



Costs and CDM benefits of different CDM projects

Jane Ellis, OECD

CarbonExpo
May 2-4, 2007



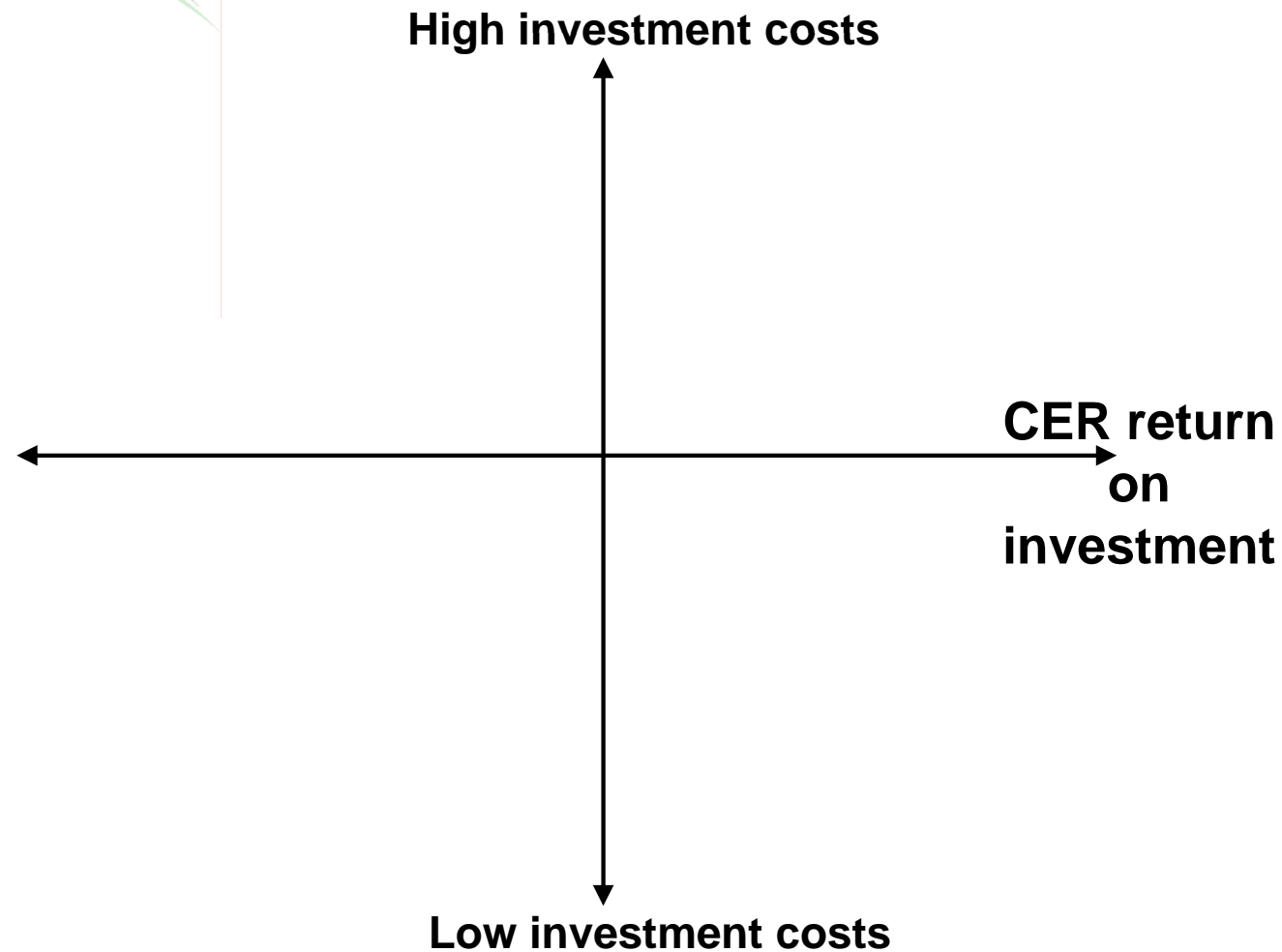
