

Workshop on The Investments Opportunities for the Clean Development
Mechanism in Industry –April 2009

CDM: From a Buyer's Perspective

By
Dina Hamed
Royal Danish Embassy in Cairo



What are carbon credits buyers looking for?

- Project is highly profitable
- In accordance with local rules
- With Minimum risk
- Owned by Reliable project hosts having a strong interest and will to engage in the development of the CDM project
- Always uses approved methodologies
- Efficient application-without delays
- Produce the expected number of carbon credits
- And creating good international image



Illustration: Nordjysk Elhandel a/s (ne)

- Nordjysk Elhandel (NE) is a leading Scandinavian energy trading company. NE trades electricity, gas and Carbon Dioxide emission credits in the Scandinavian markets and the international energy markets.
- Nordjysk Elhandel A/S (NE) was established in 1998 by four electricity distribution companies located in the northern part of Denmark. Each of these companies has either municipal or consumer ownership.
- Nordjysk Elhandel A/S' vision is: *We want to be Denmark's most competent energy supplier*



Continued-NE

- With a contribution of EUR 4.1 m, Nordjysk Elhandel A/S (NE) participates in the Danish Carbon Fund (DCF) together with the Ministry of Foreign Affairs of Denmark, the Danish Environmental Protection Agency, DONG Energy, Mærsk and Aalborg Portland.
- The DCF funds are administered by the World Bank and invested in climate projects abroad. In return of these investments, the DCF receives climate credits corresponding to the reduction achieved in CO2 emissions. To a large extent, these climate credits are equivalent to CO2 emission allowances and can be used by local generators and companies subject to the CO2 emission allowance system, to cover CO2 emissions.



NE Portfolio – Own projects

- **Emission Reduction Purchase Agreements**
- Thailand (5 projects) – biogas
- Malaysia (3 projects) – composting, biogas and biomass
- China (2 projects) – biomass and waste heat
- **Letter of Intent and other pipeline projects**
- Malaysia
- Thailand
- Indonesia
- Philippines
- China
- **Egypt [continued interest in Egypt – build confidence in market and establish relations and good networks]**
- Ivory Coast
- South Africa
- Poland
- Brazil
- India



Types of projects- NE perspective

- **Interested in:**

1. interested in landfill gas projects, but require that the gas is utilised for energy production
2. hydropower projects as long as they are small-scale projects (i.e. under 20 MW) and do not have significant negative environmental or social impacts in the local area. Run-of-river type projects with small or no reservoir are preferred
3. all other project types including biomass, biogas, wind, and energy efficiency

- **NOT interested in:**

1. projects involving industrial gases (N₂O, HFCs, PFCs and SF₆)



NE perspective-continued

- **Project size:** Depending on CER prices, development costs and timing of CER generation
- **Project maturity:** they are in principle interested in all projects where an interested project owner and a good project can be identified. They are able to make decisions on entering a project based on basic information similar to a Project Identification Note. On the other hand they are also interested in more matured projects looking for a buyer of credits
- **Positive Social and environmental impacts**



NE perspective-continued

- **Prices:** vary depending on project size, maturity and quality, as well as timing of credit generation (number of CERs before and after 2012) it is difficult to state a price.



What NE can offer CDM project owners

- Paying competitive fixed or floating prices per CER
- Paying all costs for development of the CDM project (documents and approvals)
- Easy access through their local cooperation partners, including Danish Embassies
- Fast decision-making
- Interested in supporting Corporate Social Responsibility standards and activities
- Flexibility with regards to project owner's preferences.
- Ability to pay quite reasonable prices.
- Ability to participate in the project development phase where they can pay for all development costs (PDD development, validation, registration, etc.).
- Willing to purchase post-2012 credits (in spite of uncertainties on global post-Kyoto agreement)



What can the Royal DANISH Embassy in Cairo Offer?

- The Danish Embassy in Cairo can act as a liaison and coordinator between the buyer and the project owner
- Has direct and close contacts with Danish Buyers
- Ability to facilitate due to the political status and good networks in the public and private sectors
- Provide general backgrounds and non-technical information. We are not CDM experts
- Provides access to some financial tools mainly mixed credits (concessional loans)



What can the Danish Embassy in Cairo Offer

Contact details:

- For CDM and commercial issues:
Dina Hamed dinham@um.dk
- For Mixed Credits issues: Dalia
AbdAllah dalabd@um.dk



THANK YOU!

