



**Methane to Markets**

# **Methane to Markets – A Project Network Perspective**

# Concept of stakeholder group

- Stakeholder groups developing in other international partnerships/initiatives such as CSLF
- Goal is to develop a more organized and structured forum for dialogue among the Project Network members which in turn will lead to a more productive channel of communication with member countries
- Four European-based PN members came together to see if concept works
- Not exclusive - all PN members are most welcome to participate in future activities of stakeholder group if concept is productive
- We hope other PN members put ideas on the table

# Objectives of presentation

- Consider the best role(s) for M2M in recognizing that the market dynamics for CMM and other carbon mitigation projects have changed significantly since M2M was announced almost two years ago
  - M2M Objectives, Action Plan, and Accomplishments
  - Reality that carbon markets driving many CMM projects
  - PN expectations for the M2M Partnership
  - Recommendations for Concrete Activities

- Provide network and information
    - Create attractive commercial environments
      - Support project development
- **Reduce methane emissions**

# M2M accomplishments



- Aggregated first data from member countries
- Provides network and contacts
- First technology transfers through network
- Raised interest in methane emission reduction

# Realities of today's CH4 mkts

- Carbon markets driving activity: price signals are critical
- Many new “developers / credit traders” are hungry for projects – “gold rush” mentality - but often lack understanding of technologies, execution risks, and mine’s needs (coal mines writing contracts for carbon credits at low price levels)
- Even though money is there everybody looks only for the best projects ( raising money for projects with insufficient background information / unprepared)
- ***Consequence is less can be realized than with better market information and commercial environment***

# Remaining barriers to progress

- Reliable, credible and accurate mine-specific data still difficult to obtain
- Incomplete understanding of the CMM Project value chain
- JI/CDM Process
- Non-transparent legal & policy frameworks
- Mining sector remains rather unsophisticated on the range of financial instruments
- Flaring instead of utilization raises questions regarding sustainability

# Flaring vs utilization

- As an interim option, for poor quality methane, significant fluctuations in flow, and downtime, flaring is likely the suitable solution for greenhouse gas reduction
- But if utilization is feasible, flaring has the following disadvantages:
  - Wastes finite energy sources and therefore deters more sustainable uses of energy
  - Provides fewer net greenhouse gas reductions and lower net present value leading to less benefit to project owners and the local economy
- If feasible: utilization of methane should prevail above flaring



- Further expedite promising projects
- Commitment for action on the side of the project network as well as on the side of the member countries
- Pay greater attention to smaller or more marginal projects
- Lobby to improve legal / regulatory / commercial frameworks at national and regional levels
- Active participation by all M2M member countries with CMM interests

# Recommendations

- Link M2M meetings to commercially oriented events to allow more exposure
- Central M2M website with comprehensive info about all member countries rather than single websites in each country
- Encourage flaring if no other commercial option is available
- Continue pushing consistent standards & terminology
- Representatives of member countries should initiate, facilitate and support policy reforms for improved commercial environment for CMM projects

# Recommendations

- Provide additional mine specific details about all viable mines
- Prepare CMM market analysis incl recommendations for policy changes
- Provide fact sheet on the full CMM value chain to facilitate greater understanding
- Regular work shops on project finance incl. Carbon utilization educating mining community and government officials

# Thank you



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