



RECOMMENDATIONS:

The study “Clean Development Mechanism (CDM): Opportunity for the LP Gas Industry?” is a first attempt by WLPGA to identify the opportunities that exist for the LP Gas industry through the CDM. The goal of the study is not only to introduce the CDM to the LP Gas industry, but to examine what steps will be necessary for the industry to realize any potential benefits from working within the CDM system. As such it makes two recommendations:

The LP Gas industry must get more involved in the current CDM system. This will include allocating resources from LP Gas companies to develop more methodologies. The methodologies must be tailored for a LP Gas business model and focus specifically on developing nations.

The LP Gas industry must continue its active participation in the global discussions and negotiations on climate change both in and out of the UNFCCC process. The WLPGA is the ideal vehicle to drive this participation and ensure the industry has a voice and a seat at the table in upcoming crucial negotiations and should be supported by the industry. The LP Gas industry must therefore be prepared to develop a unified position and be ready to make proposals for rational policies to promote the use of LP Gas in CDM projects where the models make sense.

As the global voice for LP Gas, the WLPGA promotes the use of the fuel to foster a cleaner, healthier and more prosperous world.

The Association was officially granted Consultative Status with the United Nations Economic and Social Council in 1989 and actively represents the interests of the LP Gas industry in numerous UN processes including the UN Framework Convention on Climate Change (UNFCCC) negotiations.



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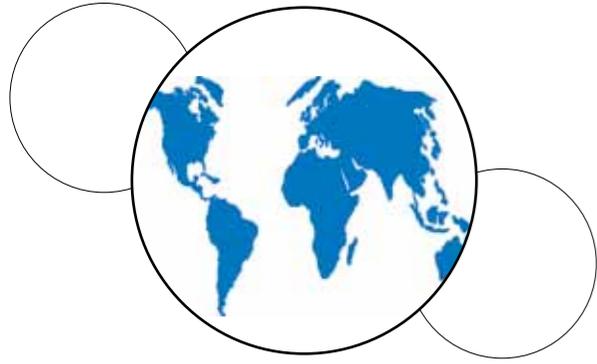


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CLEAN DEVELOPMENT MECHANISM (CDM): OPPORTUNITY FOR THE LP GAS INDUSTRY





LP GAS AND THE CLEAN DEVELOPMENT MECHANISM (CDM)

The 1997 Kyoto Protocol to the UNFCCC resolved to reduce emissions of greenhouse gases on a global scale. One strategy within the protocol for achieving this is the Clean Development Mechanism - or CDM. The CDM allows industrialized countries with emission reduction commitments to meet part of their commitments by investing in projects that reduce emissions in developing countries thereby earning certified emission reduction (CER) credits, each equivalent to one tonne of CO₂. These CERs can then be traded and sold, and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol.

The recent study by the World LP Gas Association (WLPGA) entitled “Clean Development Mechanism (CDM): Opportunity for the LP Gas Industry” seeks to educate the LP Gas Industry on the opportunities that CDM could offer the industry in the developing world in two specific areas: the Autogas market where LP Gas has the potential to displace petrol and diesel, and in small and medium sized fuel switching projects that encourage segments of the population to move from dirty, CO₂ intensive fuels to cleaner, low CO₂ LP Gas.

WHAT IS THE CDM?

The CDM is one of the official mechanisms created by the Kyoto Protocol to reduce GHG emissions by incentivizing developed countries to invest in low carbon projects in developing countries. These projects need to support sustainable development in the host countries and must lead to emission reductions that are real, measurable and long term. The idea of this mechanism comes from the recognition that the cost of limiting emissions varies considerably from region to region while the effect on the atmosphere of limiting emissions is the same, irrespective of where the action is taken. The CDM is seen by many as a trailblazer. It is the first global, environmental investment and credit scheme of its kind, providing a standardized emissions offset instrument, certified emission reduction credits or CERs.

THE BASIC IDEA OF CDM

Industrialized countries - either the state or private companies - invest in projects in developing countries that contribute to the reduction of GHG emissions and earn CERs.

Developing countries - either the state or private companies - are allowed to implement such projects on their own.

Through these projects, not only will the respective sector in this developing country be modernized, but also a contribution will be made to global climate protection.

The investing industrialized country can credit the CERs achieved through its investment in the developing country towards its own emissions commitment.

The developing country can sell the CER generated to industrialized countries.

WHERE ARE THE OPPORTUNITIES FOR THE LP GAS INDUSTRY?

Up until now the complexity, cost and lack of proven methodologies meant that the potential for LP Gas projects to benefit from CDM credits remained unrealized. This is changing and the WLPGA study “Clean Development Mechanism (CDM): Opportunity for the LP Gas Industry” is an attempt to educate the industry on the potential future benefits of participating in the CDM. This is particularly true of two areas that offer potential long term benefits from working in CDM: Autogas and fuel switching.



CDM AND AUTOGAS

Over the last decade LP Gas has demonstrated a capacity for substituting diesel and petrol as a strategy for reducing pollution, reducing greenhouse gas emissions and reducing costs. Soon there may be an opportunity for Autogas projects to receive CDM credits for projects that move large numbers of vehicles from diesel and petrol which have higher carbon footprints, to Autogas. There are now at least two appropriate methodologies set up to monitor and create reasonable estimates of CERs for transportation such as in Autogas projects and more are expected in the future.

CDM AND FUEL SWITCHING TO LP GAS

LP Gas projects also have the potential to receive CDM credits in small and medium sized fuel switching projects that encourage segments of the population to move from dirty, carbon intensive fuels to cleaner fuels such as LP Gas. Through a new development in the CDM called Programme of Activities (PoAs) that was launched in 2008, LP Gas projects that encourage bundling of small scale switching from dirtier, carbon intensive fuels such as kerosene, bunker fuel or residual oil have a realistic chance of receiving CDM funding. The central idea is to add small reductions in one big standardized project to optimize the fixed costs and generate reductions that otherwise would be impossible under current practice.

