

## Investor upbeat on post-2012 CER demand

### A UK carbon fund says the opportunities for investing in post-2012 CERs are “tremendous”.

The post-2012 carbon market offers great investment prospects despite the uncertainty surrounding a new global climate change agreement, according to Thomas Rasmussen, a partner at CF Partners. His upbeat view of the post-2012 market flies in the face of many carbon fund traders who forecast lower demand for carbon credits because of uncertainty over the fate of the clean development mechanism (CDM) after 2012. Many take a pessimistic view of the market because of the failure of negotiators at the UN climate summit in Copenhagen last December to broker a legally-binding successor treaty to the Kyoto protocol. The negotiations failed to deliver specific details about how the CDM would evolve after the climate treaty ends, leaving investors uncertain over whether a market for certified emissions reductions (CERs) will even exist after 2012. Rasmussen said demand for post-2012 carbon credits will not be driven by climate change negotiations, but by the inevitability of limited energy resources driven by population growth. “This problem won’t go away. The carbon market will be a big player in mitigating this,” Rasmussen told the Wall Street Green Trading Summit in New York. CF Partners invests in pre- and post-2012 CERs as well as joint implementation credits through its CF Carbon Fund II. The firm has exposure to carbon credits that have the potential to reduce 20 million tonnes of CO<sub>2</sub> equivalent. Rasmussen said the firm prefers to invest in CDM projects that are in the latter stages of registration given that “the curve is flat for CDM project development”. “You have to take a long-term view on carbon and energy. If you do it will pay off handsomely,” he said. Some observers predict the CDM will evolve to allow carbon credits to be generated from projects that occur only in the poorest of nations. “I’d place bets with projects that are already registered and that are in the least developed countries,” said Eric Boonman, head of environmental markets origination at Fortis Bank. Countries that are currently large hosts of CDM projects, such as China and India, will be less likely to be part of the CDM as they develop their own domestic policies to cut emissions, some market participants forecast.

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## Cross Boarder Transmission Line Construction Not Started

Substantial delay has been reported in the proposed 140 km long 400kV Cross Border Transmission Line from Dhalkebar (Nepal)- Mujjafarpur (India). Construction work has not yet started when the completion was targeted after 1 year, now the revised schedule of completion is 2014 May. The reason for the delay is that the In-

frastructure Leasing & Finance Services Limited (ILFSL) could not raise 30 million US\$ from the Banks. It is learnt that the Indian Banks ‘s concern are that the Nepal Electricity Authority (NEA) is financially red, and could not grant loan unless Nepal Govt. gives guarantee for the NEA. The total project cost of this project is US\$150 million. The construction period is estimated as 27 months. The main objective of this transmission line was to import electricity from India due to shortages in Nepal and also to export to India after the competition of 900 MW Arun –III (licensed to Indian State owned Company M/s Satlaj Nigam Ltd.) generates power. Nepal has already made agreement with Power Trading Corporation India (PTC) to import 150 MW power from India. Out of this major portion of the power was expected to be imported from this Cross Border Trans line. Hence, Nepal ‘s plan to reduce load shedding by importing power from India is dashed. It is likely that there will be no import from this line, and it will be ready only to evacuate power from Arun-III to India.

## Germany, in Reversal, Will Close Nuclear Plants by 2022

BERLIN — The German government announced plans to shut all of the nation’s nuclear power plants within the next 11 years, a sharp reversal for Chancellor Angela Merkel after the Japanese disaster at Fukushima caused an electoral backlash by voters opposed to reliance on nuclear energy. The plan calls for phasing out all of Germany’s 17 nuclear reactors — eight of which are offline — and expanding the use of renewable resources. The decision was based on recommendations of an expert commission appointed after the Japanese disaster to study an industry that generates 23 percent of Germany’s electricity. “It’s definite — the latest end for the last three nuclear plants is 2022,” said Norbert Röttgen, the environment minister.

