

Spanish DNA

The Spanish Designated National Authority (DNA) is an interministerial commission created pursuant to Law 1/2005 which establishes a scheme for greenhouse gas emissions trading. The DNA is responsible for issuing the Letters of Approval confirming the voluntary participation of Spain in the project-based mechanisms established under the Kyoto Protocol.

PROCEDURE AND GUIDELINES OF THE DNA

Upon receipt of request from a developer of a CDM project, the Spanish DNA, within two months, analyses the application and issues the Letter of Approval.

The DNA will take into account a series of guidelines in terms of geographical and technological priorities when analysing the applications:

- Prioritised geographical areas: Latin America, Eastern Europe, the Magreb and those countries that Spain has signed MoUs with.

- Preferential types of projects: those that promote sustainable energy systems (energy efficiency and renewable energies) and environmentally friendly waste management systems.



Spanish DNA meeting

These guidelines are available in English and Spanish at the Spanish DNA website:

<http://www.marm.es/es/cambio-climatico/temas/mecanismos-de-flexibilidad-y-sumideros/autoridad-nacional-designada-and/>

LEGISLATION

- Law 1/2005 of 9 March, establishing a scheme for greenhouse gas emission trading.

- Royal Decree 1031/2007 of 20th July, which develops the framework for participation in the Kyoto Protocol flexible mechanisms.

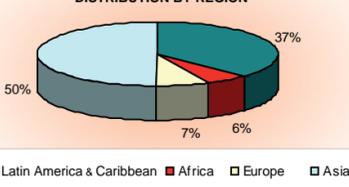
Spanish DNA Activity

Since its constitution in 2005 and until March 2011, the Spanish DNA has granted Letters of Approval to 153 projects, with a reduction potential of 33 million tonnes of CO2 equivalent per year.

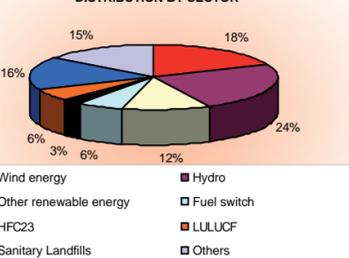
- 54% of the projects have been submitted by private firms;
- 54% are projects of renewable energy type;
- 50% are held in Asia and 37% in Latin America.

It has also approved the voluntary participation of Spain in various Programs of Activities (PoA) and three Joint Implementation projects developed in the Spanish territory.

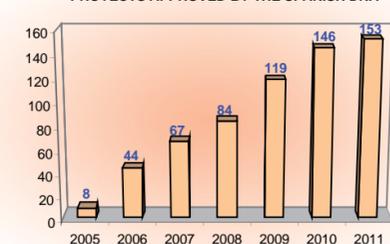
PROJECTS APPROVED BY THE SPANISH DNA DISTRIBUTION BY REGION



PROJECTS APPROVED BY THE SPANISH DNA DISTRIBUTION BY SECTOR



PROJECTS APPROVED BY THE SPANISH DNA



Communication and information to citizens

The Spanish DNA is conceived to be a transparent body and makes an effort to be close to stakeholders and citizens.

The website of the Spanish DNA contains the most relevant information related to the procedure to obtain Letters of Approval.

<http://www.marm.es/es/cambio-climatico/temas/mecanismos-de-flexibilidad-y-sumideros/autoridad-nacional-designada-and/>

Among other issues, the following information can be found:

- Main regulations governing the procedure,
- Templates for the applications to be submitted,
- Guidelines issued by the AND,
- List of approved projects,
- Information about each formal meeting of the DNA: press releases, summaries of approved projects and scanned copies of granted letters of approval,
- Information on specific aspects: special requirements for large hydro projects.

Information is also provided via the Spanish DNA mailbox: and@marm.es which gives an effective service to the citizens. Questions or requests for further information on issues related to the activity and the role of the Spanish DNA may be addressed to this mailbox.

Likewise, in the website of the Ministry of Environment and Rural and Marine Affairs, there is a link to the Spanish Climate Change Office mailbox buzon-oecc@marm.es. This is a general public information mailbox through which any issue linked to climate change can be addressed.

