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CDM 2.0

CEPS CMF - CDM taskforce

February 14, 2013



Energy Services

A new role for the CDM



- Leverage the **project-based** approach and the **CDM infrastructure** to enable the establishment of **NMM** for activities with **concentrated emissions** avoidance potential
- Coupling for net mitigation can take two routes
 - **discounts** embedded in the CDM
 - or*
 - **multipliers** to exchange x CERs for 1 NMM credit

...complementing the historical role for activities not covered by NMM

Discounts / multipliers are adequate responses to new concerns



Policy concerns from KP1 era

- cost-effectiveness
- management of the supply / demand balance for credits

...whereas shorter crediting periods would disincentivize the continuation of many emission reductions

High GWP gases are fit for market mechanisms: N₂O example



- N₂O emissions from adipic and nitric acid production are part of the EU-ETS since 1.1.13

Carbon leakage concerns for adipic acid in CDM are proven unfounded

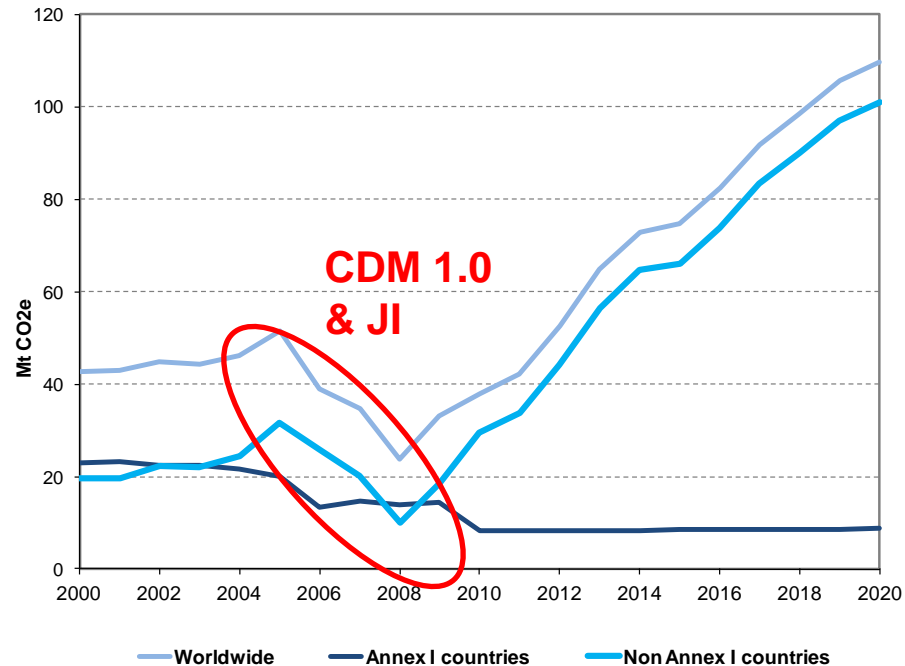


- 2008 / 2009 data
 - reduction of total adipic acid production worldwide
 - greater resilience of plants with CDM projects (capacity 400kt/yr)
 - 2010 conclusion: risk of carbon leakage for up to 20% of CERs
- 2010 / 2012 data
 - 1500 kt/yr new capacity commissioned
 - 90% new players
 - 100% non CDM plants despite 100% in CDM countries
 - conclusion: investment / production are not linked to CDM status

Curbing again emissions from adipic acid with market mechanisms



+100 mntCO₂e/yr
N₂O emissions
from adipic acid
restricted from CDM 1.0



discounts / multipliers and standardization will restore the emissions path started with the CDM

Successful transformation of CDM for N₂O from nitric acid



ACM0019

- from a project specific baseline to a standardized discounted baseline
- existing and new plants (one regime)

replication to N₂O from adipic acid paves the better way forward

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