



Climate Cent Foundation – The innovative way to tackle climate change

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The Swiss Climate Cent Foundation (CCF)

- **Launched** its activities in **October 2005**
- **Voluntary initiative** according to the Swiss CO₂ law to avoid a CO₂ tax on transport fuels
- **Founding organisations:** Swiss Business Federation, Swiss Association of Small and Medium Sized Enterprises, Swiss Road Federation, Swiss Oil Association
- Funded by a charge of **1.5 cent per litre** of petrol/diesel
- Revenue: **CHF 100 Mio. per year (90 million \$/a)**

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Aims of the Swiss Climate Cent Foundation

- Investments in **GHG reducing projects domestically and abroad**
- Significant contribution to the **Swiss climate policy targets**
- In a manner as **cost-efficient and effective** as possible
- Respecting political requirements for **subsidiarity, transparency and credibility**

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Obligations and Legal Framework of the Swiss Climate Cent Foundation

- Key parameters of **contract with Swiss Government**
 - Total reduction in 2008-12: 9 Mt CO₂
 - Thereof Kyoto credits: 8 Mt CO₂ max.
 - Thereof domestically: 1 Mt CO₂ min.
 - No CO₂ tax on transport fuels raised by Government
- UNFCCC rules for **CDM / JI projects**
- Transfer of UNFCCC rules to **domestic projects**
 - Rules established by bipartisan „coordination group“
 - Environmental and investment additionality
- Application of UNFCCC **monitoring and verification**

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Carbon Purchasing Programme Abroad

- **CHF 210 million:** 10 Mt of project-based Kyoto credits
- **25% safety margin** to hedge against delivery risk
- **Excluded:** HFC23, coal mine methane, large hydro, LULUCF
- **Diversified portfolio** with respect to sourcing, project type, country
- **Upfront payments** up to 30% per project possible
- Willingness and ability to pay an attractive price for carbon credits of **high-quality CDM/JI projects**

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Current Status Carbon Purchasing Programme Abroad

- **ADB's Asia Pacific Carbon Fund:**
 - Investment: USD 25 million
 - Target: ~ 1.8 Mt CO₂e
- **Brokers:**
 - Contracts with 2 brokers
 - Signed: 7 ERPAs, 1.4 Mt CO₂e (1 Gold Standard)
 - Target: ~ 3.5 Mt CO₂e
- **Traders:**
 - Contracts with one trader
 - In total 3 Mt CO₂e
- **Own sourcing:**
 - Signed: 5 ERPAs, 1.15 Mt CO₂e (2 Gold Standard)
 - Target: ~ 1.8 Mt CO₂e

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Biomass Project

Sawmill Itacoatiara in Brazil



- Wood chip power plant of Precious Woods has a capacity of 9 MW
- Replaces several diesel generators
- Ensures supply of electricity to 70'000 inhabitants
- Generates the first CERs worldwide based on biomass stemming from FSC certified sustainable forest cultivation
- CCF acquires 18% (around 140'000) of all CERs generated in 2008-2012

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Quality Management (I) Requirements

- **Due diligence** on projects:
 - Financial analysis, feasibility
 - Permits and authorizations
- **Risk** identification
- Verification of **additionality**: benchmark analysis in host country, check of IRR, PDD study
- Identification of additional **social and environmental benefits**

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Quality Management (II) Experience of CCF

- Not every **brokered project** is reliable
- Not every **registered CDM project** is reliable (additional)
- **Gold Standard** can help find reliable CDM projects
- **Upfront payment** often needed for reliable CDM projects
- No guarantee in the market for reliable projects:
quality management for every single project

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Domestic Carbon Reduction Programmes

- **Existing buildings**
 - **Insulation** of walls, roofs, windows to excellent standards
 - **Contribution per m²** of component installed, **paid after work**
- **Big projects in heating, industry, transport**
 - Energy efficiency / renewables, waste
 - Contributions (CHF/ ton) determined by auctioning, paid yearly after verification
- **Reductions in excess of obligations taken by companies to be exempted from CO₂ tax on heating fuels**
 - Transfer of allowances in emissions trading system
 - Price determined by auctioning, payment on delivery

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Biogas Plant in Lavigny (VD), Switzerland



- Composting facility of Germanier Ecorecyclage SA generates around 940'000 m³ biogas per year
- Biogas is used as car fuel
- Compost is used as fertilizer
- Closed collection point for organic wastes eliminates unpleasant odours
- Investment of CCF: 1.3 Mio. CHF
- CCF acquires 10'300 t CO₂e in 2007-2012

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Current Status of Domestic Programmes

• Buildings programme

- Resources: CHF 165 million
- Nov. 2007: 0.05 Mt CO₂ emission reductions
- Target: ~ 0.35 Mt CO₂ emission reductions
- Price: ~ CHF 600/ton (total costs 30-40 yrs./ savings 2008/12)

• Finance programmes (auctions, intermediaries, big projects)

- Resources: CHF 95 million
- Nov. 2007: 0.7 Mt CO₂ emission reductions
- Target: ~ 1 Mt CO₂ emission reductions
- Price: ~ CHF 120 per ton

• Emissions trading programme (industrial projects)

- Resources: CHF 107 million
- Nov. 2007: 1.15 Mt CO₂ emission reductions
- Target: > 1 Mt CO₂ emission reductions
- Price: ~ CHF 80 per ton

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Government's Appraisal of CCF Efforts/Results

- **Voluntary approach** of CO₂ law proven **successful**
 - **Business plan** approved by the Swiss Government
 - CCF will **surpass targets** set by Government
Additional reductions with strategic reserve (CHF 100 Mio.)
 - In comparison with governmental programmes:
fast, flexible, effective, simple implementation
 - **Government control:**
subsidiarity: 2/3 of funding for domestic projects,
quality, transparency, credibility, monitoring
- (Swiss CO₂ emissions < 0.2% of global emissions)

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Possible Future Prospects of Climate Cent

- **Switzerland:** post-2012 climate policy
 - **Abroad:** technology transfer: flexible mechanisms
 - **Domestic** efforts significant: subsidiarity rules
- **Other countries:** CCF as a scheme for a **private initiative** with **significant CO₂ reduction potential**
- **International CC:** one of the **energy industry's** possible contributions to tackle climate change

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A Voluntary International Climate Cent Agreement Energy Producers(oil,gas,coal)/UNFCCC

- **Funding by 0.01 \$/litre oil equiv.:** up to 100 Bio. \$/year
- **Savings** (50% of global emissions charged, 20\$/t CO2):
10% of global CO2 emissions
- **CDM/JI Projects - Technology transfer**
Power plants, industry, transport, buildings
UNFCCC rules: objectives, additionality, monitoring
- **Voluntary scheme** open to all energy producers
fast start, widening participation, attractive cost/benefit ratio