Finally, within the Ministry's website, one will find many information of interest, including a specific section on the Flexibility Mechanisms of the Kyoto Protocol. Among other documents, the "Spanish Guide for the use of project based mechanisms under the Kyoto Protocol" (with detailed explanation of the various steps of project cycle, stakeholders and functions carried out by the parties involved) can be downloaded.

http://www.marm.es/es/cambio-climatico/temas/mecanismos-de-flexibilidad-y-sumideros/documentacion/Copy_of_default.aspx

For more information:

<http://www.marm.es/es/cambio-climatico/temas>

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RECOGNITION OF SPANISH DNA WORK IN COMMUNICATION AND DISSEMINATION OF INFORMATION

In the context of the 9th Forum of National Designated Authorities of the United Nations Framework Convention on Climate Change (DNA Forum), and as part of the Management Plan of the CDM 2010 (CDM-MAP 2010), the "DNA Communicators of the Year Showcase" was launched. This initiative focused on the recognition of the work of DNAs in communication and dissemination of information activities.

In the 10th meeting of the DNA Forum, held during the COP16 in Cancun, the results of the selection process among participating DNAs were presented. Four DNAs were granted with a certificate of recognition. Among these four, the Spanish DNA was the only Annex I Party DNA.

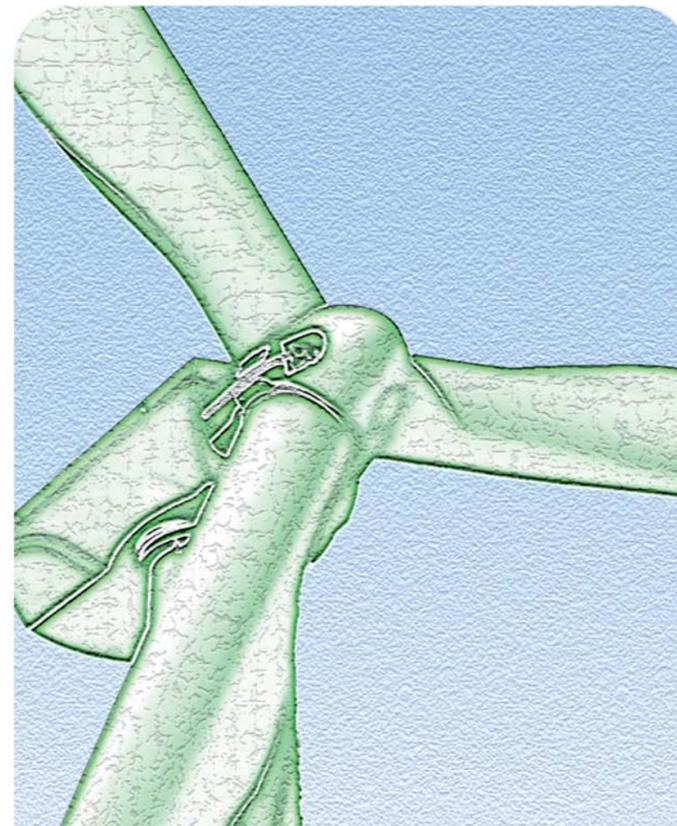


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Certificate of recognition for Spanish DNA 'DNA Communicator of the Year Showcase'



Spain and the clean development mechanism



March 2011



The Clean Development Mechanism

What is the CDM?

In order to achieve the collective goal of reducing Greenhouse Gases (GHG) emissions by 5.2% from the 1990 level, during the period 2008-2012, the Kyoto Protocol allows Annex I countries to make use of domestic measures and the so-called flexible mechanisms. The Clean Development Mechanism (CDM) is one of these Kyoto mechanisms.

The Clean Development Mechanism foresees the investment of a country with emission reduction targets in a developing country, through projects that lead to emission reductions or carbon sequestration. The investing country receives in exchange carbon credits, so-called Certified Emission Reductions (CERs), which can be used to meet its Kyoto Protocol commitments.

CDM meets three objectives: firstly, it allows the investing country to use CERs to meet its own emissions reductions commitments in a cost-efficient manner. Also, it promotes the development of clean technology projects in developing country while supporting its sustainable development. Thirdly, it contributes to the achievement of the ultimate objective of the Climate Change Convention: the stabilization of greenhouse gas emissions globally.

