



PROJECT DEVELOPER FORUM

Credible Climate Action.

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Press Release

To **General Release**
From **office@pd-forum.net**
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Subject **The myth of oversupply of Carbon credits**

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The Project Developer Forum (PD Forum) is a collaborative association and represents the collective voice of companies and practitioners that are developing and financing greenhouse gas emission reduction projects worldwide. Our members work on a global scale and evaluate opportunities to deploy climate financing and carbon market instruments to accelerate investments for greenhouse gas mitigation and sustainable development.

Background

In October 2019, the German Emissions Trading Authority published a discussion paper on GHG emission reductions credit supply (DEHSt, 2019)¹. The DEHSt report estimates a CER supply of roughly 15 billion CERs (2013 vintage, and potential through 2035) and calls attention to the fact that this estimate is more than six times the total demand anticipated for CORSIA from 2021 to 2035.

The Project Developer Forum questioned this estimate and so decided to prepare its own estimates, relying on more realistic assumptions (PD-Forum, 2020)². PD-Forum used the same vintage and period used in DEHSt (2019) but, with simple realistic assumptions, it arrived at estimates ranging from 2.3 to 4.2 billion CERs.

What has happened since then?

In November 2020, a group of institutions published a new paper on CDM supply potential with different vintages, showing potential supply through 2020 (IGES et al., 2020)³, to range from 1.5 billion to virtually zero CERs, depending on the restrictions assumed.

The PD-Forum, 2020 analysis is comparable although it is not identical as the PD-Forum analysis includes pre-2013 CERs). It arrives at an estimate of potentially of 1.8 billion CERs. We, the PD-Forum members, are happy to see that the numbers are converging, however, we would like to call attention to and question several assumptions that we regard as unreasonable.

- 1) IGES (2020) includes CERs already issued (including retired and cancelled),
- 2) Many projects registered in 2013, but without any action since then, are still included despite regulatory requirements on renewal of crediting period, i.e., if by the end of 2021 these projects remain silent, the potential declines over 40%.
- 3) The study has no restriction on "dormant" projects and assumes that even projects with no action since their registration (most of them in 2013) will be able to present monitoring data for the whole period.

Conclusion

¹ DEHSt (2019). *Offset credit supply potential for CORSIA – Discussion Paper*. German Emissions Trading Authority at the German Environmental Agency. October 2019.

² PD-Forum (2020). *The myth of oversupply – A Project Developer Forum Study*. May 2020.

³ IGES et al. (2020). *CDM Supply Potential for emission reductions up to the end of 2020*. Institute for Global Environmental Strategies (IGES), Mitsubishi UFJ Research and Consulting Co., Ltd., NewClimate - Institute for Climate Policy and Global Sustainability GmbH and Öko-Institut e.V. November 2020.





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We are sincerely pleased to see that the myth of a carbon credit glut is being recognized as just that – a myth and that our figures are confirmed by reputable scientific institutions. We continue to hope for acknowledgement that additional carbon offsets, properly developed and independently verified, are a tool to drive the planet to climate neutrality. We are aware that in the future GHG projects may be mainly removal projects, but before the middle of this century there is still a need for carbon finance via mitigation projects that can help to disseminate expensive efficiency technologies and renewable energy plants to regions that cannot afford the same under the current conditions where no global carbon price exists.

Sven Kolmetz
Chairman, Project Developer Forum

