

BUYING CO2 REDUCTION FROM PROJECTS IN SLOVAKIA

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The next 20 minutes...

- Dutch Climate policy
- Essentials Carboncredits.nl
- ERUPT advantages
- Experience in market and results so far
- Future ERUPT in Slovakia

Senter

- Agency of the Dutch government
- Programme implementation, a/o:
 - CO₂ reduction plan
 - Co-operation with emerging markets
 - Export finance
- 700 staff
- EUR 1 000 million

Expensive to comply

- Expected volume to reduce: 200 Million tons CO₂

- Domestic Actions up to EUR 130 / ton
- Mechanisms: < EUR 10 / ton
 - Carboncredits

Essentials of Carboncredits.nl

- The Dutch government buys Carbon credits through:
 - Joint Implementation: ERUPT (Central and Eastern Europe)
 - CDM: CERUPT (developing countries)
 - not (yet) through Emission Trade
- Legal basis
 - Kyoto / Marrakech: product definition
 - EU procurement rules: how we buy
(no preference for Dutch companies)

Slovakia: ERUPT

Any project that reduces more than *0,5 Mton CO₂* in the timeframe 2008-2012 (JI)

Realised reduction before 2008 we want to buy via “early credits”

Type of projects that we buy from:

- Energy Efficiency (CHP, process optimisation)
- Fuel Switch
- Hydro, Wind, Geothermal
- Biomass, Landfill Gas Extraction
- Sinks (Forestry)

ERUPT: So why participate?

Carboncredits offers you a higher return on your investment by the purchase of your CO2 reduction (payment directly to CO2 source)

Expected price per carbon credit = EUR 4 - EUR 7

this is equal to percentage of total investment:

- **5% for hydro**
- **5-20% for energy efficiency, fuel switch, wind, geothermal**
- **50 - 100 % for Landfill Gas Extraction**

Business advantages of ERUPT

Attractive contract conditions

- **low transaction costs through EURO 37500 payback for expression of interest and proposal (only if awarded for contract)**
- **price per ton on upper side of market**
- **50% payment upfront (between now and 2008)**

- **+ transparent timeframe (approx. 6 months) from application to contract**

Experience + results so far (1)

- **Since 1998 involved in AIJ pilot program**
 - **Slovakia: 4 projects in energy efficiency**
- **first ERUPT tender: July 2000**
 - **Slovakia: 4 Eol's, no contracts**
 - **4 contracts, EUR 28 million, 3.6 million tonne CO₂**
 - **Romania,district heating; Poland, wind; Romania, hydro power; Czech Republic,small biomass boilers**
 - **Status: projects are being build or in operation**

District heating Targoviste (Romania)

- **New CHP 26 MWe**
- **rehabilitate boilers and network**
- **shut down lignite plant**
- **co-operation Nuon (NL) and Termica (RO)**
- **1.5 million tonnes CO₂ reduced**
- **carbon contract EUR 14 million**

Experience + results so far (2)

- **Current tenders: contracts to be awarded November 2002**
- **ERUPT 2001: 26 Eol's leading to 6 proposals: 1 hydro, 3 renewable, 1 energy efficiency, 1 LFG**
 - **5 Mton CO₂ reduction**
- **CERUPT 2001: 78 Eol's leading to 26 proposals:**
 - **32 Mton CO₂ reduction**

Future ERUPT in Slovakia

- **Major opportunities in Energy Efficiency:**
 - **Combined heat and power**
 - **Process optimisation: district heating, industry**
- But also in:**
- **Fuel Switch: coal/oil to gas, biomass in district heating**
 - **new geothermal capacity**

Expected CO₂ reduction market volume: 3 - 5 Mton

Next ERUPT tenders:

- **Open: November 2002 (look on website)**
- **from 2003: continuous tendering**

Tender Phasing

- **selection phase (short listing):**
 - **Assessment of Supplier**
- **contract awarding phase (making the offer):**
 - **Assessment of Offer**

Role Slovak Government

- **Selection Phase**
 - **Letter of Endorsement**
 - Purpose: opinion, aware
 - Content: no legal status
- **Contract Awarding Phase**
 - **Letter of Approval**
 - Purpose: formal approval under UNFCCC
 - Content: description of transfer of

What do we look at in applications:

- **selection phase:**
 - **exclusion criteria**
 - **financial and economic standing**
 - **technical capacity**

- **contract awarding phase:**
 - **feasibility of the project**
 - **price per carbon credit (ton CO₂e)**

Thank you