



CDM reform for the cement industry

Continued UNFCCC / CSI discussions

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■ Introduction

1. CDM process is today ineffective for the cement industry
 - Cement industry = about ~5% of global manmade CO₂ emissions,
 - Cement emissions = 2 btons CO₂
 - Trend significant increase in developing countries (eg. China)
 - CDM issuance 320kCER/a for direct emission reductions
= ~0.01% of direct CO₂ emissions in non-Annex 1
2. WBCSD/CSI has been invited mid 2012 by the UNFCCC Secretariat to develop together a standardized baseline concept for the csector
3. CO₂ performance of cement sector available in global database (GNR), operated by independent service provide

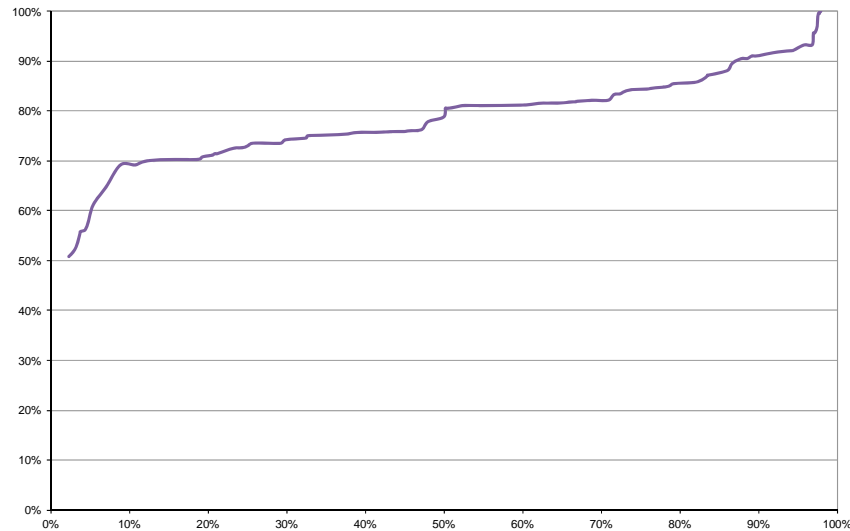


■ Objectives for CSI for CDM reform

1. Develop a mechanism that provides an effective economic incentive for companies to improve their CO₂ emissions intensity per unit of output beyond business-as-usual performance.
2. Provide a market based incentive that is compatible with normal business decision principles.
3. Provide an adequate balance between economic incentive and emission reduction ambition.
4. Provide a methodology that solves the problems that make the current CDM methodologies and procedures ineffective in the cement industry.
5. Provide an universal methodology and thresholds that are commensurate with a Framework for Various Approaches (FVA) including Emission Trading Systems, NAMAs and NMMs, etc.

Clinker/cement (eq.) factor

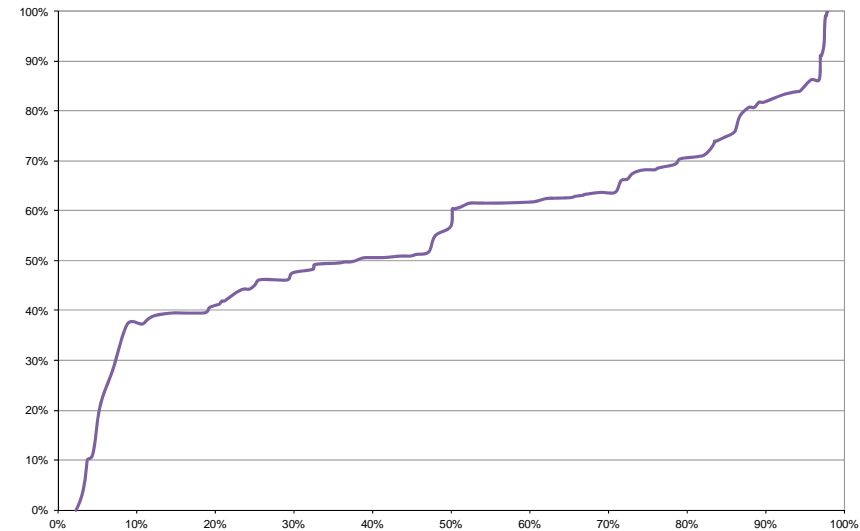
Norm. Method 1



Source : GNR

Cumulative clinker production

Norm. Method 2



Cumulative clinker production

General remarks on current standardized baseline methodology

1. Possible to create CO₂ efficiency/technology penetration curves
2. Definition of “Common Practice Segments” in current concept not possible
3. Defining of thresholds key for real projects

Conclusions

1. The UNFCCC invited the WBCSD / CSI to discuss the concept of “Standardized Baselines” for CDM projects in cement industry.
2. A standardized baseline methodology will be based on
 - Regional/National data on CO₂ performance
(Available for the cement sector in the global GNR database)
 - Information on investment and operational costs
(Not available yet, but imagined to be collected as averages on national/regional levels.)
3. Discussion continued on how to define thresholds for proof of additionality and issuance.

Next steps

1. Continued discussions in 2013, including assessment of “technologies” for the standardized baselines (5)
2. Final proposal for CDM Executive Board.