

POSSIBILITIES TO ATTRACT CARBON INVESTMENTS IN GEOTHERMAL PROJECTS

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ABSTRACT

UN Framework Convention on Climate Change and the Kyoto Protocol make it possible for Russia to attract foreign investments in energy efficiency, energy saving and renewable energy projects. The latter are referred as of the highest priority. The Kyoto Protocol fixed Joint Implementation projects (JI) as one of mechanisms to reduce GHG emissions which schematically represent the following: “foreign investments against emission reduction transfer”. The geothermal project development program in Kamchatka and other regions of Russia represents an exclusively attractive case of practical realization of such possibilities. The potential JI project of the nearest future is construction of 6.5 MW binary-cycle unit at Upper-Mutnovskaya Plant. Under certain conditions the GHG emission reductions from projects implemented after 2000 can become tradable. The main is to convert them into national obligations (AAUs). This can be referred to the projects that have been already implemented from 2000. This can be the case for two 25 MW units at Mutnovskaya Geo Power Plant. For both projects Energy Carbon Facility worked out draft of the so called Project Design Document – the necessary element of commercial proposals to foreign entities. In the report one can find the methodology of preparing such a JI project, working out the necessary documentation and the results for the two plants. The GHG reduction potential for the Upper-Mutnovskaya Plant (6.5 MW) is 30 thous. ton CO₂-eqv/year and for Mutnovskaya (30 MW) 150 thous. ton/year; its realization can bring the project initiators additional funding dependant of the emission reduction unit price and the period of generation of those reductions. In case Russia ratifies the Kyoto Protocol and it enters into force the price is expected to at least double.