

## HKQAA obtained Hong Kong's First Accreditation for Clean Development Mechanism (CDM)

We are pleased to announce that in February 2011, the HKQAA was accredited as a **Designated Operational Entity (DOE)** by the Clean Development Mechanism (CDM) Executive Board under the **United Nations Framework Convention on Climate Change (UNFCCC)**<sup>#</sup>. This makes the HKQAA the first Hong Kong organisation to be accredited to deliver CDM validation and verification services.

### CDM carbon market is second biggest in the world

For many years, the topics of climate change and sustainable development have gained global attention. These concerns led to the introduction of CDM, a market-based mechanism defined in the Kyoto Protocol. CDM came into force in 2005 and allows developed countries to invest in greenhouse gas (GHG) emissions reduction projects in developing countries in return for saleable credits, known as Certified Emissions Reductions (CERs), each equivalent to one tonne of carbon dioxide (CO<sub>2</sub>). Today, CDM is the world's second-biggest GHG market after the European Union's emissions-trading system.

According to official statistics from the UNFCCC, as of 15 February 2011, 2,823 CDM projects had been registered in seventy developing countries, with more than 548 million CERs issued since October 2005. CER prices fluctuate and the price range from April 2009 to April 2010 on the spot market was approximately 11 to 14 Euros per CER, as reported by the World Bank. More than 60% of CDM activities are related to energy. They range from the development of renewable sources to energy saving and efficiency improvement.

The largest CDM project by far is an HFC-23 decomposition project in Changshu city, China, which will generate an estimated 10 million tonnes of emissions reductions per annum.

### Business opportunities for Hong Kong industries

The People's Republic of China is a signatory of the Kyoto Protocol, allowing CDM projects to be conducted on the mainland and in Hong Kong. After mainland authorities eased the eligibility rules in 2009, Hong Kong companies meeting certain conditions are also allowed to fully own and operate CDM projects in China. This brings about very huge business opportunities for Hong Kong, since the mainland accounts for over half of the total CERs issued worldwide as of February 2011.

China's twelfth five-year plan, starting in 2011, prioritises measures for bringing about a low-carbon economy and energy efficiency; at the same time, Hong Kong and Guangdong

<sup>#</sup> For detailed scope of accreditation, please refer to UNFCCC CDM website: <http://cdm.unfccc.int/>

are strengthening co-operation on the promotion of renewable and clean energy under the “Outline of the Plan for the Reform and Development of the Pearl River Delta” and the “Framework Agreement on Hong Kong/Guangdong Co-operation”. These policies, along with liberalisation measures under CEPA, have opened up green business opportunities in Guangdong and the rest of China for Hong Kong enterprises.

### Stringent CDM accreditation requirements for Designated Operational Entities

Under the Kyoto Protocol, emissions reductions resulting from CDM project activity must be of real, measureable and long-term benefit in the mitigation of climate change. To ensure their effectiveness, projects need to be validated or verified by a third party agency called a Designated Operational Entity (DOE).

CDM projects usually involve innovative or state-of-the-art technology, such as the invention of renewable energy or new energy sources. Therefore, the CDM Executive Board has established high standards for the competence requirements for the personnel of DOE to ensure that they possess in-depth and comprehensive technological knowledge and expertise. Validators and verifiers from DOE must meet stringent educational, working experience and practical CDM validation and verification experience criteria. They should also conform to requirements for safeguarding impartiality to ensure that no conflict of interest occurs in the validation or verification process.

The HKQAA is very proud to be the first Hong Kong organisation to gain this accreditation and take the lead to help local companies enter the rapidly growing carbon market. The accreditation recognises the high quality of HKQAA expertise and should give clients confidence.

### HKQAA offers comprehensive climate change services

CDM projects will help reduce GHG emissions in Hong Kong and in mainland China, as well as contribute to achieving the ultimate objective of UNFCCC - stabilising GHG concentrations in the atmosphere at a level that will prevent further dangerous anthropogenic interference in the climate system. Being the first local DOE, the HKQAA will take the lead to open up opportunities for combating climate change.

The HKQAA provides comprehensive climate change services in the areas of GHG emissions reduction and sustainable development, to suit the specific needs of every organisation:

- n Greenhouse Gas Emission Validation / Verification  
    Y based on CDM, ISO 14064 or other criteria
- n Carbon Reduction Labelling
- n ISO 50001 Energy Management Systems Services
- n ISO 14001 Environmental Management Systems Services

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