

08.03.06 MGM, Hereaus team up on CDM

MGM International, a developer of greenhouse gas emission reduction projects, and German engineering firm Hereaus have agreed to work together on Clean Development Mechanism projects with a focus on projects to reduce nitrous oxide.

MGM President Marco Monroy said his firm would be bringing the CDM expertise to the partnership, while Hereaus would apply its engineering capacity, particularly a secondary catalyst it uses to reduce N₂O emissions from adipic acid production. The acid is used for the manufacture of nylon.

"We are travelling together talking to clients and working closely together," Monroy told Point Carbon.

One of the biggest challenges they face is in getting new methodologies approved, against which their projects can be assessed by the CDM Executive Board. The two firms have already developed a methodology for N₂O reduction which they submitted at the start of the year.

Changes were made to the way the CDM bodies run at the last UN climate summit in Montreal. Monroy's assessment of the changes is mixed.

"From the point of view of the Executive Board, it's going very well," he said. "The big problem remains; the methodology panel is the problem for new projects."

"We spent a lot of time over the Christmas break on the methodology and we delivered it in January," Monroy said. "They are only going to look at it in June, so it will be sitting on their desk for six months."

While large-scale industrial gases – such as the reduction of N₂O and HFC-23 – have a quick return on investment, with the Kyoto Protocol expiring in 2012 the window is closing on smaller projects. All the more reason to speed the approval process, Monroy asserts.

"For certain project types time is running out. Prices for CERs are going up so income from CDM projects is higher. But time is running out still, mainly for renewable and landfill projects which may take one to three years to get the necessary permits

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