

BIS | Department for Business
Innovation & Skills

**UK CLIMATE CHANGE PROJECTS
OFFICE ANNUAL REPORT 2009/10**

In association with the Department
of Energy and Climate Change

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1 Introduction



The period covered by this Climate Change Projects Office (CCPO) Annual Report has been a difficult one for UK business, including carbon market practitioners. As we weathered the financial crisis and now emerge from it, BIS has focused on providing 'Real Help for Businesses Now'; we offer a range of practical support to help UK industry return to growth.

In the carbon market, all eyes were on COP 15 in Copenhagen in December 2009. The UN climate change summit made significant steps to reform the Clean Development Mechanism (CDM); many parties signed up to the Copenhagen Accord and have subsequently listed their commitments to cut emissions. COP 15 did not however provide as much certainty as we had hoped to support the market going forward. Nevertheless, the UK government remains committed to maintaining leadership on climate change.

Over the last year we have set out a clear vision for a Low Carbon Industrial Strategy and a plan for Low Carbon Transition. Both strategies came from collaboration between BIS and the Department of Energy and Climate Change (DECC), and the CCPO is another example of departments working together to support business. Whilst the office is in my directorate in BIS, it is joint funded by DECC and delivers its trade promotion activities in partnership with UK Trade and Investment.

Our low carbon work is a critical part of investing in economic growth and delivering against our New Industry, New Jobs strategy. I therefore urge UK companies to take advantage of the support offered by the CCPO, and by BIS more broadly – the carbon market will be vital to delivering a low carbon future by reducing the global costs of mitigation and acting as the key driver for global emissions reductions.

**Philip Rutnam, Director General Business Group,
Department for Business Innovation and Skills (BIS)**



As Philip outlines above, the companies that the CCPO works with have faced a challenging year in 2009-10. The sector is however resilient and innovative and the CCPO has also evolved its support activities in recognition of a changing market. You'll find details in this report of trade missions that sought to identify broader business opportunities beyond the Clean Development Mechanism (in China for example), and of destinations such as Africa where political uncertainty elsewhere has meant carbon market investment becomes more attractive.

In the run up to Copenhagen, the CCPO worked to involve carbon market businesses in the negotiating process and to ensure the practicalities of working in the market were fully understood by UK negotiators. Going forward we will continue to bring together industry representatives and officials on a regular basis and we welcome any suggestions for further support to the sector. The CCPO will continue to contribute to capacity building, particularly by raising awareness of carbon markets through our trade mission programme.

Lastly, we are always pleased to showcase successful carbon market business done by companies in the UK and you will find several examples throughout this report. We look forward to helping companies and facilitating deals in 2010-11.

**Vicky Elliott, Head of UK Climate Change Projects Office,
Department for Business Innovation and Skills (BIS)**

2 CCPO – What we do and 2010/11 Events

The CCPO promotes and supports UK private sector involvement in projects under the Kyoto Protocol. It runs a programme of trade missions, both inward (companies from abroad visiting the UK) and outward (UK delegations travelling abroad) to promote UK private sector expertise relating to the carbon market and climate change projects under the Kyoto mechanisms.

Outward trade missions are delivered in partnership with UKTI staff in British Embassy, High Commission and Consulate posts abroad and the host country's Ministry of Environment (their Designated National Authority or Designated Focal Point) and usually consist of a half day seminar where UK companies present to a local audience and participate in panel discussions, followed by a half day of 1 to 1 business meetings where audience members have an opportunity to discuss their business opportunities and ideas in more detail with UK delegates.

Audience members are recruited by UKTI staff in posts abroad to ensure their relevance to events and are normally made up of government officials, key players in the market and companies from sectors of the local economy where there is potential for emissions reductions.

In addition, CCPO trade missions often include further networking opportunities where possible through high level receptions or dinners hosted by British Ambassadors. Roundtable discussions with the Designated National Authority or Designated Focal Point are also usually set up so UK companies have the opportunity to build relations and an understanding of the workings of a key player in the market. Trade missions may also include site visits to projects due to tender.

