

*CDM Capacity Building Workshop  
Novotel Hotel, Lami Bay, Suva, FIJI.  
24<sup>th</sup> – 28<sup>th</sup> January 2011.*

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**CDM PROJECT  
OPPORTUNITIES & PROJECT  
DEVELOPMENT IN SOLOMON  
ISLANDS.**

# OUTLINE

- GHG emissions in power generation sector
- Potential CDM project types
- DNA Set-up
- Potential Voluntary Carbon project development
- Barriers to CDM & Potential Voluntary Carbon Project Development

# GHG Emissions in Power Generation Sector

- Annual fuel consumption  $\approx 20,000$ klitres
- Annual Energy production  $\approx 78$ GWh
- Emissions  $\approx 60,000$ ktons

# Potential CDM Project Types

- Renewable Energy such as Hydro, solar, biomass, geothermal.
- Energy Efficiency
- Afforestation & Reforestation projects
- Sequestration and Sinks

## *DNA ESTABLISHMENT*

- Signed Kyoto Protocol- 29<sup>th</sup> September 1998
- Ratified Kyoto Protocol- 13<sup>th</sup> March 2003
- Non-Annex I country
- May 2010 – Signed MoU with ADB to establish DNA with short study to identify the CDM potential. TA 7394
- DNA to be established within Ministry of Environment, Conservation & Meteorology
- Work commences January 2011 and DNA to be established in 2011.

# Tina River Hydro Project Scheme

- Largest RE project in Solomon Islands
- Stage 1 Development - 14MW
- Current Status- Phase 2 Detailed Feasibility Study on-going.
- Estimated Commissioning - Year 2014
- Stage 2 Development – increase capacity to 44MW.

# Tina River Hydro Scheme Potential CDM Project

## Background

- Hydro Power Developer - IPP
- Power Off-taker - SIEA [national utility and possibly Gold Ridge Mining Ltd after Stage 2 is developed]

# Tina River Hydro Scheme Potential CDM Project

- Rough estimate of emission reduction  
35,000 tons CO<sub>2</sub> per annum 2015 and  
increasing to 38,000 tons in 2025 [using  
Carbon value of diesel in the Bank data from  
the Energy Anchor]



# Tina River Hydro Scheme

## Potential CDM Project

- Formation of a Carbon Finance Group to pursue the carbon financing potential of Tina River Hydro Scheme.
- Seek advice on eligibility and sound additionality of the project to justify becoming a CDM project
- Assistance being sought to finance Consultants to develop PDD

# Tina River Hydro Scheme

## Potential CDM Project

### Risks faced by potential private investor [IPP]

1. No experience - First IPP in the power sector in the country
2. Soundness of the Off-taker – SIEA [national utility] is financially weak with weak balance sheet, poor collection of receivables, high degree of dependency on single large customer
3. Solomon Islands relatively unknown to international developers. High perception of political risks related to the past civil unrest.
4. Project specific risk – Limited hydrological data for the project.

# Potential Voluntary Carbon Project Development

- Potential in development of community based micro-hydro schemes, solar schemes etc
- Potential for NGOs and Companies to purchase emission credits

# Barriers to CDM and Voluntary Carbon Project Development

- DNA not yet established.
- No experience and limited knowledge on carbon credit finance.

Thank You.