DNAs

The Designated National Authority (DNA) is the body granted responsibility by a Party to authorise and approve the participation of that country (either as an investor, or as a host country) in Clean Development Mechanism projects.



The main task of the DNA is to assess the projects submitted by the project developers when seeking the approval of the voluntary participation. Once the analysis of the application is concluded, and it has been confirmed that it is in compliance with all the applicable regulations, the DNA issues a Letter of Approval (LoA) to the participants in the CDM project. This Letter of Approval is an essential requirement for the validation and registration of a project.

DNAs are created according to the rules for implementing the Kyoto Protocol as described in the decisions known as the Marrakech Accords.

Spain and the CDM

Spain fully supports the use of flexible mechanisms as a complementary measure to its emissions reduction objectives, because of its capacity to involve all key players, promote knowledge and technology transfer, and contribution to sustainable development.

The objectives sought by Spain through the investment in CDM are twofold. On one hand, the CERs obtained will help Spain to fulfil its objective under the Kyoto Protocol. On the other hand, Spain contributes to the sustainable development of the host countries through the transfer of capital, knowledge and clean technologies.

Carbon Funds

Since 2004, and with a cumulative investment of more than €400M, the Spanish Government has signed agreements with International Financial Institutions to participate in CDM projects through several Carbon Funds:

- Spanish Carbon Fund (SCF-World Bank)
- Bio Carbon Fund (BioCF-World Bank)
- Community Development Carbon Fund (CDCF-World Bank)
- Iniciativa Iberoamericana de Carbono (IIC-CAF)
- Multilateral Carbon Credits Fund (MCCF-European Bank for Reconstruction and Development and European Investment Bank)
- Asia-Pacific Carbon Fund (APCF-Asian Development Bank)
- Carbon Partnership Facility (CPF-World Bank)

Spain is committed to enhance the perspective of the CDM as a development tool. This aim has driven the Spanish participation in the carbon markets through International Financial Institutions, which ensure the environmental integrity and contribution to sustainable development of CDM projects.

Spanish participation in CDM projects



- Energy Efficiency
- Wind
- HFCs
- Hydro
- LULUCF
- Other renewables
- Sanitary landfills
- Fuel switch

Making the best use of the wind's force in Oaxaca

Wind energy provides plenty of opportunities for development in many parts of the world where, with suitable conditions, it can be used to produce electricity in a sustainable manner. The state of Oaxaca in Mexico is one of these regions. Spanish companies have sufficient knowledge and technology to make good use of this resource and offer their services to support low-carbon energy generation.

La Venta II wind farm in the state of Oaxaca was the first large-scale farm built in Mexico, representing a technological example that paved the way towards the development of this technology in the country. The Spanish firm Gamesa has developed the project that was financially viable thanks to its consideration as CDM. La Venta II, one of the first installations to exploit the wind potential of the Tehuantepec Isthmus, generates more than 30% of the energy consumed by the state of Oaxaca and provides energy to more than 70,000 households. Currently, the project has generated more than 20 direct jobs.

The Government of Spain and several Spanish companies are involved in this project through the Spanish Carbon Fund (SCF), administered by the World Bank.

La Venta II wind farm, Mexico.
Spanish Carbon Fund, World Bank (SCF)
UN Registered: 25/06/2007, Ref: 846.
LoA issued by the Spanish DNA: 11/05/2006
Operating since 2007.
Estimated reductions: 205,000 TCO₂ year.

Mini-hydro power plants provide clean energy in Central America

Hydropower is a valuable clean energy source with great potential in Central America. Small CDM hydropower projects can take advantage of this source of energy in aid of rural communities, minimizing environmental impacts on watersheds, ensuring the production of electricity from renewable sources and facilitating access to security of supply.

La Esperanza Hydroelectric Project, Honduras. Community Development Carbon Fund, World Bank (CDCF)
UN Registered: 19/08/2005, Ref: 9.
LoA issued by the Spanish DNA: 06/09/2006
Operating since 2007.
Estimated reductions: 37,000 TCO₂ year.

