



## **Views on possible improvements to emissions trading and the project-based mechanisms**



**Submission by  
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### **1. Effective measures and tools to support the development of sustainable and equitable CDM projects**

Household and community level projects under CDM can provide a much needed contribution to improving livelihoods in poor communities. These projects - better adapted to the local realities - reconcile the needs of reducing poverty whilst mitigating climate change.

#### **Our proposal**

So far, CDM projects have failed to contribute to achieving sustainable development, as required in Article 12 by the Kyoto Protocol. Therefore we propose to create a simplified CDM mechanism for sustainable energy projects in rural areas at the household and community level, including improved funding conditions for smaller scale and cutting-edge-technology projects. Such projects should be developed in consultation with the local communities, including women, and should be accessible to them.

This simplified mechanism should cover a positive list of project categories dealing with energy supply and energy efficiency with high potential for poverty reduction, such as efficient cooking stoves, rural electrification based on renewable energy, home insulation in either low-income private households or public buildings like schools. Also following criteria should be in place: no significant other negative environmental impacts (e.g., toxics, endangered species, resource depletion, radiation), no human rights abuses (e.g., indigenous & forest community & women rights, reduced food security, access to water) and gender aspects have to be taken into account. Therefore the project should meet the criteria defined in the gold standard.

#### **Funding**

Projects at the household and community level generally need upfront funding and fixed CER (Certified Emission Reductions) prices.

- a) We propose the establishment of a CDM Bank able to grant upfront funding secured by the issuance of expected Certified Emission Reductions (CERs) together with an insurance cover for household and community level projects.
- b) Fixed and high prices of CERs should be introduced as a strategy to allow for solid financial planning.
- c) There should be the possibility to award grants, co-funded from e.g. a percentage of EU and (future) global emission trading schemes to assist with transaction costs.

#### **CDM approval process**

To avoid the long and bureaucratic CDM registration procedure which is inappropriate for many household and community level projects, we suggest the following:

- a) Implementation of a specialised UNFCCC working group that provides support to household and community level and assists the EB (Executive Board) in its currently ongoing efforts of improving and simplifying methodologies and approval procedures.

- b) On-site capacity building provided by the UNFCCC working group for selected projects, providing methodological support to project proponents; members of the UNFCCC working would in turn gain important on-the-ground experience.
- c) Establishment of specialised Designated Operational Entities (DOEs) for household and community level projects to guarantee faster as well as high-quality validation procedures, as currently some DOEs are hesitant to take on household or community level projects.
- d) Establishment of easy and simplified methodologies to facilitate micro projects, (of less than 15,000t CO<sub>2</sub>/a) for example by defining standardised sectoral baselines such as maps to determine the share of renewable biomass for efficient cooking stove projects based on global vegetation zones.

## **2. Position on Nuclear Power in the Context of Sustainable Development and the Clean Development Mechanism**

### **Introduction**

A scenario published in 2008 by the International Energy Agency (IEA) of the OECD illustrates that even a massive, four-fold expansion of nuclear power **by 2050** would provide only **marginal reductions (4%) in greenhouse gas emissions**, when what we need, at a minimum is for global emissions to peak by 2015 with 50 - 85% cuts by 2050.

Energy efficiency and renewable sources have many times **higher potential** of greenhouse gas abatement than nuclear power. Those solutions, unlike nuclear power, can be implemented in a timely manner and without serious collateral hazards such as nuclear accidents, radioactive waste and proliferation. In addition, nuclear power produces a lot of heat as a by-product and this directly heats the Earth. This is only a relatively small effect, but as energy consumption grows it must be taken into consideration when balancing the energy equation.

Further, **high capital costs** for building the plant and **negative impacts** on global security and sustainable development make investments in nuclear energy an obstacle to the necessary development of effective, clean and affordable energy sources – both in developing and industrialised countries.

### **Part I**

#### **Nuclear power**

It is recognized that nuclear is a low carbon technology that could generate large quantities of electricity and contribute to stabilising CO<sub>2</sub> emissions. However, not only the magnitude of the role of nuclear in generating the required electricity is still uncertain, but the disadvantages of nuclear far outweigh the advantages.

##### **--Costs**

Nuclear power has large capital costs and a long construction period before the revenue is returned. Cost estimates also need to take into account **plant decommissioning, nuclear waste storage and security** costs of both protecting the physical plant against attempted sabotage and the screening of workers against possible theft of nuclear material.

In the more liberalised electricity market environment, cost recovery is not guaranteed, and building and operating any power plant is risky.

Access to cheaper capital does not reduce risks, but merely transfers these risks to others (e.g. to the state or to the power consumers).

### **--Reliability**

Nuclear plants require 20-83% more cooling water than other power stations. In very hot weather a power reactor may have to operate at a reduced power level or even shut down. In the same way, uranium production is highly sensible to unfavourable events. For example in 2006, the Cigar Lake mine, one of the world's richest uranium deposits situated in Canada, flooded substantially. Further water inflow occurred in 2008, and production is expected to be delayed until 2011 at the earliest.

### **--Uranium supply**

Growth in nuclear is the fundamental driver of growth in uranium demand. Right now, existing reserves and uranium mining cannot meet the immense reactor demand for long. The world's present measured resources of uranium are enough to last for at least a century at current consumption rates.

### **--Waste disposal**

No long-term solutions are yet available. It is impossible to guarantee safety over the long-term disposal of waste. Unless this issue is addressed, this greatly increases the risks to the community both in the near and in the long-term.

### **--Centralisation**

Nuclear locks a country into a centralised distribution system. For domestic electricity supply, nuclear power cannot offer complete security due to its reliance on imported uranium. In this regard, nuclear power is not a domestic source of electricity in the same way as renewables.

