

Communities will benefit from wind energy projects

By [Harmke Immink](#)

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With a decline in the price of carbon credits under the Clean Development Mechanism (CDM) scheme, it is easy to believe that carbon credits will never be worth anything.



Concerns around the impact of climate change are increasing and mitigation options are being revisited. The carbon markets to date have enabled a total reduction of 101 million tons CO₂. This is for both the compliance and voluntary markets.

With the change in drivers, the boundaries between traditional compliance CDM and voluntary Verified Carbon Standard (VCS) markets are increasingly blurred and smaller niche markets are being created. What this means for renewable energy projects is that carbon credits can sell into new developing markets.

For most emission-reduction projects there is a two year window to register a project to be eligible for carbon credits. The CDM scheme requires carbon credit action within two years of taking the decision to proceed with the renewable energy project. Under the VCS scheme, action is required within two years from becoming operational, namely synchronising or feeding energy into the grid.

Long-term value

Without action to preserve the value of the carbon credits now, the long-term value will not be realised. The action now would include notifying the role players in writing and ensuring that the required supporting documents are in place. The cost of taking action now is negligible, but the cost of not taking action now might be R100/MWh by 2024.

Projects utilising wind for renewable energy generation are in many instances financially marginal and therefore not pursued. Apart from the greenhouse gas mitigation potential of these projects, the following opportunities are related to wind projects:

- Ecosystem/biodiversity restoration and improvement;
- increased community resilience against climate change related extreme events; and
- projects that are suitable for other types of land use, i.e. energy crops could potentially be developed on the land on which the wind turbines are located.

Local communities will benefit from the economic development taking place, as well as the improved environment, and therefore resilience against climate change. On the other hand, income from carbon credits is aimed at making financially unviable or marginally viable projects attractive and therefore removing the barrier to entry.

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