

EMITTING LESS CARBON

By

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The UN is set to pay billions of pounds of public money to giant energy companies to build 20 heavily polluting coal-fired power plants on the basis that they will emit less carbon dioxide than older ones.

Data seen by the *Guardian* shows that 12 companies have applied to the UN for hundreds of millions of emission reduction credits to subsidise “efficient” coal-fired power stations in China and India. Many of the plants would be paid for with carbon offsets bought by European companies in lieu of cutting their own emissions.

If, as expected, the power company applications are approved by the UN Framework Convention on Climate Change (UNFCCC), they will earn around GBP 3.5bn at current carbon market prices. This would make the UN body set up to promote clean energy and reduce global climate emissions one of the world’s largest provider of funds for new coal burning.

The rush by companies to take advantage of the UN’s Clean Development Mechanism (CDM) subsidies follows the successful application for credits by the Indian Adani coal group for two large power stations at Mundra in Gujarat, India. Adani will earn around GBP 25m a year for the lifetime of its power stations in return for using “super-critical” technology, which burns the coal at lower temperatures and emits up to 30% less carbon dioxide than conventional power plants.

An Adani company spokesman said that its application had been approved by the UN only after a “complex and gruelling” evaluation process by national government, independent inspectors and a UN committee.

Other companies are now examining if they qualify, Eskom, the giant South African coal mining company controversially loaned GBP 3.75bn by the World Bank in April to build what one of the largest coal-fired power stations in the world, has said it will apply for emission reduction credits. If built, the Medupi plant will emit nearly 25m tonnes of CO₂ a year, more than the national output of 115 individual countries.

If Medupi is allowed to sell carbon offsets to rich countries, it will be able to discount 6.5m tonnes of CO₂ every year for 10 years, earning it tens of millions of pounds. It would be able to offset all the emissions from a major new coal power station in a rich country, effectively allowing governments to meet carbon-reduction targets by subsidizing a plant in South Africa that would have been built anyway.

Eva Filzmoser, director of CDM-watch said : “It’s completely unacceptable for the UN to keep issuing an inflated number of bogus credits that create vast profits for carbon trading groups and chemical companies. If the UN wishes to avoid irreparable damage to its reputation and show that it is truly serious about climate mitigation, it must put the current methodology on hold with immediate effect and halt issuing credits until the methodology is revised”.

The news comes at the same time as a report into the EU Emissions Trading Scheme (ETS) by the campaign group Sandbag. In 2009, European companies bought EURO 860m of international offsets to comply with caps imposed by the ETS, but the report found that companies were directly subsidizing competing industries in developing countries.

(Courtesy : The Guardian, London)