The announcement, which still faces legislative approval, was applauded by environmentalists and expected to be popular among voters. But it was greeted skeptically around Europe and within German industry. Some predicted it could harm economic growth, force Germany to import nuclear power from France, or even inflate the cost of energy across the continent. “The German decision has direct implications for Europe’s energy sector,” said Georg Zachmann, an energy expert at Bruegel, a research institute in Brussels.

Switzerland — a much smaller nation — decided this month to abandon plans to build new nuclear reactors and will phase out its existing plants when they reach the end of their normal lives.

Judy Dempsey reported from Berlin, and Jack Ewing from Frankfurt.

## **Brazil approves Belo Monte hydroelectric dam**

Brazil's environment agency gave its definitive approval for construction of the Belo Monte hydroelectric dam, a controversial \$17bn project in the Amazon that has drawn criticism from native Indians and conservationists. The massive dam will be on the Xingu River, a tributary of the Amazon. The government has said the 11,200-megawatt project, due to start producing electricity in 2015, is crucial to provide power to Brazil's fast-growing economy. It will be the world's third biggest hydroelectric dam after China's Three Gorges and Itaipu on the border of Brazil and Paraguay.

Since then the project has been halted and resumed several times owing to court injunctions obtained by environmentalists and native Indians opposing the dam. The 3.75-mile dam will displace 30,000 river dwellers, partially dry up a 62-mile stretch of the Xingu river, and flood large areas of forest and grass land.

## **India set to produce 700 MW solar power in 2011**

NEW DELHI (Reuters) - India is on track to produce 700 megawatts of solar power at a cost of \$2.2 billion by December, ahead of an initial target for an ambitious plan that seeks to boost green power generation from near zero to 20 gigawatts (GW) by 2022.

Under India's Solar Mission, investors bid to build solar power plants and the winning bids are determined by the electricity tariff that they accept as viable. Such has been the interest that the government has been flooded with investment pledges for the first batch of projects rolling out in December. India's 20 GW solar plan is likely to attract overall investment of about \$70 billion, the government has estimates. Issued in 2009, the plan envisages India producing 1,300 megawatts (MW) by 2013, another up to 10 GW by 2017 and the rest by 2022.

"The entire solar industry is no longer worried about the upheavals that are taking place in the European markets because they find a very new and very promising market is developing in India," said Debashish Majumdar, chairman and managing director of Indian Renewable Energy Development Agency.

*By Ratnajyoti Dutta*

## **Lanco Solar to build 75 MW Solar PV project in Maharashtra**

Lanco Solar, a fully owned subsidiary of Lanco Infratech

Limited - the fastest growing business conglomerates in India with interests in power, construction & EPC, infrastructure and renewable, announced "it, in consortium with Juwi Renewable India Ltd, has received LOA" Letter of Award from Maharashtra State Power Generation Co Ltd (Mahagenco) for building of a 75MW Crystalline technology based photovoltaic solar power project in Dhule district in the state of Maharashtra. The project value is Rs. 884.18 Crores (about US\$ 199 million). The project would be fully commissioned by mid February 2012.

## **Yacyretá Dam In Paraguay – Argentina Inaugurated**

After 37 years of construction, President Cristina Fernández de Kirchner and her Paraguayan counterpart, Fernando Lugo, inaugurated the Yacyretá Dam, which she defined as "the construction to make sustainable the most important economic process of the last 200 years" of the country. "It's an event of historical relevance, we had to pass 37 years from the signing of the treaty until the final construction of the dam that will produce energy for both countries and that will help sustain the economic development of Argentina," the Head of State assured during the rally held in Posadas city, Misiones province, which has been broadcasted in live television.

Buenos Air Herald, May 30, 2011

## **Future Director General of ICIMOD Selected**

The Chair of the ICIMOD Board of Governors, Mr Tishya Chatterjee, announced in the Board of Governors meeting held on 28th May that Dr David Molden has been selected as the new Director General designate of ICIMOD. He will succeed Dr Andreas Schild, current Director General of ICIMOD, from 1st December 2011.

The selection was made by the full Board of Governors of ICIMOD, which met in Kathmandu from 25th to 28th May 2011.

