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LESSONS AND EXPERIENCES FROM CARBON CREDIT PROJECT DEVELOPMENT

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About VNEEC

Founded in September 2006



Carbon credit projects

Development, registration, issuance and management of carbon credit projects



Policy consultancy

Policy consultancy (both national and sectoral levels) related to renewable energy, GHG mitigation and ozone layer protection



Corporate advisory

Carbon footprint, assess and analyze GHG mitigation potential



Investment promotion

Support in promoting multiple investment opportunities with investors



≈ 19 years of experience

the first national consultant to provide carbon foot printing, and climate impacts/ risks assessment services for corporates/venture funds in Vietnam



> 175 carbon credit projects

issued under CDM, VCS, GS, GCC schemes including 2 Programs of Activities (PoAs)



≈ 15M carbon credits

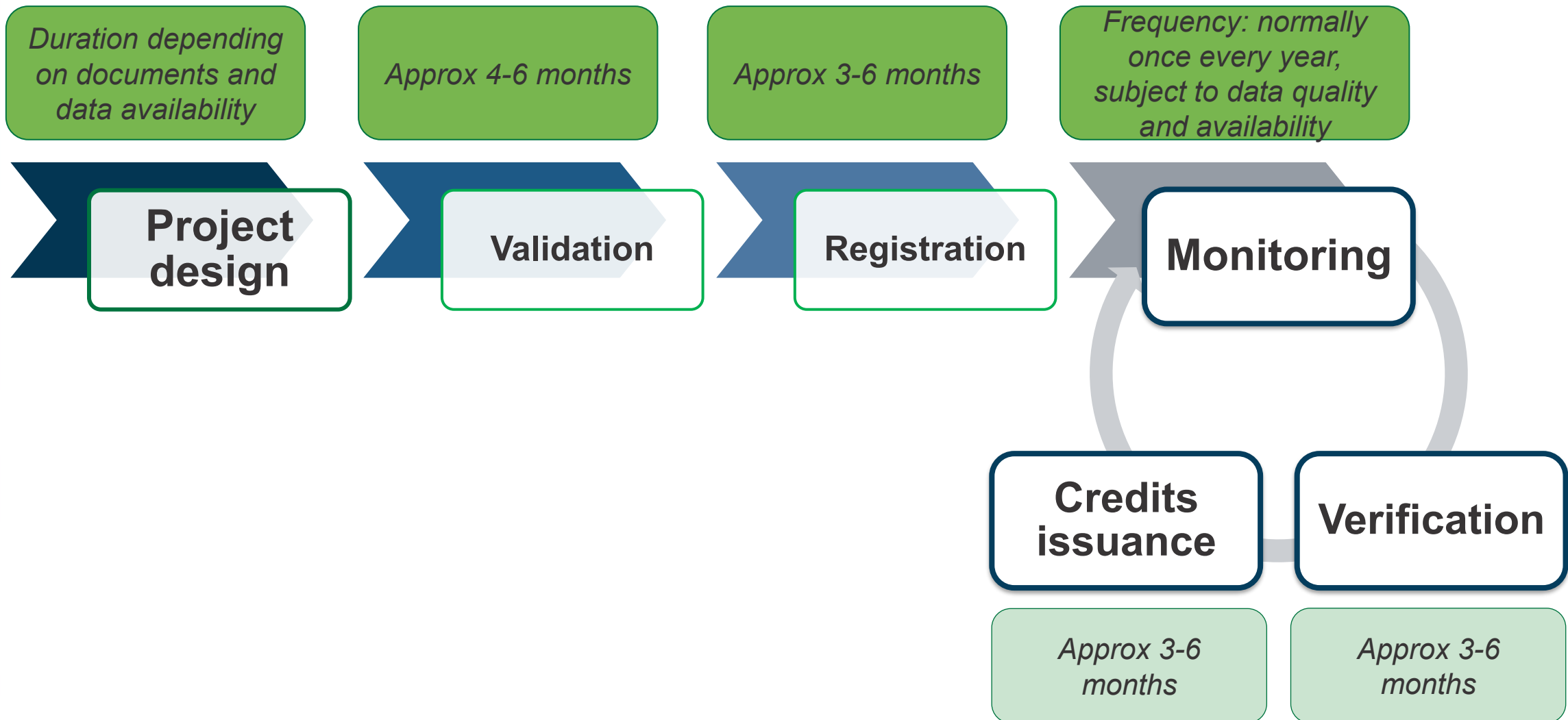
issued under CDM, VCS, GS



> 200 policy advisory assignments

for ministries and international donors on policies related to GHG emission reduction and renewable energy promotion in Vietnam and Southeast Asia

Carbon credit project development process



Project design

Define objectives

- What potential buyers of credits?
- What is the purpose of using credits for?

Identify the scope of the project

- Project type
- Project activities
- Project location

FEASIBILITY ASSESSMENT IS NEEDED

- Applicable and suitable mechanism
- Applicable methodology
- Estimated emission reduction
- Cost Benefit analysis

Project design

(1) **Baseline survey requirements:**

- Identify the **baseline scenario** (demonstrate similarity with the activities in the project scenario)
- **Emissions/fuel consumption** in the baseline scenario (surveys, guidances according to Methodology guidelines)
 - *Geographic scope,*
 - *90% confidence level (CI) and $\pm 10\%$ precision (minimum 30 samples)*

Data from reliable sources can be used (difficult to apply)

Project design

(2) Stakeholders consultation (**mandatory requirement** of most carbon credit mechanisms)

Purpose: for stakeholders to feedback on the environmental, socio-economic impacts of the project.

- Minimum time: 2 months
- Participants: government representatives, affected organizations and individuals, international NGOs, etc.
- Reflecting the feedback of stakeholders in the project design.



Carbon credit project design

(3) Develop project documents **(important):**

- Stakeholders consultation reports
- Project design documents and related documents
- *Requires expertise and time*

