

Russia Approves New Projects for Kyoto Credits

By [The Moscow Times](#)

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LONDON — Russia on Monday gave the green light to 15 clean energy projects to earn carbon credits under the Kyoto Protocol, a senior Economic Development Ministry official said.

The long-awaited move could now unlock about 2.7 billion euros (\$3.5 billion) in carbon finance, based on market rates, for more than 100 Russian projects held up by bureaucratic red tape.

The 15 approved projects have the potential to generate 30 million carbon offsets, called Emission Reduction Units, until 2012, Oleg Pluzhnikov, a department head at the ministry, told Point Carbon News.

The projects are among 37 initiatives that applied for carbon finance under the Kyoto Protocol's Joint Implementation mechanism earlier this year, he added.

"This is a major hurdle. The main obstacle so far has been approval by host countries ... and Russia has been a large bottleneck because they have a lion's share of JI projects and they haven't done anything to date," said Benoit Leguet, chair of the UN's Joint Implementation Supervisory Committee.

Under JI, worth \$354 million last year according to the World Bank, companies can invest in carbon-cutting projects in nations that signed up to emissions targets under Kyoto and in return receive ERUs, which can be used toward their own corporate emissions targets or sold for profit.

The approvals had been expected to be made by the government in April, which would have allowed the first issuance of ERUs to Russian projects in October.

"November is more realistic now [for the first projects to be issued with carbon credits]," Pluzhnikov said.

A project list, including the types, owners and locations, was not yet available as it awaited ministerial approval.

"I've been told it should be made public by the end of the week," Leguet said.

The approval follows years of delays in getting government consent for Russian JI projects.

According to UN data, Russia is home to 103 projects, or 61 percent of those in the JI pipeline. They are capable of cutting some 229 million metric tons of carbon dioxide by 2012, or 57 percent of the total estimated cuts.

Spot ERUs currently trade at about 11.80 euros (\$15.25) a metric ton, brokers said.

In February, Russia launched the 30 million ERU tender through state-owned bank Sberbank, which attracted bids from 10 companies.

The 37 projects submitted by these firms aim to reduce emissions by a total of 74.74 million metric tons of CO₂ during 2009-12.

The results of the tender are due in October, while more may be announced later this year.

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