Los Algarrobos Hydroelectric project (Panama). Gas Natural SDG, S.A.
UN Registered: 01/10/2005, Ref: 81.
LoA issued by the Spanish DNA: 24/02/2005
Operating since 2009.
Estimated reductions: 38,000 TCO₂ year.

The mini-hydro power plant (<10 MW) of Los Algarrobos started its construction in 2007 once it had become the first CDM project registered with Spanish participation.

The Panamanian electric scene and its regulatory framework did not facilitate the development of small-scale renewable energies. Thanks to its conception as CDM, the project contributes to the achievement of the Panamanian priorities on climate change while contributing to sustainable development, creating local employment, improving the permanent infrastructure of the area and carrying out the reforestation of more than six hectares of land to control erosion.

The Spanish firm Gas Natural participates in this project contributing to its development.

The improvement of waste management allows the use of methane to produce energy

Solid waste management is an environmental challenge from several points of view. The CDM encourages improvements in the management systems making possible the capture of methane emissions and its use to generate energy.

This CDM project has served to complete the exemplary management of the landfill Loma Los Colorados, in Santiago de Chile. Being one of the largest landfills in Latin America, with modern and advanced management systems, this CDM project has completed the recovery of biogas generated by the landfill and uses it partly for electricity generation.

Besides contributing to reducing greenhouse gases emissions, improving air quality, promoting sustainable development in the region by transferring technology and creating jobs, the project supports the environmental management of the landfill that has been awarded in 2010 with the "Good Practices in Solid Waste Management in Latin America."

Spanish firms Gas Natural SDG, S.A. and URBASER, S.A. are involved in this project, contributing to its development.

Loma Los Colorados Landfill Gas Project, Chile.
Gas Natural SDG, S.A. and URBASER, S.A.
UN Registered: 17/03/2007, Ref: 822.
LoA issued by the Spanish DNA: 18/12/2008
Operating since 2007.
Estimated reductions: 582,000 TCO₂ year.

The CDM helps to reforest the rainforest in Africa

Forests absorb and fix CO₂, hence the importance of addressing deforestation and degradation of tropical forests to mitigate climate change. Through the CDM, it is possible to support reforestation projects like those listed below, with additional benefits associated with conservation of biodiversity. Spain has made a strong commitment to promote such projects through the BioCarbon Fund of the World Bank.

This project will restore nearly 3,000 hectares of natural forest in south-western Ethiopia. This is the first large-scale reforestation CDM project in Africa. Local communities will be responsible for land management and reforestation through seven forest cooperatives in charge of the distribution of the economic gains from the sale of carbon credits. In addition, the regeneration of native forest will enrich biodiversity and bring other environmental benefits such as soil erosion reduction and flood prevention.

Uganda Nile Basin Reforestation, Uganda.
BioCarbon Fund World Bank (BioCF)
UN Registered: 21/08/2009, Ref: 1578.
LoA issued by the Spanish DNA: 18/12/2008
In operation since 2007.
Estimated reductions: 5,500 TCO₂ year.

Humbo Ethiopia assisted natural regeneration, Ethiopia.
BioCarbon Fund World Bank (BioCF)
UN Registered: 07/12/2009, Ref: 2712.
LoA issued by the Spanish DNA: 17/07/2009
Operating since 2007.
Estimated reductions: 29,000 TCO₂ year.

Driving the deployment of renewables in the Indian subcontinent

Emerging economies like India have significant growth rates of their energy consumption. The CDM has helped India to develop towards models in which part of its power demand is supplied by renewable energies like wind. Spain contributes to this goal participating in wind CDM projects in the continent. Likewise, Spanish firms have the technology and adequate capacity to implement these projects. Until March 2011, six Letters of Approval have been granted by the Spanish DNA to projects of this kind in India that have promoted the installation of 260 MW of wind power in the country.

Karnataka Wind Farm (29.7 MW), India.
Spanish Carbon Fund, World Bank (FEC) and Acciona S.A.
UN Registered: 20/11/2008, Ref: 1949.
LoA issued by the Spanish DNA: 18/12/2008
Operating since 2008.
Estimated reductions: 88,000 TCO₂ year.

