



SETatWork Roundtable

Industry Support Schemes and Instrument for post 2012 ETS

**Shaping industry support schemes
for the EU-ETS**



EIB-KfW Carbon Programme II

Target Group

- Demand side: companies being legally obliged under EU Emissions Trading Scheme
- Supply side: project developers of renewable energy, energy efficiency and methane avoidance projects
- KfW Carbon Fund purchases carbon credits mainly from renewable energy, energy efficiency and methane avoidance projects



EIB-KfW Carbon Programme II

Main advantage of KfW Carbon Fund

- Provision of an eligibility guarantee
 - Fund is taking over post-Kyoto and ETS III-risks
 - Under conditions being defined by EIB / KfW, companies will have no off-take obligation, if the certificates are not eligible in the third phase of the ETS

Services of KfW Carbon Fund

- Procurement platform for project-based carbon credits under the Kyoto Protocol Mechanisms
- KfW Carbon Fund offers tailor-made services for CDM/JI projects
- Provision of an eligibility guarantee: Fund is taking over post-Kyoto and ETS III-risks



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Tailor-made services for CDM/JI projects, e.g. Programme of Activities

- PoA: Large number of small individual measures that cannot bear the CDM/JI transaction costs by themselves (e.g. solar cookers)
- KfW as PoA Support Centre Germany
- PoA Blueprint Book
- Establishment of a PoA portfolio

Participation in the Post-2012 Fund for the purchase of post-Kyoto credits

- EUR 125 million jointly with EIB, CDC, NIB, ICO
- Focus on renewable energies, energy efficiency, fuel switch



EIB-KfW Carbon Programme II

EIB-KfW Carbon Programme II project portfolio (as per June 2010)

- Number of contracted projects: 8 (6 ERPAs and 2 Lol)
- Number of contracted credits: 5.323.000 of which
 - 755,000 Kyoto credits
 - 4,568,000 Post-Kyoto credits
 - Share of credits from PoA: 89%
 - Share of credits from projects from LDCs: 14%



EIB-KfW Carbon Programme II

Benefits for enterprises / buyers

- No EU-ETS III or post-Kyoto risks
- Risk diversification through portfolio approach
- High demand on project quality and management of reputation risks
- Reduced transaction costs for buyers due to services taken over by Fund (e.g. trading, project acquisition, certification, etc.)
- Low costs due to standardised processes and efficient fund management
- Low carbon credit purchase price thanks to professional project selection