



Global Wind Energy Council (GWEC) and International Emissions Trading Association (IETA) Press Release

For Immediate Release

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Blown Right off Course? CDM Executive Board turns against renewable energy development

In a decision unsupported by evidence and taken behind closed doors, the CDM Executive Board today rejected 10 proposed Chinese wind energy projects on the grounds of lack of consistency with the CDM additionality criterion.

This decision causes very serious problems for the CDM and for wind and other renewable energy projects in developing countries. The Global Wind Energy Council (GWEC) and the International Emissions Trading Association (IETA) heavily criticized the Board for failing to substantiate the concerns upon which the projects were questioned, ignoring evidence provided by stakeholders, and apparently contradicting its own long-established guidance against the provision of perverse incentives for national low-carbon policies.

The EB's decision comes after months of debate in closed meetings during which the Chinese government was accused of lowering the subsidized tariff for wind power in order to attract CDM investment. The CDM Executive Board has not publicly provided any information or analysis regarding this claim, nor have GWEC or IETA received a reaction to their submissions attempting to address the questions raised over the past several months.

Steve Sawyer, GWEC's Secretary General, explained: "This claim has never been substantiated. Since 2006, which marked the beginning of the wind power boom in China, tariffs for wind power have either remained stable or have in fact risen, as has been well documented in studies from GWEC and others submitted to the UNFCCC."

Despite the fact that wind is heavily subsidized in China, coal plants continue to be developed at an astonishing rate, clearly indicating the need to encourage exactly this type of clean technology. With this decision, the Board sends a negative signal to renewable energy investments in any country that has decided to be forward thinking and pave a clean development pathway for energy growth.

Steve Sawyer added: "Carbon market support of wind power in China, India and a number of other countries has been one of the clear early successes of the CDM. While there are many criticisms to be made of Chinese policy,



surely the fact that they are actively making use of the only means open to them to participate in the international climate regime is not one of them?"

Henry Derwent, President and CEO of IETA added, "The CDM has been doing exactly what it was supposed to do: providing an extra push for the deployment of cleaner energy in developing countries and helping to kick start the transformation to a low carbon economy. The project participants did their best to answer the questions asked of them- but how can one answer a concern that is not clearly formulated and based on a rule that does not exist? Project developers could not have possibly foreseen this issue whilst developing these projects."

CDM reform is one issue under discussion at next week's climate change talks in Copenhagen, where today's meeting also took place. Reform of the CDM will be contemplated in the yearly Guidance to the CDM Executive Board and under the AWG-KP. GWEC and IETA urge the Parties to address this issue quickly to reverse the negative signal it sends to producers of clean energy.

Mr. Derwent remarked: "The arguments for reform made in IETA's *State of the CDM 2009 Report*, released just yesterday, is confirmed by today's decision. There is an urgent need to implement reforms for the current commitment period. IETA implores the Parties at the meeting in Copenhagen to look into this decision, which threatens to worsen the position of renewable energy in developing countries just when it must be improved. The lack of transparency, insufficient respect for due process, and poor communication with stakeholders must be addressed."

Questions and comments should be directed to:

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Global Wind Energy Council is the voice of the global wind energy sector. GWEC brings together the major national, regional energy sector. GWEC brings together the major national, regional and continental associations representing the wind power sector, and the leading international wind energy companies and institutions. With a combined membership of over 1,500 organizations involved in hardware manufacture, project development, power generation, finance and consultancy, as well as researchers, academics and associations, GWEC's member associations represent the entire wind energy community.

The Geneva-based International Emissions Trading Association is a 170-member-strong grouping of companies from all over the world who for the past 10 years have promoted the use of flexible mechanisms as an essential part of an effective and efficient response to climate change. IETA comprises the most active CDM stakeholders in the world, covering the full range of CDM participants—compliance buyers, project developers, service providers, and verifiers.