Updates on Pre2020 CER Analysis

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Estimation of supply potential of pre2020 CERs

Background

- Towards the agreement on Article 6 at COP26, it is crucial to have a common understandings among parties regarding the possible amount of pre2020 CERs according to the different scenario.

	Starting year／Registration year	Year
Draft text ver.2	Project registration year	[2016] or [X]
Draft text ver.3	Condition of registration date will be determined by the CMA	
Ref. CORSIA	Starting year of the crediting period	2016

Technical analysis

- Analyzing the actual supply potential of pre2020 CERs from CDM Project Activities (PAs) and Programme of Activities (PoAs), considering factors affecting the issuance.
- Facilitating common understandings about the range of the amount of potential pre2020 CER supply by comparing numbers calculated by various organizations for the next step in the negotiation process.

Calculation result from the data as of January 2020

The supply potential of pre2020 CERs can be calculated from expected emission reduction data in PDDs, incorporating following factors.

1) Project implementation status and operation status,
2) Impact of Credit Period Renewal Procedure,
3) Impact of missing data on monitoring,
4) Factors affecting credit issuance of registered projects,
5) Estimation of additional supply potential from project pipeline

As of January 2020

Adjusted supply potential of pre-2020 CERs (including the supply potential from project pipelines)

Project registration year (Mt-CO2)			Starting year of first crediting period (Mt-CO2)		
Registration Year	Issued	Potential	Starting Year	Issued	Potential
2013	14.4	375	2013	81.7	1,577
2014	7.4	156	2014	20.4	661
2015	5.5	95	2015	8.4	300
2016	1.8	46	2016	2.1	134
2017	0.3	24	2017	0.6	57
2018	0.0	17	2018	0.0	36
2019	0.0	10	2019	0.0	23
2020	0	6	2020	0	7

Update from the previous analysis

Database		
	January 2020 →	October 2020
Project implementation status and operation status		
	6.8%	6.8%
Impact of Credit Period Renewal Procedure		
	Average (3.5%) (estimate the supply potential in renewable CP and apply this factor) →	This factor has no effect on results for projects that registered after 2013 as these projects remain within the first crediting period. (It does reduce the estimated supply potential for scenarios that include CERs from projects that registered prior to 2013)
Impact of missing data on monitoring		
	4.3%	4.3%
Factors affecting credit issuance of registered projects		
	Average (PA: 11.6%, PoA: 67.2%) →	Each project type
Estimation of additional supply potential from project pipeline		
	Considered →	Reflected the estimation of supply potential from project pipelines from January until September. (the supply potential from projects registered between January and October 2020 is 2 Mt-CO2 (13 projects))

*: Para 28 of the meeting report of 100th meeting of the CDM Executive Board

Result of analysis

As of January 2020

Adjusted supply potential of pre-2020 CERs (including the supply potential from project pipelines)

Project registration year (Mt-CO2)			Starting year of first crediting period (Mt-CO2)		
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As of October 2020

Adjusted supply potential of pre-2020 CERs (excluding the supply potential from project pipelines)

Project registration year (Mt-CO2)			Starting year of first crediting period (Mt-CO2)		
Registration Year	Issued	Potential	Starting Year	Issued	Potential
2013	14.4	341	2013	81.7	1,483
2014	7.4	152	2014	20.4	633
2015	5.5	92	2015	8.4	305
2016	1.8	46	2016	2.1	140
2017	0.3	23	2017	0.6	58
2018	0.0	15	2018	0.0	37
2019	0.0	7	2019	0.0	23
2020	0	2	2020	0	6

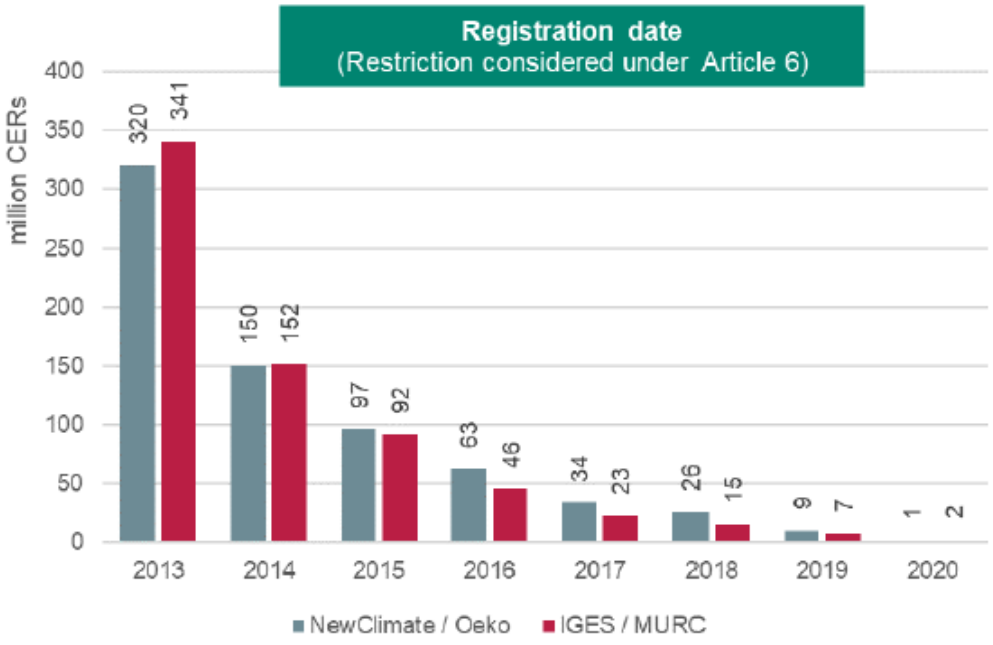
※ cumulative numbers

Comparison of numbers

- IGES / MURC and New Climate / Oeko institute analyzed the difference of calculation results of pre2020 CERs and its methodologies*.
- There are some differences in methodologies, however, numbers are similar.

Table 1: Comparison of modelling data and methods

MODEL	IGES/MURC	NewClimate/Öko
SCOPE OF ANALYSIS		
Timeframe	CERs issued for emission reductions occurring from 2013 to 2020	
Projects	Registered CDM PAs, PoAs and CPAs included by October 2020	
CDM PROJECT DATABASE		
Database	IGES PA/PoA Databases	UNFCCC PA/PoA Database
FACTORS AFFECTING CER SUPPLY POTENTIAL (✓ denotes "considered in the model")		
Project implementation & operation rate	✓ Applies an average adjustment to all projects	✓ Applies different adjustments, based on project types, host countries and individual project status, to all projects registered before 2016
Regulatory requirement on renewal of crediting period	✓ Considers effects of methodology revisions in the same way for all projects	✓ Considers effects of methodology revisions incorporating bespoke data for industrial gas projects
Unavailability of monitoring data	✓ Applies a single average adjustment to all projects	✓ Applies an adjustment only to projects with high risks of abandoning monitoring activities
Project performance	✓ Calculates and applies respective performance rates for different project types with differentiation between PAs and PoAs	✓ Calculates respective performance rates for different project types of PAs and applies them to both PAs and PoAs



*Institute for Global Environmental Strategies (IGES), Mitsubishi UFJ Research and Consulting Co., Ltd., NewClimate - Institute for Climate Policy and Global Sustainability gGmbH and Öko-Institut e.V., CDM supply potential for emission reductions up to the end of 2020, 2020