Karnataka Wind Farm (125MW), India.
Carbon Fund for Asia-Pacific Asian Development Bank (APCF)
UN Registered: 29/09/2006, Ref: 315.
LoA issued by the Spanish DNA: 02/12/2009
Operating since 2004.
Estimated reductions: 253,000 TCO₂ year.

Taking advantage of agricultural waste allows to produce clean energy in disadvantaged communities

The CDM supports the promotion of projects with a large development component, such as those aimed at providing clean energy to rural communities through the utilization of the waste generated by agricultural activity as biomass.

This project has enabled the revamp of cogeneration facilities for the combustion of bagasse (organic waste resulting from the harvest of sugarcane) to generate electricity and heat in a sugar factory, in the region of Uttar Pradesh, India. The project contributes to promoting clean energy, to a more efficient management of waste and to resource conservation in India. The new facility ensures energy security, promotes productivity and economic growth in the region, creates jobs and alleviates poverty in the region.

Spain participates in this project through the Asia-Pacific Carbon Fund (APCF) managed by the Asian Development Bank.

Shanxi Yuncheng 25MW Biomass Power Plant, China.
Fondo de Carbono de la Empresa Española FC2E (Carbon Fund for Spanish Companies)
Advanced stage of registration.
LoA issued by the Spanish DNA: 10/10/2009
Operating since 2010.
Estimated reductions: 129,000 TCO₂ year.

Bagasse based Co-generation Project at Mawana Sugar Works, India.
Asia-Pacific Carbon Fund Asian Development Bank (APCF)
UN Registered: 17/03/2007, Ref: 805.
LoA issued by the Spanish DNA: 18/12/2008
Operating since 2007.
Estimated reductions: 60,000 TCO₂ year.

SPAIN SUPPORTS CAPACITY BUILDING

Apart from its participation in Carbon Funds, Spain contributes to several capacity building initiatives at different levels, aiming at providing the host countries the required capacity and tools to facilitate the development of projects that may be eligible to be financed through current and future market mechanisms.

Due to its commitment to strengthen the development component of CDM, Spain participates in several initiatives such as the World Bank CF-Assist, which has trained numerous DNAs around the world and spread the necessary knowledge to develop projects through numerous workshops and seminars, among other activities. It also participates in the Assets Carbon Development Fund of the World Bank Carbon Partnership Facility that, with similar objectives, is focused on programmatic approaches and large scale mechanisms. Other examples of Spanish involvement in these type of instruments are: the SECCI Initiative of the Inter-American Development Bank; the Project Development Fund of the World Bank Forest Carbon Partnership Facility; the Technical Support Facility under the Asian Development Bank Carbon Market Initiative; the UNDP-JNEP Joint Initiative in this matter; the "Policy 2012 - Carbon 2012" UNDP Project; or the participation in ECLAC training activities, within the framework of the Iberoamerican Climate Change Offices Network (RIOCC).

Promoting energy efficiency through the CDM

According to the International Energy Agency, 48% of emission reductions that need to be undertaken until 2050 could come from actions to improve energy efficiency. CDM helps to fund this type of actions by making it possible to obtain carbon credits from the emission reductions.

Rapid growth and urbanization in India have led to a high demand for bricks. Traditional ways of producing clay bricks have a deep impact in the environment, intensive energy consumption and extreme working conditions.

The India-Fal-G Brick and Blocks Project includes 14 small brick-making plants and deploys an energy efficient brick making technology to manufacture FAL-G (fly ash lime-gypsum) bricks and blocks. This more energy efficient technology utilizes a waste product of thermal power plants, prevents the emission of greenhouse gases and other air pollutants and reduces soil degradation. The project provides additional benefits to workers who face high levels of structural poverty, offering better working conditions and stability, accident and death insurance and health care.

The Government of Spain participates in this project together with some Spanish firms through the Community Development Carbon Fund (CDCF) managed by the World Bank.

India-Fal-G Brick and Blocks Project, India.
Community Development Carbon Fund, World Bank (CDCF)
UN Registered: 16/02/2007, Ref: 707.
LoA issued by the Spanish DNA: 20/03/2007
Operating since 2004.
Estimated reductions: 14,000 TCO₂ year.