On the other side, diversification would help to reduce price risk and increase security. Decentralised supply is generally more flexible and can adapt quicker and at less costs to changed circumstances.

### **--International security and regulation**

The risk of a nuclear accident places nuclear power in a unique category where the low risk of routine activities must be balanced against the potentially high impact of a serious accident. Countries adopting nuclear power may have low safety standards and this increases the risks of accidents and radiation leaks from waste materials which would impact on international safety and security.

At the same time, instability in producer countries can have a serious impact on nuclear fuel security. One issue is the impact on and the rights of indigenous peoples in uranium mining areas. According to one estimate, 70% of the world's uranium resources are located in the lands inhabited by indigenous peoples in Africa, Asia, Australia, and North and South America. Issues typically relate to environmental pollution, land rights and right to proceeds.

### **Renewables and energy efficiency: a win-win strategy**

Since nuclear power cannot provide all the energy we need in the next decades, it cannot be considered as the major, single and only viable solution. Given the urgent need to begin reducing greenhouse gas emissions, nuclear power is by itself an ineffective option. In order to build up a the capacity of energy infrastructure, the implementation of renewable energy and energy efficiency solutions offer the safest approach to sustain a high standard of living while imposing smaller externalised costs. Renewable energy is becoming steadily cheaper while nuclear power has proven to be the most expensive energy source in direct costs of all. In externalised costs, nuclear energy has the huge additional costs of catastrophic accidents and long-term waste management. Investments in renewable energy thus appear to be the most practical choice and carry the least uncertainty.

## Part 2

### Nuclear potential in the Clean Development Mechanism

The decision on whether make nuclear power eligible for the CDM will be taken this November at the 6th Conference of the Parties to the Climate Change Convention (COP6). If nuclear power becomes eligible for the CDM under the Kyoto framework, it will gain access to new sources of financing. Because the nuclear industry is very expensive, the CDM can become just another tool for obtaining new subsidies. A case is shown by AREVA's EPR reactor Olkiluoto-3 in Finland. Built in 2005, the plant is over two years behind schedule and at least €1.5 billion (50%) over budget. It seems the additional costs will have to be covered by state subsidies.

One of the aims of the CDM is to assist developing countries in achieving sustainable development. However nuclear is not a sustainable choice since it has impacts on the environment, it is not entirely safe and it involves social issues like tribal and native rights.

The majority of known uranium sources lie under native lands. Companies have to buy land and mineral rights if they want to start mining. In most cases, the tribes do not want to sell access to their land and do not want uranium mining in their communities. Mining companies say jobs could help ease poverty among the natives but the environmental risks deriving from abandoned shafts, radioactive dust and potential exposure to uranium in drinking water are too great. Mining concerns might not cover all the uncertainties of cleanup and monitoring groundwater. There is no guarantee that contaminated water will not migrate beyond the mine's boundaries and largest accidental release of radioactive material could well happen.

Activities related to nuclear power must not be allowed in the CDM in order to avoid:

- Undermining climate protection by taking away precious resources from more effective and clean solutions;
- Dumping of nuclear technologies – the most expensive and unsafe of available technologies – on developing countries who would be burdened with the associated economic and environmental impacts (accumulation of massive financial debts, increased dependency on foreign fuel and technologies, increased risk from reactor accidents and contamination); and
- Decreasing global security due to a strong increase in radioactive waste volumes for which there are no safe disposal solutions, resulting in an increased risk of proliferation of nuclear materials.

### Conclusion

**Nuclear energy is never save and a threat to human life at every step of production. It has to stay out of all emissions trading and project-based mechanisms, also the CDM.**

**Truly sustainable energy measurements like using the full potential of decentralized energy saving, efficiency and renewable energy is the only way to challenge climate change and provide solutions. Resources are limited, so the CDM has to be a mechanism, which will be crucial to foster the right type of development – truly sustainable and just like in part 1 of the submission introduced – in the form of small scale micro projects on household and community level, accessible for poor people, women and men alike.**

**It is crucial that Annex 1 countries do reduce emissions first of all in their own countries in the range of 25 - 40% and use the CDM offsetting mechanism only in small percentage – for truly sustainable CDM projects like described above.**

contact:

Sabine Bock, [sabine.bock@wecf.eu](mailto:sabine.bock@wecf.eu), Olivie Scuderoni, [olivie.scuderoni@wecf.eu](mailto:olivie.scuderoni@wecf.eu)

Robert Müller, [mueller@atmosfair.de](mailto:mueller@atmosfair.de)



**WECF** | Women in Europe for a Common Future

**WECF The Netherlands**

PO Box 13047  
3507 LA, Utrecht  
The Netherlands  
Phone: +31 - 30 - 23 10 300  
Fax: +31 - 30 - 23 40 878  
Website: [www.wecf.eu](http://www.wecf.eu)  
E-mail: [wecf@wecf.eu](mailto:wecf@wecf.eu)

**WECF Germany**

Sankt-Jakobs-Platz 10  
D - 80331, München  
Germany  
Phone: +49-89-2323938-0  
Fax: +49-89-2323938-11  
Website: [www.wecf.eu](http://www.wecf.eu)  
E-mail: [wecf@wecf.eu](mailto:wecf@wecf.eu)

**WECF France**

BP 100  
74103, Annemasse Cedex  
France  
Phone: +33 - 4 - 50 49 97 38  
Fax: +33 - 4 - 50 49 97 38  
Website: [www.wecf.eu](http://www.wecf.eu)  
E-mail: [wecf@wecf.eu](mailto:wecf@wecf.eu)

**Moving People for a World in Balance** [www.wecf.eu](http://www.wecf.eu)

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