www.oecd.org/env/cc/aixg

Annex I Expert Group
on the UNFCCC

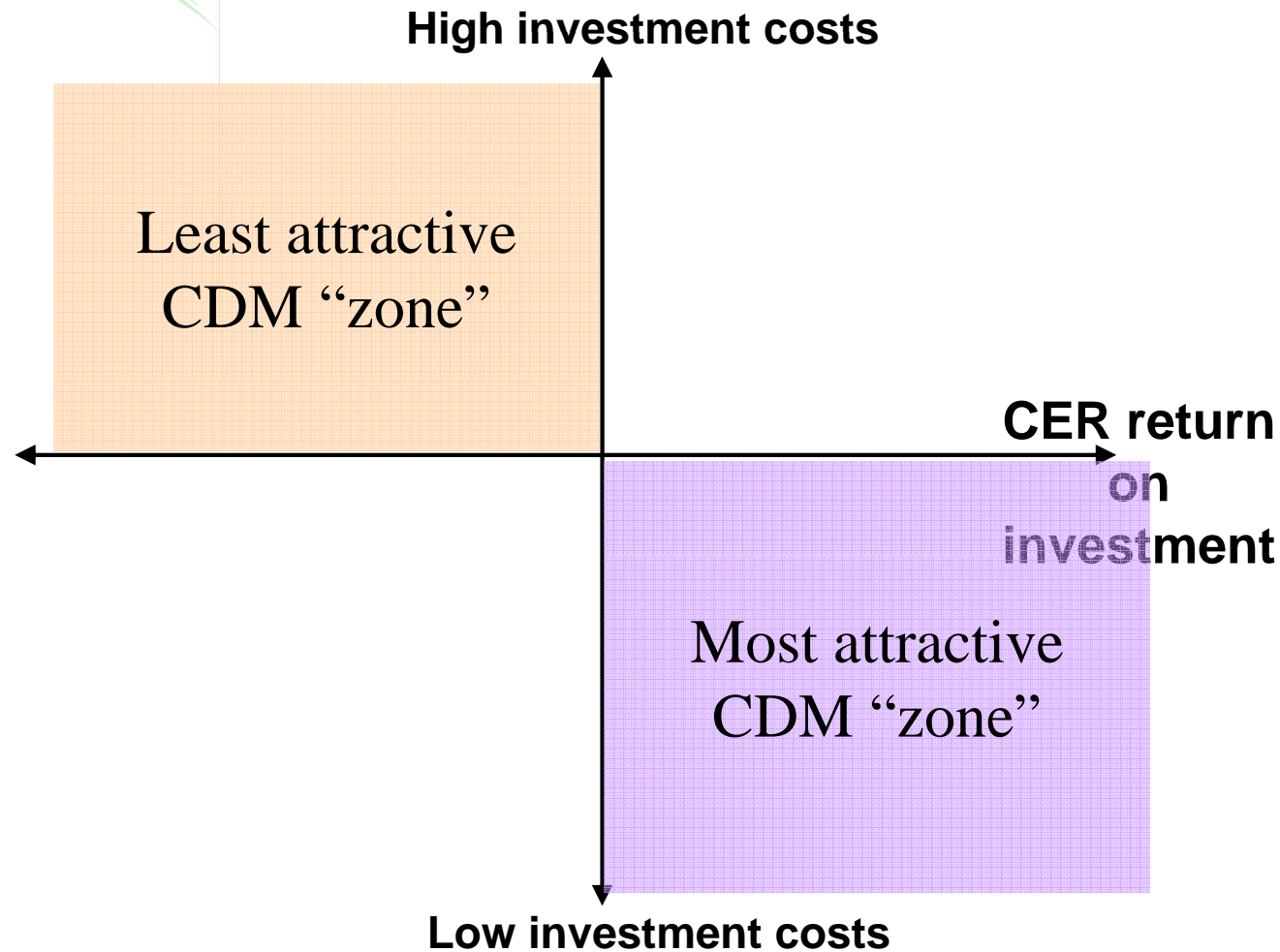
Economics of CDM projects: wide variations

