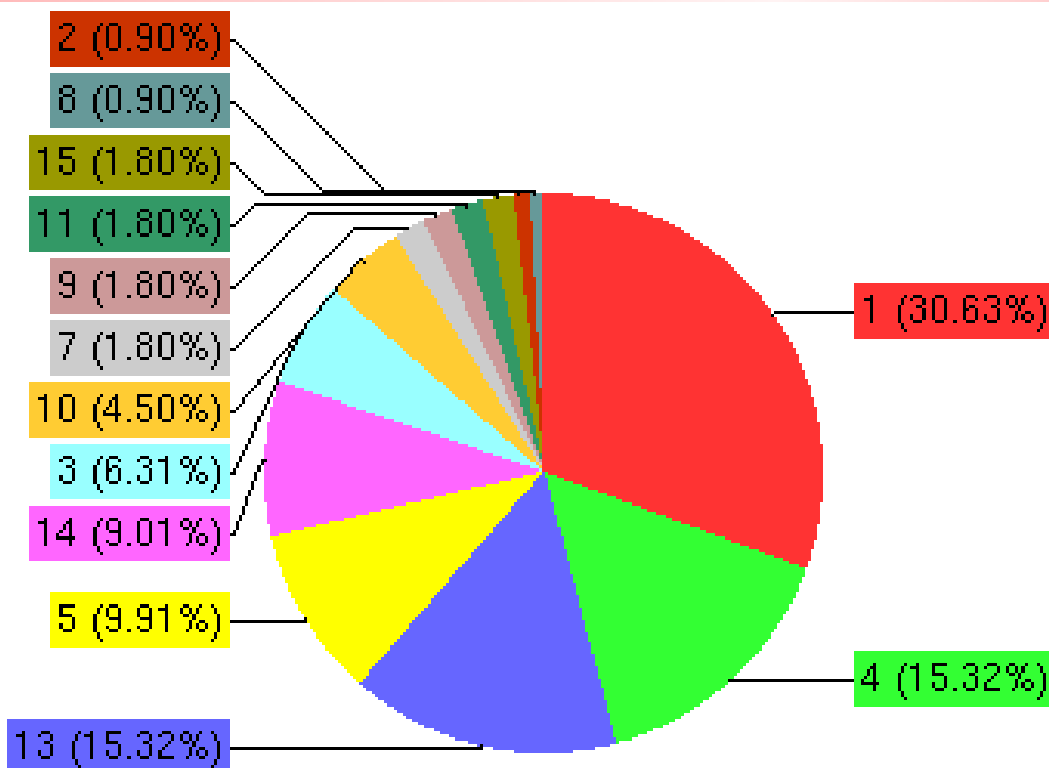


Distribution of project activities in pipeline by scope





Approved methodologies by scope

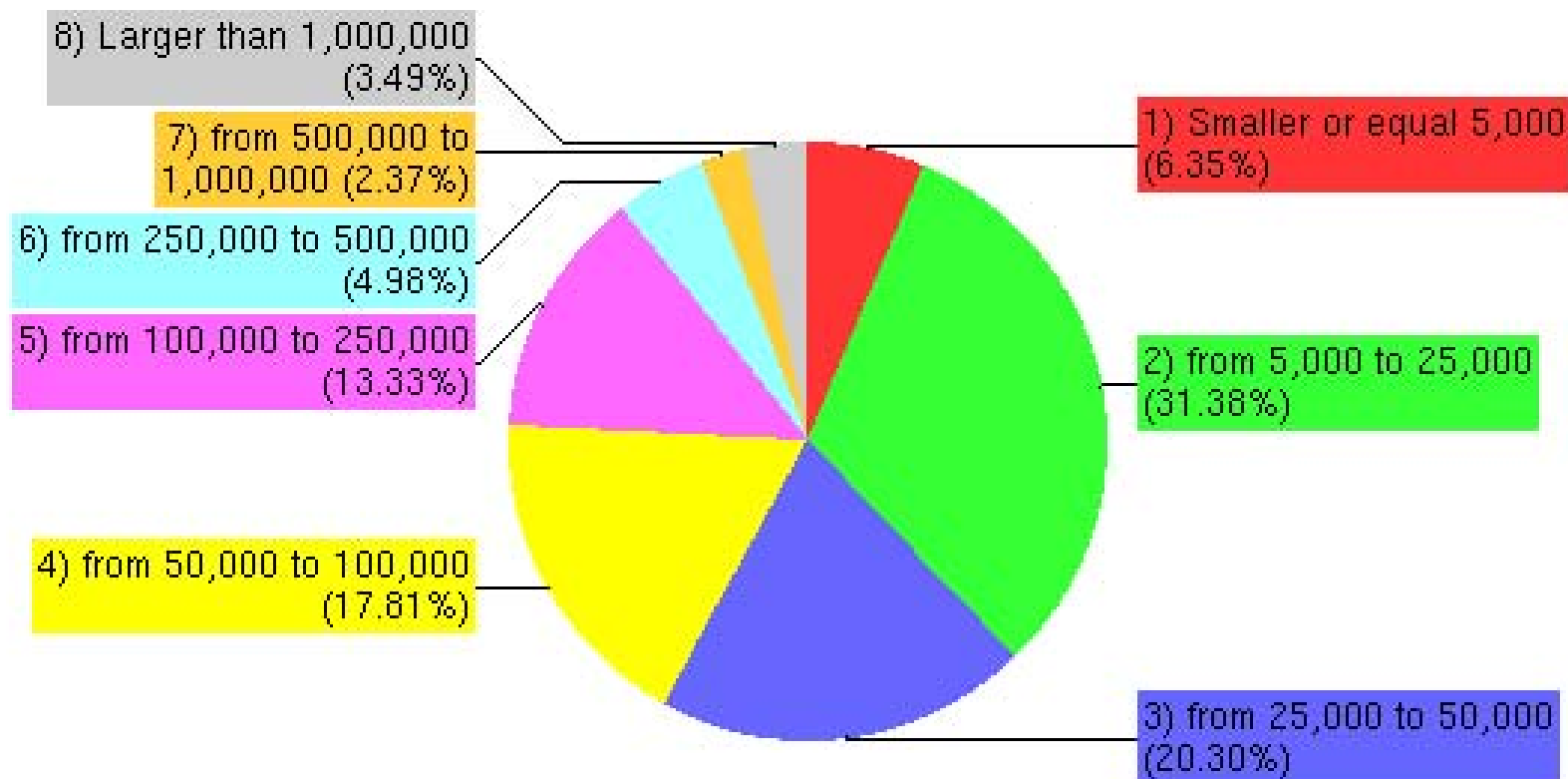


- 1 Energy industries (renewable - / non-renewable sources)
- 2 Energy distribution
- 3 Energy demand
- 4 Manufacturing industries
- 5 Chemical industries
- 6 Construction
- 7 Transport
- 8 Mining/mineral production
- 9 Metal production
- 10 Fugitive emissions from fuels (solid, oil and gas)
- 11 Production and consumption of halocarbons and SF6
- 12 Solvent use
- 13 Waste handling and disposal
- 14 Afforestation and reforestation
- 15 Agriculture

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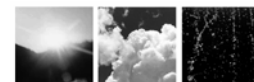


Registered projects by emission reductions. Total 803



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* Emission reductions in metric tonnes of CO₂ equivalent per annum



CDM Bazaar:

<http://www.cdmbazaar.net>

Catalogue of EB Decisions (beta):

<http://test.cdmis.net/catalogue-test>

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