(4) Administrative Steps:

- Set up a registration account (2-4 weeks)
- Pay registration fees (2-4 weeks, international payment)

(5) Preliminary review of project document according to crediting mechanism



Carbon credit project design

In addition to emission reductions, projects must also meet other requirements of the mechanisms to become carbon credit projects.



1. Additionality



2. Real, permanent and irreversible



3. No double counting, trackable



4. Carbon credit ownership and data collection transparency



5. Contribution to NDC, corresponding adjustment.

Project validation

**Selection the right
validation body**

On-site validation

**Resolve findings and
finalize project document**



Monitoring

The project **shall establish:**

- A system to monitor the **required parameters** of the mechanism
 - Monitoring parameters
 - Emission reductions, SDGs contributions...
- **Capacity and organization** to implement monitoring
 - Knowledge of the project and monitoring requirements
 - Data storage, measurement frequency, internal quality control

Recommendations for future

1. Regular update on policy and market domestically and internationally

The market is evolving and updating with new regulations and mechanisms (domestic carbon market pilot, Article 6 Paris Agreement regulations such as JCM, CORSIA...)

2. Identify the market and buyers

Identify credit buyers before or after project development, negotiate credit prices.

3. Conduct feasibility study and cost benefit determination

Identify standards, mechanisms, methodologies, associated costs and benefits before project implementation

4. Early consideration about carbon credit project

It is necessary to develop carbon credit projects **in parallel** with investment projects to meet the prerequisites of each credit mechanism as well as to keep up with the progress of registration, operation and monitoring.

Recommendations for future

5. Learn from registered projects

There have been a number of successful projects registered on the voluntary market (GS, VCS...) and new mechanisms. Documents are transparently published on the mechanism's page.

6. Avoid alteration of project during design, validation, and verification

All changes must be reported and approved by the mechanism (if any).

7. Set up a comprehensive monitoring system

Establish monitoring system, enhance capacity and organize implementation.

8. Be patience – Long Term Project

- Project registration period may require more than 1 year.
- Crediting lifetime will be 5 to 10 years.

Thank you!

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