- CDM costs: whole project or “add-on”
- Project benefits: CERs only or CERs+
- Initial investment costs variable:
 - ◆ USD 28k for manure management...
 - ◆ ... to USD 1.2bn for clean coal
- Economic barriers: underlying finance, transaction costs, C price uncertainty
- Expected credits per year per dollar invested vary from 0.001 to 2.8

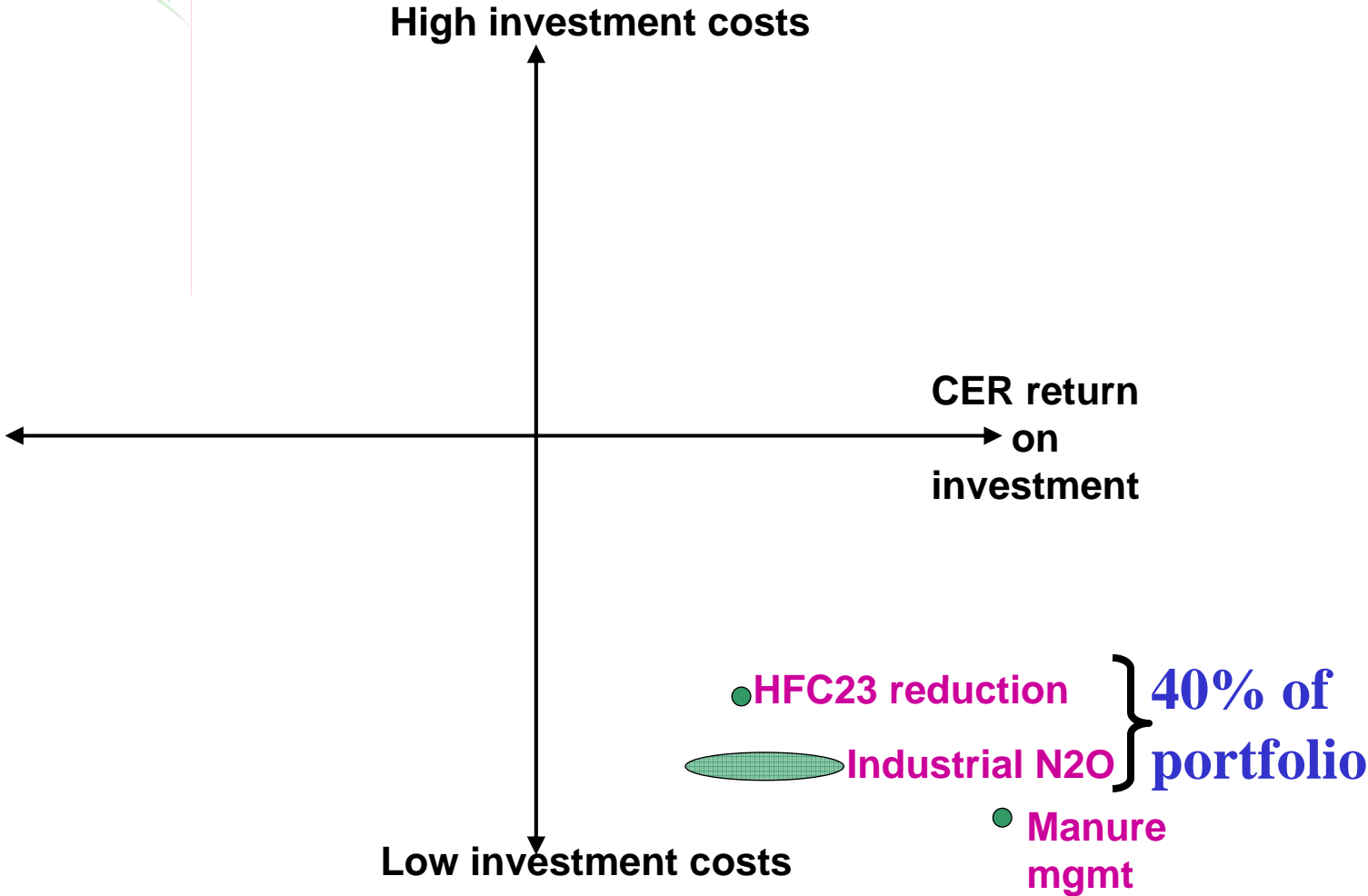
Wide variations in CDM return on investment



