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LACK OF AMBITIOUS CLIMATE TARGETS PREVENT INVESTMENT IN CLEAN ENERGY PROJECTS

A survey of some of the biggest project developers in the global emissions reduction industry reveals that the vast majority (82%) of these companies cite the lack of global ambition on climate change mitigation (expressed through Government targets) as the biggest barrier to their continued development of clean energy and emissions reduction projects.

The survey was conducted by industry group the Project Developer Forum (PD Forum) and completed by 17 of its members, representing approximately \$20 billion of clean energy investment between them. PD Forum conducted the survey in order to gauge the views of its members on issues such as the low carbon price and the resultant drying up of vital investment in renewable energy and green technologies under the UN's Clean Development Mechanism (CDM).

Nearly half of all respondents said they owned or managed emissions reduction projects that had stalled due to the low carbon price, resulting in the release of millions of tons of CO₂ back into the atmosphere. One respondent estimated this figure to be 6 million tCO₂e.

Just over half the respondents (53%) ranked problems with the CDM as the lowest barrier to their company's involvement, indicating that the teething problems experienced by the UN's carbon market mechanism, which was created to stimulate cost-effective investment in clean energy projects across the developing world, have largely been overcome.

71% said they did not think backloading (a proposed stopgap plan to prop up the market by temporarily withdrawing 900 million allowances) would solve the problem of low carbon prices over the long-term because it is just a temporary measure and that further reforms were needed. With a major European Parliament vote on backloading scheduled for Tuesday, industry participants are following events closely as a vote in favour of the plan is likely to give a short-term uplift to carbon prices and reaffirm political commitment to emissions trading.

Gareth Phillips, Chairman of the Project Developer Forum, commented, "The results of this survey send a strong signal to leaders across the globe that they must act quickly and decisively to help shore up the price of carbon emissions and safeguard future investment in clean energy.

"Over the past 14 years, the CDM has driven billions of dollars of investment into low carbon and renewable energy projects across the developing world, making a significant contribution to sustainable development. All this is now under threat as a result of insufficient mitigation ambition amongst nations."

For further information, a breakdown of the findings or an interview with a PD Forum spokesperson please contact Daniela Hale on +44 (0)207 249 7769, or pdfcomms@peppershackletonwellard.com

Notes to Editors

About the PD Forum

The Project Developer Forum is a collective voice to represent the interests of companies developing and investing in greenhouse gas (GHG) emission reduction and mitigation projects in international markets under the Clean Development Mechanism (CDM), Joint Implementation (JI) and other carbon emission reduction schemes and programs. The PD Forum represents the sector of industry that has invested significant financial and intellectual capacity in the development of the CDM, JI and capacity building in developing countries. We also represent a significant part of the future of GHG mitigation in both developed and developing countries. Without the involvement of companies such as those represented by the PDF, the future of the CDM, new market mechanisms, project based mitigation activities and the inclusion of many Non-Annex 1 countries in the carbon market will be jeopardized. For more information on the PDF and its members, visit www.pd-forum.net.

About the Clean Development Mechanism

The CDM is a UN-guided market mechanism, established under the Kyoto Protocol which was the first internationally binding agreement (signed by 37 industrialised countries and the European Community) on greenhouse gas emissions reduction targets. The CDM has two main goals: (1) to assist countries without emissions targets (i.e. developing countries) in achieving sustainable development, and (2) to help those countries with emissions reduction targets under Kyoto (i.e. developed countries) in achieving compliance by allowing them to purchase offsets created by CDM projects. Examples of CDM projects include hydropower, wind power, waste heat recovery and industrial efficiency improvements. Once registered, projects are then issued Certified Emissions Reductions (CER), with each CER unit equal to a reduction of one tonne of carbon dioxide equivalent. These CERs, or offsets, can be bought and used by developed countries to meet their Kyoto commitments. However, due to the plummeting value of CERs, the future of the scheme now hangs in the balance.