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Delayed clearance clouds CDM projects

Pending Plans Can Produce Carbon Credits Equivalent Of 224-mt CO₂

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DOMESTIC companies such as Mahindra & Mahindra, Suzlon Energy, Tata Steel, Reliance Industries, Oil & Natural Gas Corp (ONGC), National Thermal Power Corp (NTPC) and DLF are waiting for the UN-led clean development mechanism (CDM) executive board's approval to implement their CDM projects. Of the 1,174 projects cleared by the Indian government, 748 are pending for registration with the international agency. United Nations Framework Convention on Climate Change (UNFCCC) is the regulatory agency for carbon credits under the Kyoto Protocol.

The pending projects have an estimated potential to produce carbon credits equivalent of 224 million tonnes of carbon dioxide, an expert, who wished not to be identified, said. "There is an immense logjam of projects waiting to be registered at the CDM executive board level. As a result, companies are losing carbon credits and are also likely to put their projects on hold as they have to bear cost as well as time over-runs," economist and member of the Prime



Minister's advisory council on climate change Prodipto Ghosh told ET.

A CDM project must provide emission cuts that are additional to what would otherwise have occurred. Companies taking up CDM projects have to seek validation from designated operational entity (DOE) in the host nation. After DOE nod, the project is enrolled for registration from CDM executive board.

The number of DOEs who validate and verify the project before it is sent for registration are also few. Globally, there are 12 DOEs of which India has seven, Mr Ghosh said.

Due to the delay in clearances and lack of

service provision to support carbon market, many companies are also likely to defer their new projects. "The minuscule number of service providers has been instrumental in slowing down the project pipeline. There is an urgent need for enhanced and strengthened service provision through better and effective monitoring of service providers to support the carbon market," an industry expert said.

According to a recent report on climate change by industry body Ficci, the CDM executive body also lacks transparency and consistency. "Apparent political interferences in the decision-making bodies at the highest level weigh down the credibility of the CDM process," the report said.

This is significant as developing countries like India, China and Brazil are facing increasing pressure from the developed nations to cap their emissions while the developing countries argue that developed nations should meet their targets as they are emitting more. However, in view of the economic slowdown, experts say that developed countries are unlikely to meet their emission targets as they are under financial stress and coping with shrinking economy.

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