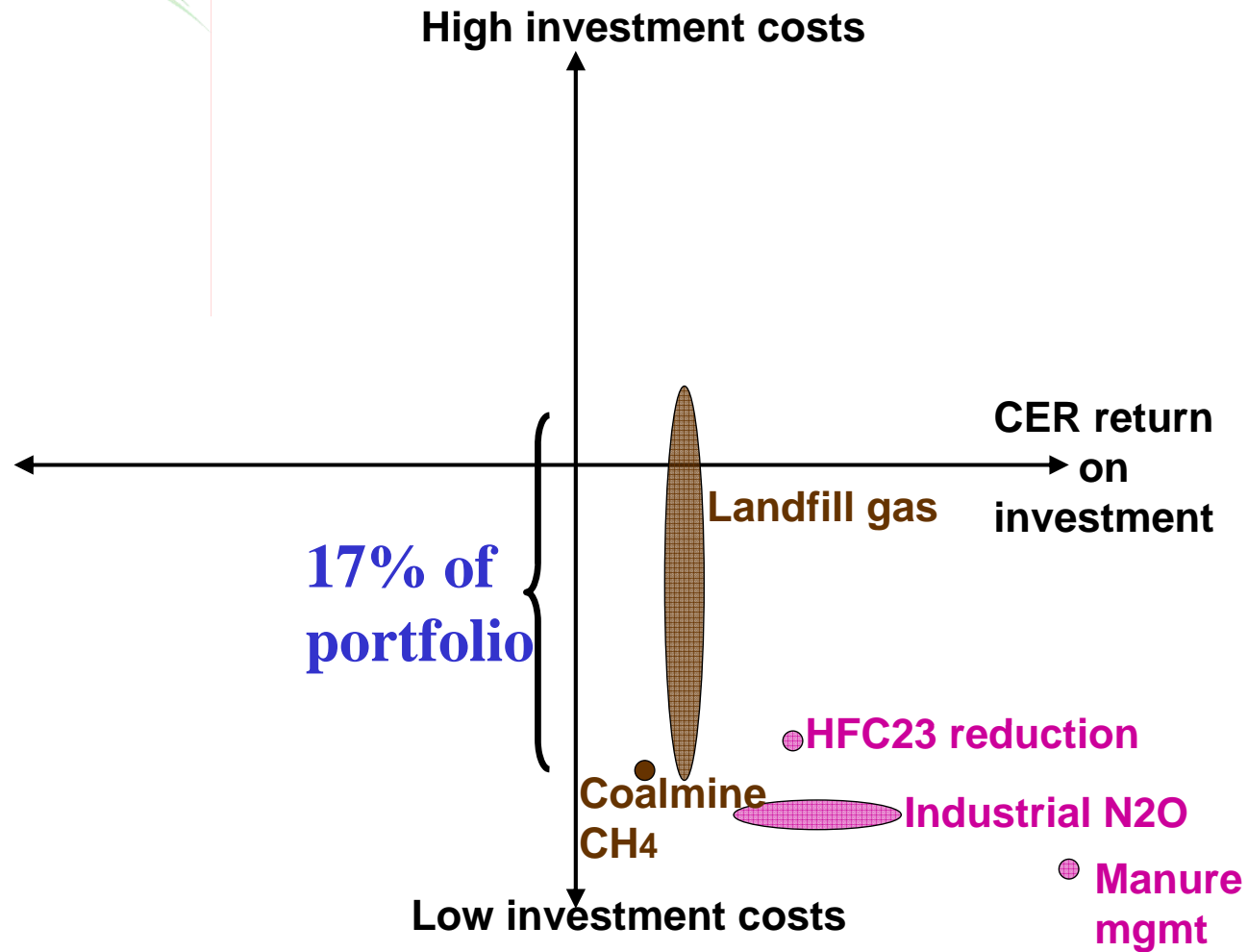
Wide variations in CDM return on investment



