

Using carbon credits to shape
energy demand in the transport
sector

credits for reducing greenhouse gas emissions

Carbon Credits

Article 12 of the Kyoto Protocol: Clean Development Mechanism (CDM)

Certified Emission Reduction (CER)

measured in tCO₂e

with an environmental and a financial asset

Environmental asset: reducing GHG emissions
which cause global warming & climate change

Financial asset: openly being bought and sold in

CDM Idea

Industrialized Country

Developing Country

CARBON CREDITS



Entity A
GHG Emissions

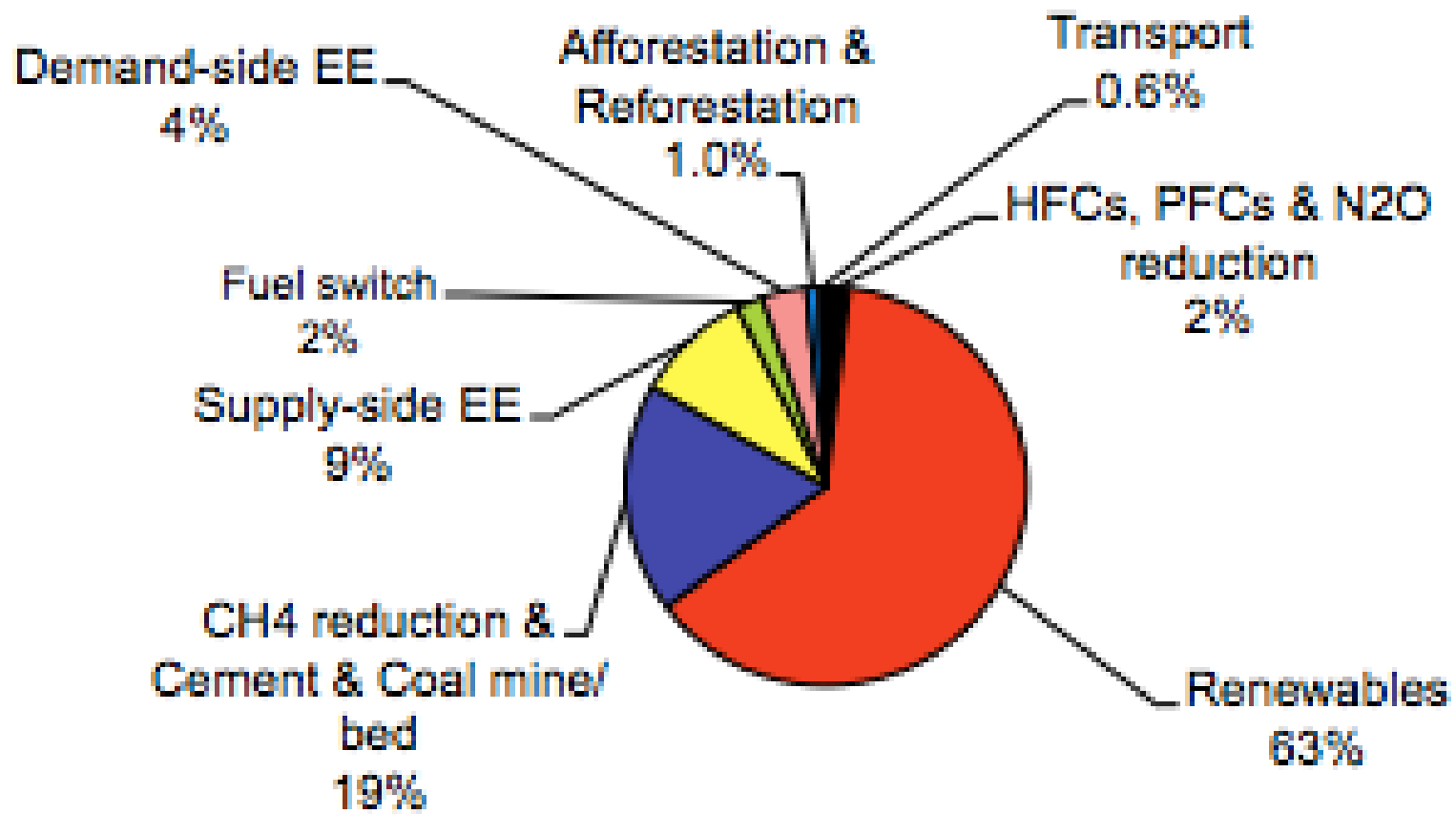
Entity B
✓ Project Activity
✓ Emission Reduction

