



# **Clean Development Mechanism- Possible Ways for Scaling UP**

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# Outline

1. Current Challenges
2. Rationales for Scaling Up
3. Scaling Up Proposals
4. Possible Way Forward

# Current Challenges

- Low efficiency of the system
- Complicated methodological requirements
- To-be-improved performance of the DOEs
- Inconsistency treatment of similar projects
- Uncertainties regarding validation/registration/verification/issuance
- High transaction costs

# Current Challenges

- Very limited contribution to technology transfer
- Discouragement on the further development of the market
- Additionality of CDM projects

# Rationales for Scaling Up

- Deeper involvement of developing countries
- International competitive concerns
- Leakage concern
- Cost-effectiveness by dealing with major emitting sectors

# Scaling Up Proposals

1. Absolute target-based
2. Intensity-based
3. Policy-based
4. Technology-based

# Assessment Criteria

1. Additional emission reductions
2. Data availability and credibility
3. Encouragement for mitigation
4. Transaction costs
5. Owner and distribution of CERs
6. Linkage with current system
7. Other challenges

# Absolute target-based

1. Difficulty of projection, additionality and attractiveness
2. Owner and distribution of CERs, encouragement for mitigation efforts by enterprises
3. Complicated intl. procedures and huge domestic capacity requirements



# Intensity-based

1. Product diversity
2. Different technologies and processes
3. Technology diversity within the sector
4. Inter-linkage of energy consumptions of different processes
5. Data and initial cost challenge

# Policy-based

1. Challenges for assessing the mitigation effects
2. Additionality demonstration
3. Distinction from absolute target-, intensity- or technology-based approaches

# Technology-based

1. Environmental integrity through conservative baseline setting
2. Need for addressing technology diversity
3. Significantly reduced transaction costs
4. Publicly available and credible data
5. Strong encouragement
6. Similarities to current system

# Possible Way Forward

1. Serious challenges for all approaches
2. Technology-based approach as a starting point
3. A dual system (project-based approach + technology-based approach) is an option



# Thank you

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