

The JI Mechanism in 2009

JI Developments and GIS

Samir Desai, Partner

Niall Morris, Associate

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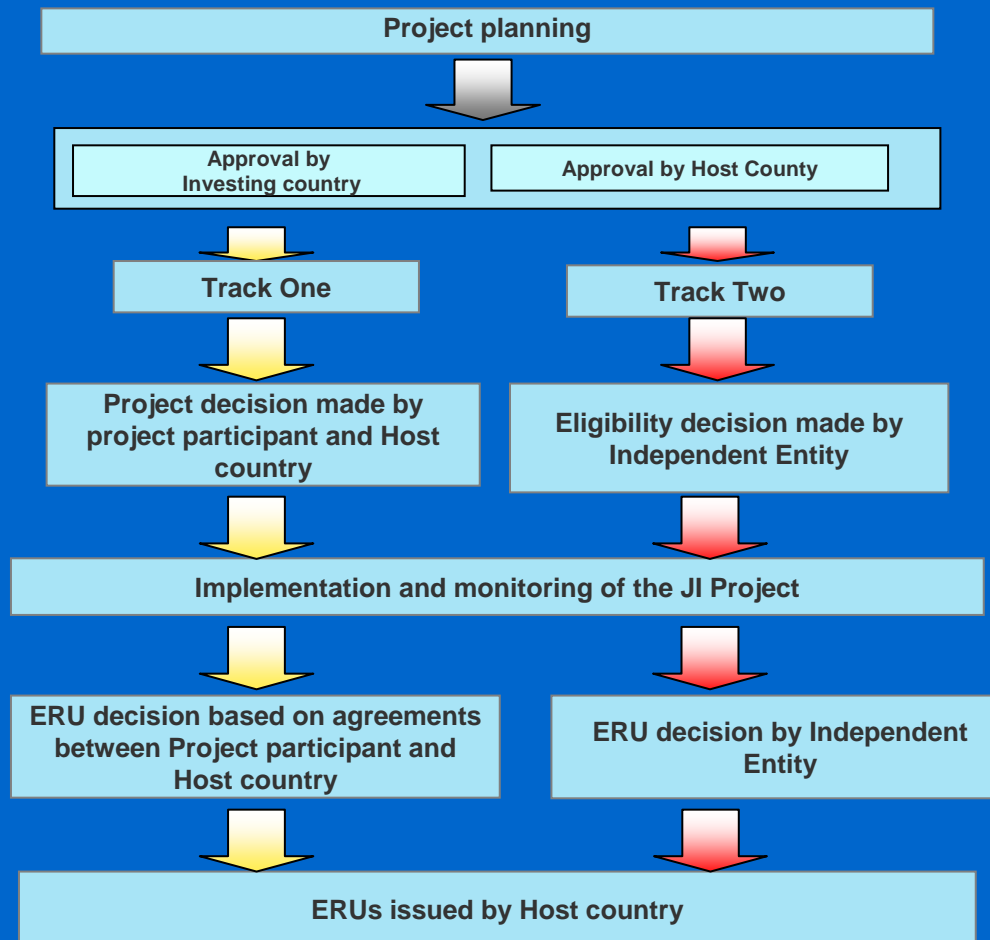
JI Update – 2009

- As of JISC 16th Meeting, 17-18 June 2009:
 - 184 PDDs submitted
 - 8 Determinations (6 final)
 - 33 Designated Focal Points (27 have provided national guidelines and approval procedures)
 - 15 AIE applications
 - First commitment period began in 2008

JI Developments

- Development of JI institutions has been slow in countries that were expected to be big suppliers (i.e. Russia, Ukraine)
- Few countries have Track 1 procedures in place (Czech Republic, Germany, Ukraine, New Zealand, France, Romania, Hungary)
- Big demand means long wait times for determination and approval under Track 2
- Retroactive crediting is possible, but the pre-approval ERUs must have been monitored and verified in accordance with the approved PDD

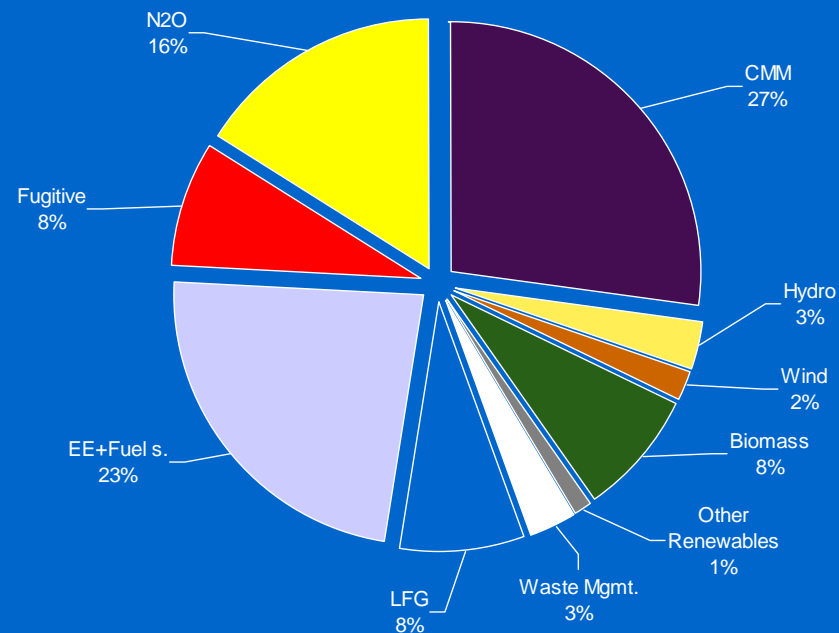
Jl Project procedure outline:



Recent JI Projects:





Date	JI Project	Emission reductions, tonnes CO ₂ E	Host Party	Party involved	Project category
July 7, 2009	Introduction of a 12.5MWe CHP with a coke plant's flue gases utilization at the branch of ISTEK LLC "Horlivka Coke Plant"	174,947 tonnes in total	Ukraine 	Netherlands 	Sectoral scope(s): 1: Energy industries (renewable/non-renewable sources) 4: Manufacturing industries
July 3, 2009	Construction of a new 75 MW gas turbine unit at Nizhnekamskneftekhim Inc.	3,297,780 tonnes in total	Russian Federation 	Japan 	Sectoral scope(s): 1: Energy industries (renewable/non-renewable sources)
June 27, 2009	Energy saving measures at isoprene production at Nizhnekamskneftekhim Inc.	1,490,428 tonnes in total	Russian Federation 	United Kingdom 	Sectoral scope(s): 3: Energy demand
May 30, 2009	Yety-Purovskoe Oil Field Associated Gas Recovery and Utilization Project	3,297,780 tonnes in total	Russian Federation 	Japan 	Sectoral scope(s): 10: Fugitive emissions from fuels (solid, oil and gas)
May 9, 2009	Efficiency enhancement of bark and wood wastes firing in the utilizing boiler house and fuel switch of the production heating boiler from fuel oil to natural gas at Neman PPM	442,587 tonnes in total	Russian Federation 	United Kingdom 	Sectoral scope(s): 1: Energy industries (renewable/non-renewable sources) 4: Manufacturing industries

JI Project Types (as a share of volumes transacted in 2007)



Source: State and Trends of the Carbon Market
2008 (The World Bank)

Recent JI Projects approved by Japan:

Approved Date	JI Project	Emission reductions, tonnes CO ₂ E	Japanese Company involved	Party involved
September 12, 2008	Coal mine methane gas capture and utilization	40,000 tonnes per year	Chugoku Electric Power Co., Inc.	Poland 
June 10, 2008	Construction of 31 3MW wind power generators	230,000 tonnes per year	Kansai Electric Power Co., Inc.	New Zealand 
May 9, 2008	N ₂ O reduction during nitric acid production at a mineral fertilizer plant	552,000 tonnes per year	Marubeni Corporation, Toyo Engineering Corporation	Russian Federation 
March 19, 2008	Utilization and substitution of waste gas for electricity in a steelworks	1,700,000 tonnes per year	Sumitomo Cooperation	Ukraine 

Source: <http://www.meti.go.jp/press/20090603001/20090603001-4.pdf>

Green Investment Schemes (“GIS”)

- GIS is a voluntary mechanism where revenues from the sales of surplus Assigned Amount Units are directed to environmental ‘greening’ activities
- ‘Hard’ GIS = AAU revenues invested in activities leading to measurable and verifiable emission reductions
- ‘Soft’ GIS = AAU revenues support activities which contribute to broader climate change goals e.g. institution building, public education, R&D
- Japanese government recently signed a guideline for the implementation of GIS with the Ukraine (March, 2009)
- Most surplus AAUs are in Eastern Europe/Russia (price = €6 -14 / AAU)
- Russia and Ukraine are actively pursuing GIS options and expect to complete deals in 2010
- Deals reported in Hungary, Slovakia, Czech Republic, Ukraine, Latvia
- Is GIS competition for JI? Or do the two mechanisms overlap?

GIS cont'd.

Advantages

1. More flexible than JI because not subject to UNFCCC procedures
2. Channel resources to targeted economic sectors and promote technology transfer
3. They help reduce environmental impacts not covered by the Kyoto Protocol (e.g. local pollutants)

Disadvantages

1. Regulatory and institutional hurdles – countries must meet Kyoto eligibility criteria
2. Ministerial responsibility for AAU ownership and transfer needs to be assigned which may lead to friction between government ministries / political struggles
3. Buyers will want a high level of transparency re: price and transfer, but this may not be possible in some countries not known for their strong public accountability