



Climate Wedge Limited Oy
Fredrikinkatu 29
00120 Helsinki
Finland

FROM: Kristian Brüning, Director, Climate Wedge Ltd Oy
kristian.bruning@climatewedge.com
+358 40 581 7771

TO: Derik Broekhoff, Climate Action Reserve
Tim Kidman, Climate Action Reserve

Climate Wedge's comments on the Version 1.0 public draft Project Protocols for Destruction of Domestic and for Imported Ozone-Depleting Substances

Background:

Climate Wedge is today developing a ODS reduction project in Russia for a Nordic development bank. The project is being lined up as a potential extension to a Greenfield municipal waste management recycling and treatment plant. We are looking to expand our activities in the ODS market and through our North American presence have also an interest in the emerging ODS market in the US. In this context we'd like to take the opportunity to provide a few comments on the draft ODS protocols.

Comments:

1. Section 2.3

We think that a potential decision to exclude ODS extracted from a foam source as a "source category" could have significant impacts on developer's ability and interest in ODS destruction projects. In our experience, based on calculations for a project recovering ODS from household refrigerators in the greater Moscow region, the foam component of the destruction project not only accounts for a considerable (35-50%) amount of the potential income from carbon credits, but importantly, represents a more predictable volume of ODS. Refrigerant volumes can vary to a great extent, due to unforeseen leaks, contamination etc, whereby the foam source provides a more predictable source of ODS.

We disagree with the idea that the baseline scenario for foam is separated into its own category and a significant 65% discount applied in the proposed "shredding and landfill" baseline. For Greenfield projects this would mean that there will be little financial incentive to include systems that separate ODS blowing agents into the overall project design. As a result, direct landfilling (in some developing countries) or shredding and landfilling foam would continue as usual. We further question the rate of the applied discount (see below).

In our opinion the suggested foam baseline would also create a precarious precedence for emerging ODS destruction projects internationally.

2. Section 5.1.

We'd like to note some inconsistencies between the suggested approach for refrigerant projects and foam projects. First, the ability to use standardized values for refrigerant

projects (which is not proposed for foam projects) seems to be at odds with the fact that the volume of refrigerant is much more uncertain than the ODS contained in the blowing agent. Second, there is a discrepancy between the assumed baselines for the categories. Refrigerants are assumed to be reclaimed and sold for secondary use (although most of these would remain in use in old equipment) whereas ODS from foam is assumed to be disposed of, although it can also be separated and re-sold.

Generally we believe that similar approaches for both issues should be applied for both foam and refrigerant, and strongly advocate empowering project developers with the ability to demonstrate leak rates and retiring of equipment to choose their approach more independently.

3. Section 5.2

In our understanding the factors used in the table on page 20: "percent of remaining foam blowing agent released during anaerobic conditions" and the "percent of released foam blowing agent degraded in anaerobic landfill conditions" are derived from tests with foam samples in laboratory conditions. From a developer's perspective, we would strongly welcome a view from the Protocol on the accuracy of such laboratory calculations vis a vis real landfills. In our view the reliance on such figures (given the significant impact on project's financial eligibility) should be scientifically undisputed.

4. Section 6.4 – 6.6

We note generally that the final protocol should move towards a reduced requirement on sampling and testing. In particular:

- ❖ Suggest a less conservative approach on foam sizes, use 90% of pieces above 50 cubic inches.
- ❖ The division of foams on the basis of vintage seems unnecessary, especially as there is little variation between appliances manufactured in different years.
- ❖ Collection of ODS into "Non-mixed" composition of above 99% will add a lot of costs to project development, and increase risk of leakage. We suggest using 90% as the threshold.
- ❖ We suggest the requirement to analyze the content of blowing agent is removed from the protocol. Several studies, e.g. RAL Institute in Germany found that there is 85g of CFC-11 in every kg of foam. We suggest that the Protocol adopts a conservative default value for the mass ratio of ODS blowing agent in appliance foam. This would significantly streamline project development and reduce development costs.

5. Eligibility criteria for international offsets

While we understand and acknowledge the basis for limiting the import of ODS to Article 5 countries only, we would welcome a dialogue on what grounds ODS from projects in non Article 5 could be included in the CAR protocol. In particular, former Soviet states fall outside the Article and have limited national policies and restrictions on ODS and very-limited domestic destruction capacity. Perhaps an extension of the eligibility criteria to specific requirements on domestic action, legal framework, ODS recycling markets and availability of destruction facilities could provide access to a limited number of ODS



projects from non Article 5 countries. We would be happy to provide further thoughts on development of required project quality safeguards to spur ODS project development through CAR in Russia and Ukraine in particular.