Funds

Technology

(Capacity building)





source: UNEP RISO Center

Total Projects: 6,292

transport vs

RE Projects
RE Projects

point source

non-point source

complexity in
determining baseline

complex monitoring

small volumes per
project

high transaction costs

baseline emissions
relatively simple

simple monitoring

large CER volumes
per project

Lower transaction
costs

Case Study: Retrofit Kits
for two-stroke tricycle taxis







BACHAO SUR
FOR HIRE 4

BAW SUR 17
FOR HIRE

LEA REA GIA

KY 9851

K. R. T. C.
PO
IS BOILING FOR
Kullu Food Festival on Budget



Human Impact of Pollution - Philippines



ational

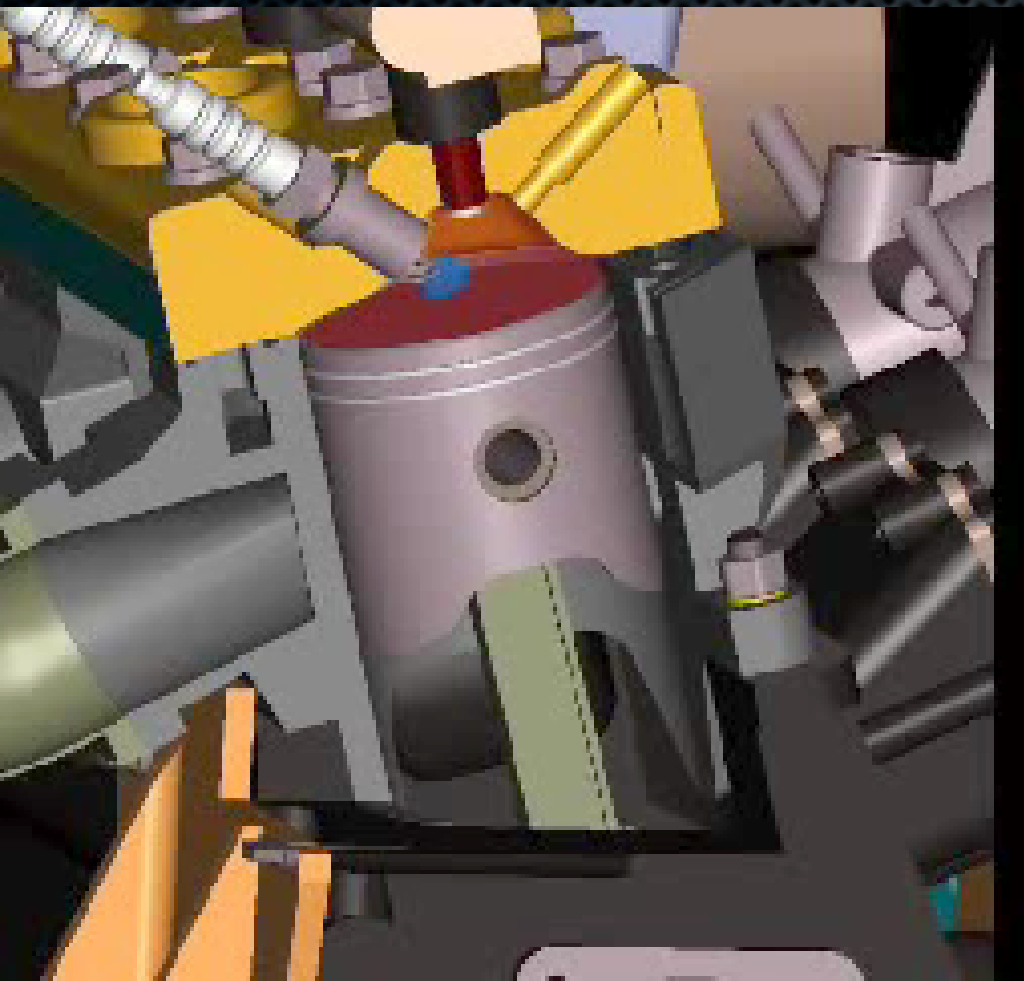
ty 2-stroke units are
igh emitters of CO,
HC, and particulates
1 tricycle =>50
utomobiles)

2-stroke ban is an
nrealistic &
neffective solution:

