

POINT CARBON

<http://www.pointcarbon.com/news/1.1753123?ref=searchlist>

CDM/JI/AAU

Dutch utility agrees to buy 1.2mln post-2012 CERs

13 Feb 2012 13:57 Last updated: 13 Feb 2012 18:55
POINTCARBON

Dutch power company Eneco and U.S.-headquartered project developer UpEnergy have agreed to distribute 500,000 biomass-burning cookstoves in Uganda, a tie-up that could deliver around 1.2 million credits by the end of the decade.

In a joint press release published on Monday, the companies said the deal is one of the largest so far related to the use of energy-saving household stoves, a sector that is a mainstay of investment in the Kyoto Protocol's Clean Development Mechanism (CDM) after 2012.

Under the terms of the deal, Eneco has agreed to buy CERs from a programme expected to yield 167,000 offsets a year from the distribution of 156,000 cookstoves over seven years.

UpEnergy plans to hand out 500,000 efficient cookstoves over the 28-year lifetime of the scheme, in a deal that could eventually be worth 15 million euros, the joint press release said.

The two companies will cooperate through a CDM programme that will target more than 95 percent of the Ugandan population that currently cooks with wood and charcoal, a practice said to be harmful to human health and a major source of greenhouse gas emissions in non-industrialised countries.

Programmatic CDM projects, also called Programmes of Activities, group together multiple emission reduction measures, for example switching incandescent light bulbs for more efficient alternatives, implemented across large areas.

The burning of wood and charcoal for cooking releases carbon that had been stored in trees and is a major contributor of deforestation in African countries, according to the U.N.

The use of more efficient household stoves is estimated by other project developers to cut emissions by around 1-3 tonnes of CO2 equivalent per stove a year.

Several large banks, trading houses and energy companies have invested in cookstove projects so far, including Standard Bank, JP Morgan, Caisse des Depots, Vitol, and a charity part-funded by oil major Royal Dutch Shell.

Updates with detail on binding offtake contract

By John McGarrity - john.mcgarrity@thomsonreuters.com
London