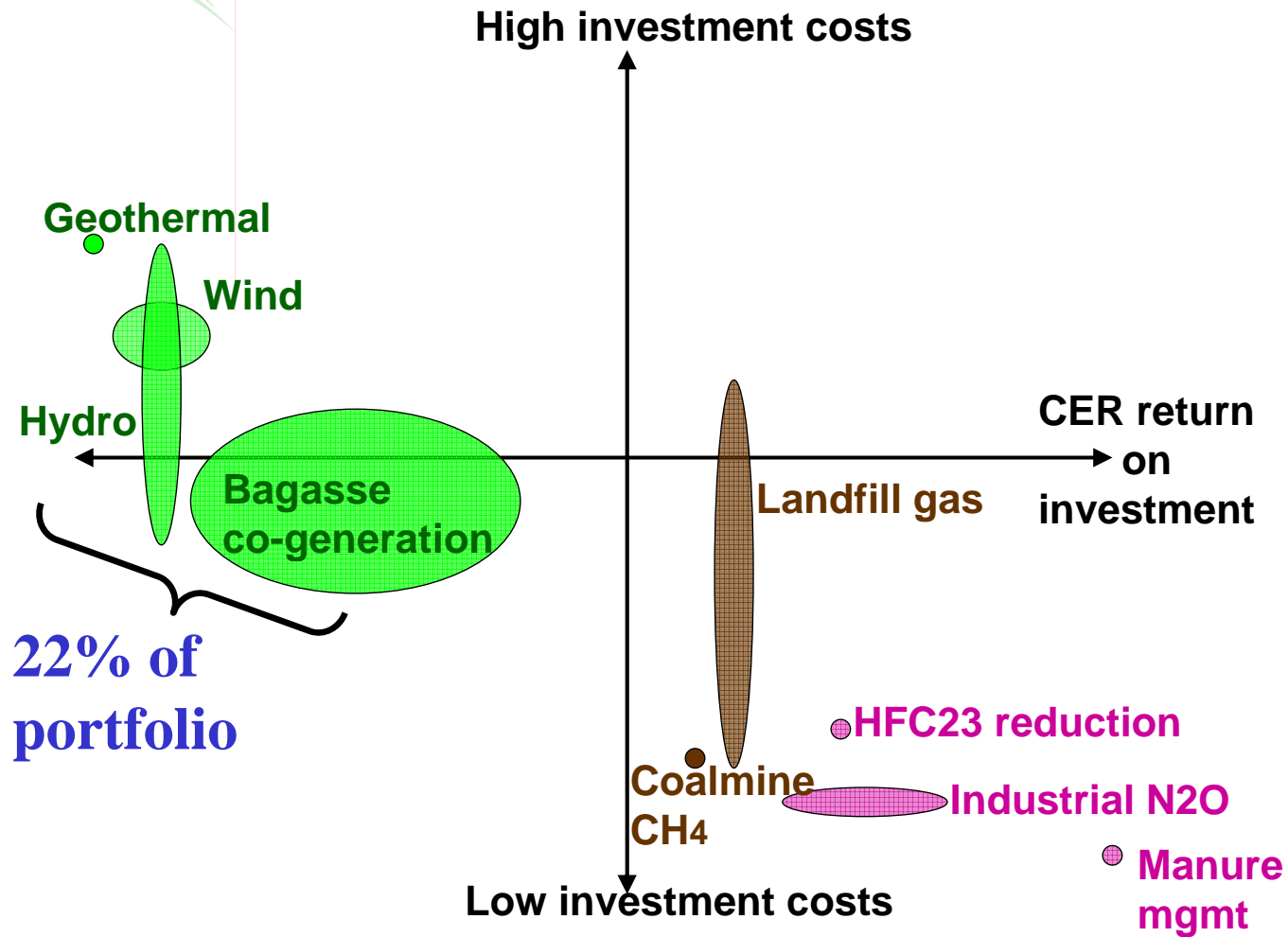
Wide variations in CDM return on investment