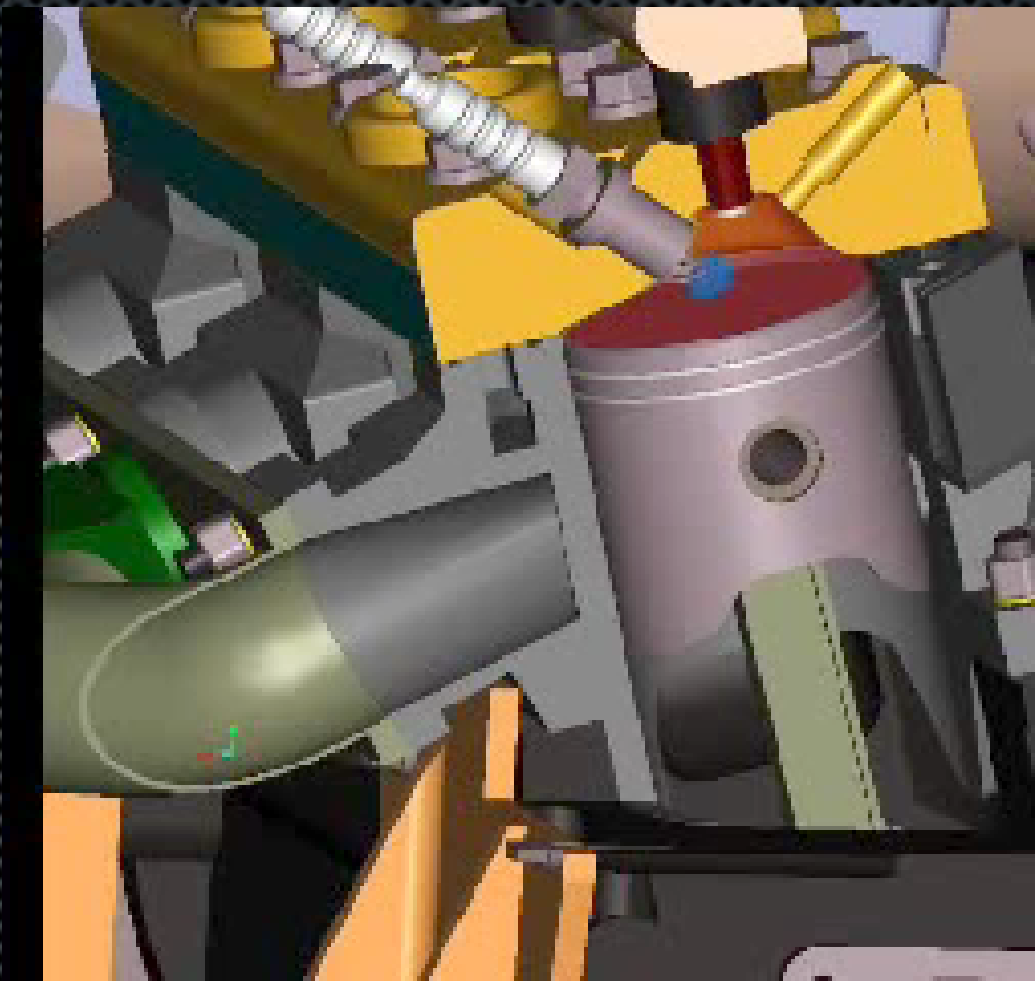
Carbureted 4-strokes
offer limited GHG
emissions reduction

- direct injection 2-stroke engines are cleaner than carbureted 4-stroke engines
- Carbureted 4-stroke replacement is very expensive and delivers zero economic payback to the driver
- Dirty 2-stroke units will merely be transferred elsewhere

Carburetor vs Direct Injection



Carbureted
2-Stroke



Direct Injected
2-Stroke

challenges

Communicating local conditions

User Perception

Market penetration

R&D costs

Funding

Economies of scale vs. Market conditions

Model specific retrofit kits

Country/community specific practices
(TODAs)

lack of data – data must be generated and verifiable to determine an appropriate baseline.

constant route - may not be the case in practice for motorcycle taxi situations in the Philippines.

vehicle lifetime - forever? How to prove and validate lifetime of vehicles used for a very long time. How to ensure conservativeness of data?

baseline fuel efficiency (how to measure efficiency under wide variety of driving conditions, weather conditions, practices)

Specific research and surveys (lifetime, efficiency, etc.)

Recommendations

Specific conditions for project implementation
Project developers and CDM consultants need
to think differently for small scale transport
projects. (timing, data gathering etc)

In addition to transaction costs due to project
specific data gathering and research.

Need for country specific baseline data to be
easily accessible.

Necessity of PoA for small transport projects

How do we transition?



s for thousands of drivers and operators

only flexible and convenient.

only pollutive

sustainable

o this . . .

ass transport

gh capital costs

gh efficiency



challenges

social/economic dependence on the tricycle

political will

What needs to happen?

National Level

- .Programs / incentives

- .Political will

International Level:

Local level

post-Kyoto international agreement to reduce

GHG emissions

- .financing

- .long term planning

special rules for transport projects

aFiS Inc.

Cab conFines oil torn Sun

aFiS Inc.

Carbon Finance Solutions

aFiS Inc.

Carbon Finance
Solutions

prakash@cafisinc.com

32 891 1119



Thank You

Maraming Salamat

an Silayan, Managing Director

FiS Inc.