



The Clean Development Mechanism (CDM)

The Clean Development Mechanism (CDM) allows you to reduce greenhouse gas emissions in a cost-efficient manner. Your active contribution to sustainable development in a developing country is awarded with emission credits that can fulfil your own reduction commitments or be traded in the greenhouse gas market.

PURPOSE

A Clean Development Mechanism (CDM) project represents co-operation between a company in a country with reduction commitments under the Kyoto Protocol and a company in a developing country without such commitments. A company in the sponsoring country supports implementation of project activities in a host country where comparable emission reductions can be achieved at a lower cost.

The reductions generated must, however, be additional to any that would have occurred without the project taking place. The idea is to create sustainable benefits and global emission reductions in the most cost-efficient manner.

BENEFITS

Through a CDM project, investing companies earn a determined amount of credits for achieved emission reductions. Credits are awarded in the form of certified emission reductions (CERs). You can use them to meet your company's own reduction commitments or you can trade them in the marketplace.

When properly organised and fulfilling the validation and verification/certification requirements, CDM projects can earn credits for either a ten-year period or for a seven-year period with the option of two renewals of seven years each. Participation in the CDM is voluntary.

FEATURES

The Kyoto Protocol requires that all CDM projects are subjected to validation and verification/certification by a designated operational entity (DOE) ie, a third party verifier. DNV offers both validation of projects and verification/certification of emission reductions.

Validation is a requirement for registration of the project and subsequent issuance of CERs. Validation is an assessment of the CDM project design and its estimated reductions. DNV assesses the project design, the selected baseline scenario and the monitoring plan to confirm that all relevant criteria are met. The validation also includes a 30-day public hearing, allowing stakeholders to comment on your project. We collaborate with all involved stakeholders during the validation. Following a successful validation, we will recommend the project for registration as a CDM project.

Verification is a periodic performance review that takes place once the project is implemented. It is a result-oriented process determining the emission reductions achieved by your project and verifying continued compliance with the criteria defined under the Kyoto Protocol. The verification includes:

Review of monitoring results and data collection systems linked to emission reductions.

- Review of established practices and the accuracy of data collected as well as monitoring equipment.
- Review of the management system supporting the reported emission reductions.

Based on a successful verification, the operating entity will determine and certify the amount of emission reduction credits generated. Consequently, we will send a request to the CDM Executive Board, asking that the certified credits be issued.

OUR EXPERIENCE

DNV is accredited by the UNFCCC (the United Nations Framework Convention for Climate Change) as a designated operational entity (DOE) under the Clean Development Mechanism (CDM). We were the first DOE accredited for the verification of all major CDM Scopes.

As of October 2009, we had concluded validation of 800 projects (more than 40% of all CDM projects registered so far) in all major industry sectors in over 50 countries. Our climate change specialists have a broad greenhouse gas verification and certification expertise combined with specific industry knowledge. As a leading independent greenhouse gas verifier operating globally, we believe in a partnership approach that benefits you and your organisation.