Creating the Carbon Asset

Carbon asset refers to the greenhouse gas emission reductions generated by a project when project emissions are less than those that would occur in a baseline scenario. The baseline scenario refers to a hypothetical scenario without the project. The Executive Board oversees CDM projects while the Supervisory Committee oversees JI projects.

In the past year, the World Bank has submitted many methodologies, including the only three forestry sector methodologies approved. Additionally, World Bank contributions to coal mine and cement methodologies provided the basis for the approved consolidated methodologies. Currently, World Bank-prepared methodologies represent some 27% of all approved methodologies and 18% of all submitted new methodologies. While the number of new methodologies is still increasing, the approval process has made insufficient progress for some sectors. Therefore the World Bank plans to give priority to under-represented methodology areas such as energy efficiency.

The World Bank has also proposed new methodologies to calculate methane emissions from hydro reservoirs, methane capture from gas pipelines, lower emissions in the transport sector and for the treatment of leakage in forestry sector projects. The World Bank proposed several methodologies for small-scale projects and has promoted a programmatic approach to the CDM.

In the past year, the World Bank has systematically responded to requests for input from the Executive Board and the Supervisory Committee. It presented an annual overview of the status of the regulatory system for the CDM and JI and will continue to disseminate experience to the regulatory bodies and other market participants.

Despite clear progress and success in project procedures there are still concerns. Following the establishment of review teams, a much larger number of validated projects are now questioned before registration. There is a risk that some early start projects will not be registered before the registration deadline due primarily to pending work on methodologies. Some approved methodologies have been put "on hold" for long periods, for instance the small-scale methodologies involving non-renewable biomass. Generally, the efficiency of the regulatory process could be enhanced through closer cooperation between the Executive Board and its panels and Operational Entities and project proponents.

Good progress has been made by the Joint Implementation Supervisory Committee, which has drawn on the experience of CDM, but also uses simpler approaches in keeping with the special conditions for JI projects. While greater methodological certainty should lead to cost reductions, there is still a significant need for clarifying regulatory uncertainties for both CDM and JI.

First coal mine methane methodology

With the methodology for the China Jincheng Coal Mine Methane Project, the World Bank provided valuable input to the development of the consolidated methodology ACM0008. This methodology is the first ever for the mining sector. It targets projects that capture and destroy methane from coal mining activities or that utilize it for power generation.

The Jincheng project in the Shanxi province of China captures the coal mine methane gas which was previously vented into the atmosphere, and uses the gas to fuel 120 megawatts of on-site power production to displace imported grid electricity generated by coal. The project will reduce annually around three million tons of carbon dioxide equivalent.