The list of CCPO events planned for 2010/11:

May 2010	Carbon Expo, Cologne – bilateral events with Brazil and Australia
May 2010	Inward mission from India
June/July 2010	Rwanda and Mozambique (TBC)
October 2010	Mexico and Colombia

Other destinations, timing to be confirmed:

- Australia & New Zealand;
- Nepal and Bangladesh;
- China and South Korea;
- USA and Canada;
- Inward mission from the Philippines.

South Africa and/or Russia are also being considered.

Please contact ccpo.enquiries@bis.gsi.gov.uk for more information

Participation in trade missions is free, but companies must pay their own travel and subsistence costs and fulfil the CCPO's eligibility criteria. For more information about these and trade missions in general, please contact the CCPO. Below are views from just some of the UK companies that have taken part in past CCPO trade missions.

"EcoSecurities took part in the CCPO's trade mission to Qatar and Jordan in 2009. The events such as the reception at the Ambassador's residence were particularly useful for our company and helped us gain more exposure to key players such as the Minister for the Environment in Jordan, which has been invaluable to our work in the region."

Souheil Abboud

ECO SECURITIES

"Climate Bridge took part in the CCPO trade mission to China in 2008. The event was very useful in raising the profile of our company in China and helped us make new contacts both in China and amongst UK companies working in the carbon market."

Gao Zhi Wen



As well as promoting UK private sector involvement in projects through trade missions, the CCPO also:

- **Advises** on the development and implementation of climate change projects via e-mail enquiries and face to face meetings, e.g:
 - where to find potential project partners;
 - where to find potential investors and funding;
 - current status of International, European and UK policy on project eligibility and rules;
 - general advice on specific projects.
- **Disseminates information** on potential projects, events and opportunities to an extensive mailing list of UK companies.
- **Acts as a conduit** to other parts of government for industry.
- **Runs policy workshops** for industry and negotiators to share carbon market views and experiences.

"The event provided a wonderful opportunity for networking –very crucial in business development."

Philip Abuor, SGS UK Ltd
Attended mission to Uganda in 2009

SGS

3 A look back at CCPO 2009/10 Events

1) CCPO/UKTI Carbon Market Business Opportunities Trade Mission to Brazil, Chile and Argentina – April 2009

From 26th–30th April, the CCPO led a trade mission to Brazil, Chile and Argentina. The CCPO assisted UK companies in establishing relationships with local carbon market stakeholders and government level CDM facilitators through seminars, panel discussions, networking receptions, roundtable discussions and one-to-one meetings. The Lord Mayor of the City of London opened the Buenos Aires event at the city's Stock Exchange.

2) Carbon Expo – Barcelona, Spain, CCPO Brazil Bilateral Networking Event – May 2009

At Carbon Expo in Barcelona 27–29th May, the UK CCPO organised a Brazil–UK networking event to facilitate business relationships between the two countries. Over twenty organisations attended the event which involved a brief introductory presentation from each participant followed by an informal discussion.

3) Carbon Market Business Opportunities Trade Mission to Indonesia, Malaysia and Philippines – June 2009

From 21st–26th June, the CCPO led a carbon markets trade mission to South East Asia with seminars in Jakarta, Indonesia and Manila, the Philippines and a networking reception in Kuala Lumpur, Malaysia. The mission, joint funded by UK Trade and Investment and CCPO, served to spread awareness of the potential for carbon market business in the region and showcase UK expertise in the market.



The British Ambassador to the Philippines His Excellency Peter Beckingham opens the CCPO's Carbon Market Business seminar in Manila, Philippines.



The UK delegation, CCPO & UKTI officials with the Undersecretary for the Ministry of Natural Resources and Environment and the Philippines DNA in Manila.

4) CCPO/UKTI Carbon Market Business Opportunities Trade Mission to Colombia and Peru – June/July 2009

From 30th June–3rd July, the CCPO led a trade mission to Colombia and Peru. The mission consisted of round table discussions in both countries (attended by Fonam, the Peruvian CDM promotion authority and their Designated National Authority) and meetings with the Peruvian environment minister Antonio Brack.



Panel discussion at the CCPO's 'Developing UK – Colombia Climate Change Business Partnerships' trade mission in Bogotá, Colombia.