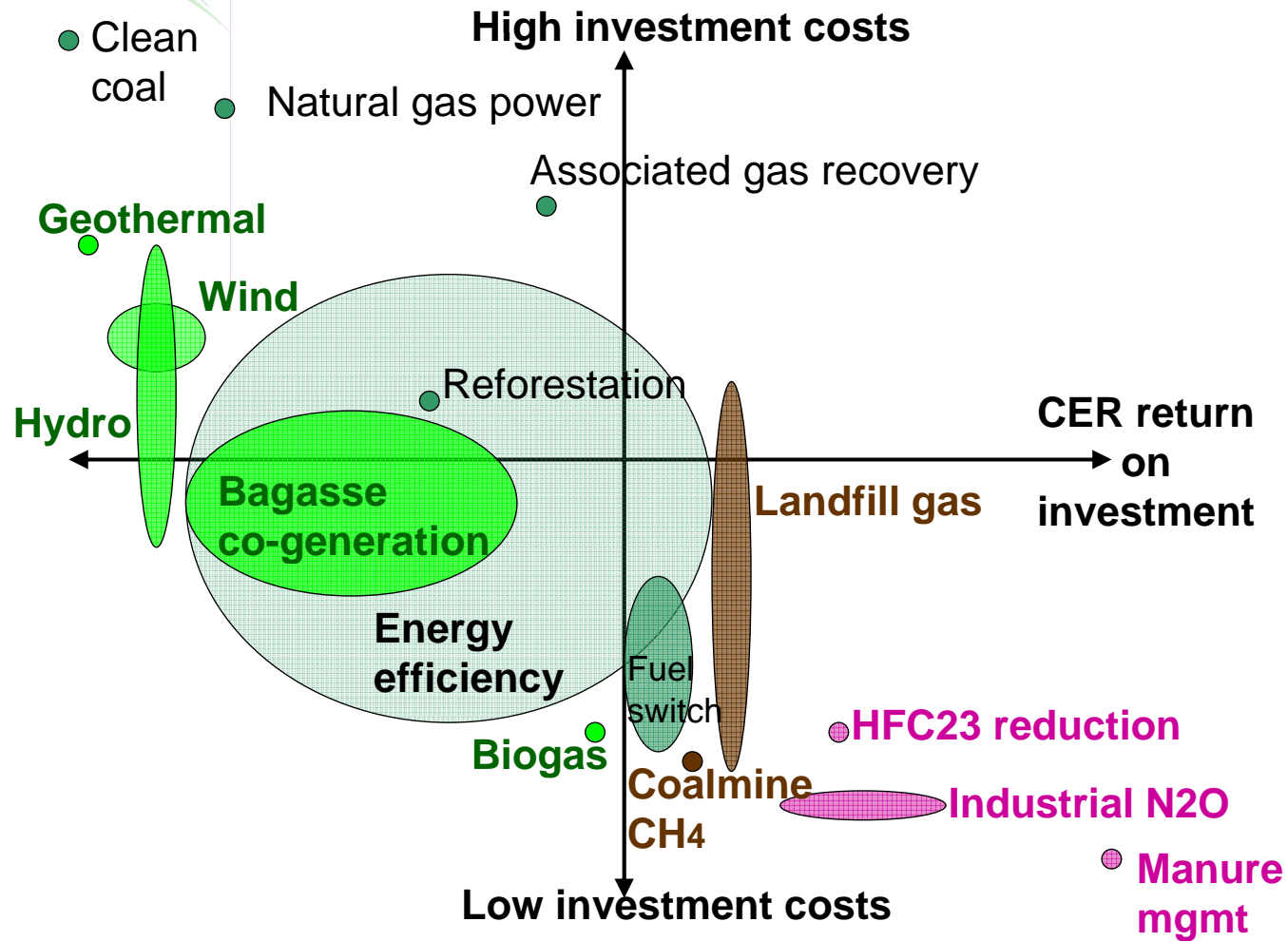
Wide variations in CDM return on investment



Wide variations in CDM return on investment



Wide variations in CDM return on investment



Conclusions

- Do not expect equal sectoral (or regional) distribution from a market mechanism:
 - ◆ Costs and benefits are different for different project types
 - ◆ CDM potential different in different sectors
 - ◆ Ability to fund underlying project also varies
- National and international actions can change the short and long-term picture
 - ◆ Project eligibility
 - ◆ Post-2012 climate regime



Thank You

**For more information:
www.oecd.org/env/cc/aixg**