Dr David Molden, a national of the USA, is a development specialist with more than 30 years of experience in designing, planning, executing, and monitoring programmes on water management, livelihoods and environment, and ecosystem services. Dr Molden has acquired considerable management experience in a number of positions, including Chief of Party for the USAID irrigation management project in Nepal, Chief of Party for a USAID strategic research project in Egypt, and Leader of the International Water Management Institute (IWMI) Comprehensive Assessment of Water Management in Agriculture programme. Currently he is the Deputy Director General Research of IWMI in Sri Lanka.



He has worked in several countries in the Hindu Kush-Himalayan region, including China, India, Nepal, and Pakistan, and has experience in projects in the Indus, Ganges, Yellow, Mekong, Yangtze, and Amu and Syr Darya river basins. Dr Molden was awarded a PhD in Civil Engineering, specialising in groundwater and irrigation, from Colorado State University in 1987. He has received many awards including the CGIAR Outstanding Scientist award in 2009 and the Sri Lanka President's award for Research in 2002 and 2005.

## Groundwater Level Fell in Punjab, Haryana Due to Over-Use

Over-exploitation of groundwater for irrigation purpose has caused substantial decline in water-table in Punjab and Haryana, the cradle of "green revolution", a study has revealed. "Water-table in 82 per cent area of Punjab and 63 per cent of that in Haryana has gone down substantially," the field-based survey of National Academy of Agricultural Sciences (NAAS) said. Groundwater contributes between 65 and 74 per cent to the net irrigated area in Punjab, Haryana, Bihar and West Bengal. Due to subsidized power supply to agricultural sector, the number of tube wells in Punjab increased from about 17,000 in 1966-67 to more than 9,00,000 in the recent years. The NAAS study suggested that more water-saving options need to be introduced and promoted for managing groundwater judiciously and efficiently in Punjab described as "granary of the country."

## Donor's Lending and Support for Irrigation & Drainage Projects

### The Asian Development Bank

#### Viet Nam, ADB Sign \$1.38 Billion Water, Environment, Transport Package

**Project Description:** Asian Development Bank (ADB) granted a \$1.38 billion financial assistance package to enhance Viet Nam's nationwide clean water access, conserve threatened forests, and ease urban gridlock. The total cost of the three projects is almost \$4.5 billion. Viet Nam Prime Minister Nguyen Tan Dung witnessed the signing. In many of Viet Nam's largest cities, 30% to 40% of treated water is lost before it reaches the end user. Moreover, four in every ten families have no connection to a central water supply system. A \$1 billion financial support facility from ADB will help improve clean water access for 3 million families in Viet Nam's cities, including half a million poor 13 households who will receive their own piped water connection for the first time. The assistance is part of a larger \$2.8 billion investment program.

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## Afghanistan: Irrigation Restoration and Development Project

IDA Loan: US\$97.8 Million

**Project Description:** The objective of the project is to increase agriculture productivity and production in the project areas by helping rehabilitate irrigation programs that had become dilapidated as a result of the long conflict and insurgency. The program is a key thrust to support agriculture recovery and has achieved visible results on the ground.

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## Azerbaijan: Water Users Association Development Support Project

IBRD Loan: USD 3.2 million; IDA Credit: USD 76.8 million; Terms: 20 years

**Project Description:** The objective of the project is to improve the effectiveness and financial viability of irrigation water distribution and management on farms in Azerbaijan.

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## Niger: Urban Water and Sanitation Project

IDA Credit: USD 90 million

Terms: 40 years

**Project Description:** The development objective of the project is to assist the Government of Niger in increasing access to sustainable water and sanitation services in selected urban areas in Niger.

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## The Stockholm Water Prize

The 2011 Stockholm Water Prize Laureate is Stephen R. Carpenter, Professor of Zoology and Limnology at the University of Wisconsin-Madison, USA. He was awarded by this prestigious award for his research on how lake ecosystems are affected by the surrounding landscape and by human activities. His findings have formed the basis for concrete solutions on how to manage lakes. The award will be presented in Stockholm on 25 August 2011 (world Water Day).