The audience listen to the CCPO's carbon markets seminar in Lima, Peru.

5) Carbon Show 2009, London, United Kingdom – September 2009

On 29th and 30th September 2009 the CCPO exhibited at the inaugural Carbon Show. Vicky Elliott, Head of the UK Climate Change Projects Office was a member of the panel for a side event on 'Sectoral opportunities for low carbon businesses' organised by UKTI.

6) Carbon Market Business Opportunities inward Russian Trade Mission to London – October 2009

On 1st October, the CCPO jointly hosted an inward mission of Russian companies with UK Trade and Investment (UKTI) Moscow to facilitate the development of carbon market partnerships between the UK and Russia. Presentations were given by the Russian delegation from representatives of: the National Carbon Sequestration Foundation; RUSAL Global Management B.V; ASE – AtomStroyExport; and ZAO Metaprocess – Methanol and Nitrogen Processes Inc.

7) CCPO/ UKTI Creating UK-China Carbon Market Business Partnerships Trade Mission – January 2010

Between 25th and 29th January the CCPO led a trade mission to Beijing, Shanghai and Shenzhen. 14 companies took part in the mission. A roundtable meeting followed by 1-1 business meetings and a networking reception at the British Ambassador's residence was held in Beijing. Seminars and 1-1 business meetings were held in Shanghai and Shenzhen, all with the aim of assisting UK companies to establish new partnerships with local carbon market players.



His Excellency Sebastian Woods the British Ambassador to China speaks at a carbon markets networking reception in his Beijing residence.



UK delegates and local players in the carbon market discuss carbon market business opportunities at a roundtable meeting in Beijing, China.

8) CDM Trade Mission to Nigeria and Ghana – February 2010

From 1st–5th February 2010, the Climate Change Projects Office (CCPO) led a capacity building trade mission to Ghana and Nigeria. The mission aimed to raise awareness and understanding of the Clean Development Mechanism (CDM) amongst potential project owners in West Africa, showcase UK private sector expertise in the carbon market and promote business partnerships between UK and Ghanaian/Nigerian companies and organisations relating to the CDM. Nine UK companies joined the mission

9) Carbon Market Insights 2010, Amsterdam, Netherlands, March 2010

On the 2nd and 3rd March the CCPO exhibited at Point Carbon's annual Carbon Market Insights conference in Amsterdam.

10) Carbon Forum Africa (Kenya, Nairobi) and Carbon Markets Trade Mission to Tanzania

The CCPO took a delegation of 14 UK companies to the Africa Carbon Forum in Nairobi from 2nd–5th March and ran a side event there. The Department for International Development (DfID) also attended and the British High Commissioner hosted a reception to showcase UK climate change and carbon market leadership. The CCPO then led a carbon markets trade mission 8th–9th March 2010 to Dar es Salaam in Tanzania to explore potential business opportunities between the UK and Tanzania and to expand knowledge of CDM amongst potential Tanzanian project owners.

11) Creating UK–Latin America Carbon Market Business Partnerships inward Trade Mission to London – March 2010

On 10th March the CCPO hosted its annual inward carbon markets mission from Latin America in partnership with UK Trade and Investment (UKTI). Delegates from Argentina, Brazil, Colombia, Costa Rica and Mexico presented their business opportunities to a wide variety of UK companies working in the carbon market. The event culminated with an evening networking reception run in partnership with the Carbon Markets and Investors Association (CMIA).

4 Copenhagen: preparations and follow up

Stakeholder workshops

In June 2009 CCPO ran an exploratory roundtable on proposed sectoral mechanisms in the carbon market to bring together industry representatives with UK negotiators from DECC. In September 2009, the CCPO then hosted a larger workshop with a wider range of industry and NGO representatives (and other government officials) to discuss the design of proposed sectoral carbon market mechanisms.

In October, the CCPO hosted a subsequent workshop with UK negotiators and industry to discuss priorities for CDM reform. The workshop included sessions on the redesign of various aspects of the Clean Development Mechanism.

A final stakeholder workshop was held in March 2010 to assess progress in negotiations and in the carbon market since the Copenhagen summit.

