FIJI & THE CLEAN DEVELOPMENT MECHANISM:

BARRIERS AND OPPORTUNITIES

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OVERVIEW

- PACIFIC ISLAND CONTEXT FOR CLIMATE CHANGE & FOSSIL FUEL USE
- CDM OVERVIEW
- CDM POTENTIAL IN FIJI
- BARRIERS TO CDM PROJECTS IN FIJI
- OVERCOMING BARRIERS + MAXIMISING OPPORTUNITIES
PACIFIC ISLAND CONTEXT FOR CLIMATE CHANGE & LOCALISED AIR POLLUTION ISSUES

• The contribution of PICs to greenhouse gas concentrations in the atmosphere are minute.

• On a per capita level, PICs fossil fuel is comparatively high, with energy & transport sectors in many PICs served almost entirely by fossil fuel.
DIRECT BENEFITS FOR FIJI OF REDUCING FOSSIL FUEL CONSUMPTION & INCREASING RENEWABLE ENERGY USE

• REDUCE LOCAL AIR POLLUTION

• REDUCED VULNERABILITY TO PRICE SHOCKS IN WORLD ENERGY MARKETS

• CLEAN, GREEN TOURISM MARKETING STRATEGY
FEA – MONOPOLY UTILITY:

• FIJI IMPORTS OVER A BILLION LITRES OF DIESEL ANNUALLY (DEPENDING ON PRICE >FJD600MILLION)

• ½ OF FIJI’S RURAL POPULATION IS WITHOUT ELECTRICITY OR HAS ONLY AN UNRELIABLE, PART-TIME SUPPLY
FIJI ENERGY CONTEXT

FIJI HAS THE HIGHEST PERCENTAGE OF RENEWABLE ENERGY IN THE REGION – MORE THAN ½ OF VITI LEVU’S POWER COMES FROM HYDRO, REMAINDER FROM DIESEL GENERATORS, AS WELL AS BURNING BAGASSE, & WOODMILL WASTE

FEA’S FORMER TARGET OF 100% RENEWABLE BY 2011, NOW SIGNIFICANTLY SCALED DOWN CAN THE CDM BE A VEHICLE IN FACILITATING THIS GOAL?
Clean Development Mechanism: OBJECTIVES

AS DEFINED IN ARTICLE 12 OF THE KYOTO PROTOCOL:

• Assist industrialised countries to achieve their Greenhouse Gas (GHG) reduction targets in a cost-effective manner

• To contribute to sustainable development in developing countries

- ALLOWS INDUSTRIALISED COUNTRIES TO IMPLEMENT EMISSION-REDUCTION PROJECTS IN DEVELOPING COUNTRIES AND TO DRAW ON CERTIFIED EMISSION REDUCTIONS (CERs) FROM THE PROJECT TO MEET KYOTO PROTOCOL OBLIGATIONS

DRIVEN BY THE EUROPEAN UNION
Clean Development Mechanism: REQUIREMENTS

• Host countries must have ratified the Kyoto Protocol

• Host countries must have a designated national authority for the CDM, which has adopted a CDM approval process (only Fiji and PNG amongst the PICs)
Clean Development Mechanism: ROLES

TYPICALLY THREE PARTICIPANTS IN A CDM PROJECT:

1. the host country
   body that designs and implements the project

2. the project proponent

3. the CER purchaser
   government, bank or company that purchases the CERs generated by the project
Clean Development Mechanism: PROJECT REQUIREMENTS

• PROJECTS MUST BE ‘ADDITIONAL’ – emission reductions achieved under the project would not have happened if the project were not registered as a CDM project

• PROJECTS MUST NOT RESULT IN A DIVERSION OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

• PROJECTS MUST GENERATE MEASURABLE & LONG TERM EMISSION REDUCTIONS
INTERNATIONAL CONTEXT:
THE CDM MARKET

ENERGY INDUSTRIES ARE THE DOMINANT SECTOR AND GROWING...

Source: UNFCCC – IGES (2009)
INTERNATIONAL CONTEXT: FINANCING

ADB – carbon market initiative:
• up-front carbon financing for future delivery of CERs
• marketing and technical support to project developers

PRIVATE SECTOR
FIJI’s REGISTERED CDM PROJECT: VATURU & WAINIKASOU HYDRO PROJECTS

- 9.5 MW Hydro run of river
- Project implemented by Sustainable Energy Limited (SEL), a joint venture between Australian-based hydro developer Pacific Hydro (PHL) and FEA
- 25,000 tonnes of CO2e/year annum
FIJI’s REGISTERED CDM PROJECT: VATURU & WAINIKASOU HYDRO PROJECTS

PROJECT WAS INTENTED AS PLATFORM FOR LARGER CDM PROJECTS WITHIN FIJI—HOWEVER, PHL HAVE NOT INITIATED ANY OTHER PROJECTS IN FIJI.

WHAT ARE THE OPPORTUNITIES FOR THE FUTURE?
PROJECT SECTORS IDENTIFIED WITH THE GREATEST POTENTIAL FOR PICS:

RENEWABLE ENERGY, ENERGY EFFICIENCY & WASTE SECTORS:

• Agricultural waste, wood waste for biomass/biofuel
  • Coconut waste
  • Landfill or sludge waste methane capture

WASTE SECTOR

Kinoya Sewerage Treatment Plant Methane Recovery project:

- build on the infrastructure of an existing sewerage treatment plant in Suva
  - potential emission reductions from the project: 30,000 tonnes CO2 e/year
BARRIERS TO CDM PROJECTS IN FIJI

- LEGISLATIVE AND INSTITUTIONAL BARRIERS
- TRANSACTION COSTS
- LIMITED INFORMATION
OVERCOMING BARRIERS TO CDM PROJECTS IN FIJI

- REGULATORY REFORM
- MAXIMISING ECONOMIES OF SCALE
- AWARENESS & CAPACITY BUILDING – engaging the private sector!
Economic advantages are on offer, FIJI needs to position itself to take advantage of the evolving opportunities under the CDM.

As we idle on the Bilibili, opportunities pass us by...
VINAKA VAKALEVU