COP 15 Side event

The CCPO's preparations for Copenhagen culminated in a side event during the UN negotiations in Copenhagen. It was entitled, 'The benefits of new carbon market mechanisms – policy and business perspectives.' Given that sectoral crediting and trading had been hot topics in 2009, the CCPO event aimed to bring together policymakers and industry to explore why new mechanisms are proposed and the benefits to both countries and business.

5 CCPO Annual Stakeholder Meeting

The CCPO held its Annual Stakeholder meeting on 19th January 2010. The meeting opened with an introduction by Anthony Murphy, Deputy Director of the Services, Sustainability and Olympics Unit at BIS. This was followed by a presentation by David Kinder, Head of Global Carbon Markets at the Department of Energy and Climate Change (DECC) on the UNFCCC negotiations in Copenhagen.

The second session of the meeting reviewed CCPO activities for the 2009/10 financial year and discussed the CCPO's trade mission and events programme for 2010/11. The meeting closed with a workshop in partnership with BIS' Services Policy team examining a vision for the carbon market services sector in 2020. A full readout of the meeting can be found on the CCPO's webpages.

6 CCPO and UK industry working in partnership: case studies

It takes time to develop climate change projects and follow up leads and contacts from trade missions. Below are just a few of the examples where UK companies have gained business from working with the CCPO.



ICECAP signs Chinese ERPA

"ICECAP took part in the CCPO's October 2008 trade mission to China. The mission events gave us the opportunity to meet and network with potential clients in four cities and showcase our company to a large amount of people. From contacts made during the Shenzhen leg of the mission we signed an emission reductions purchase agreement for a project which will reduce emissions by 0.5 million tonnes co2 equivalent per annum which at today's spot price makes the contract value around Euro 6 million per annum. This made a significant contribution to our carbon credit fund and the relationship we developed with Chinese project developer has been of enormous benefit to our business beyond this particular project as ICECAP continues to build its carbon credit portfolio in China."



Carbon Resource Management

"Over the past year, Carbon Resource Management (CRM)'s Vietnamese business has expanded significantly. In November 2009, CRM opened a new representative office in Hanoi, employing five Vietnamese staff, to further develop projects in Vietnam. CRM's Vietnam pipeline is over 1 million tonnes and this figure includes the firm's first wind power projects in Vietnam.

CRM is expected to include the firm's first wind power deal in Vietnam and has four hydro-electric projects at validation.

Much of CRM's progress in Vietnam came about through initial contacts made during the CCPO trade mission in 2008. The trade mission also enabled CRM to make contact with the British Embassy in Hanoi, which subsequently played a vital role in providing advice and contact with officials in the Vietnamese Government responsible for the CDM in Vietnam."



CAMCO and SGS sign MRV agreement

"Camco and SGS UK Ltd participated in the CCPO's trade mission to Ukraine in November 2008. In addition to proving a platform upon which to market our services, develop new contacts and find out more about the emissions reduction opportunities in Ukraine, the trade mission events also gave us the opportunity to network, and share ideas and experiences with other UK companies. As a result Camco and SGS signed an agreement for SGS to determine a JI project that Camco has developed from its Russian office."

7 UK Government Departments and the Carbon Market

Department of Energy and Climate Change (DECC) leads on UK carbon market policy.
www.decc.gov.uk



DECC is the UK's Designated National Authority (DNA) for the Clean Development Mechanism (CDM) and the Designated Focal Point (DFP) for Joint Implementation.

Email: dna@decc.gsi.gov.uk or jifp@decc.gsi.gov.uk

Website: http://www.decc.gov.uk/en/content/cms/what_we_do/change_energy/tackling_clima/intl_strat/mechanisms/mechanisms.aspx

A number of other UK government departments have teams to support DECC's work on the global carbon market and the Department for Business (BIS) where CCPO is based is one of them.

8 Other UK Government Contacts

The UK CCPO undertakes trade promotion for climate change projects under the Kyoto mechanisms and carbon markets, but UK Trade and Investment (UKTI) lead on and are the primary point of contact for trade promotion in the energy, environment and financial services sectors.



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