

GOVERNMENT OF INDIA
MINISTRY OF ENVIRONMENT, FOREST AND CLIMATE CHANGE

RAJYA SABHA
UNSTARRED QUESTION NO. 1325
TO BE ANSWERED ON 09.12.2021

Accumulated unsold Carbon Credits

1325. SHRI DEEPENDER SINGH HOODA

Will the Minister of ENVIRONMENT, FOREST AND CLIMATE CHANGE be pleased to state:

- (a) whether it is a fact that there are accumulated unsold Carbon Credits among developing countries including India;
- (b) the details and worth of the Carbon Credits from India which are still unsold;
- (c) the outcome of the negotiations undertaken during COP26 at Glasgow viz a viz transition to the new Carbon market mechanism under the new Paris Agreement;
- (d) India's claim with regard to accumulated unsold Carbon Credits; and
- (e) the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF ENVIRONMENT, FOREST AND CLIMATE CHANGE
(SHRI ASHWINI KUMAR CHOUBEY)

(a) & (b) With the approval of the National Clean Development Mechanism Authority (NCDMA) of India, a total of 1686 Clean Development Mechanism (CDM) projects from India have been registered with the Executive Board of the CDM established under the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC) and a total of 265 million Certified Emission Reductions (CERs) units have been issued to Indian CDM Projects. The CDM allows emission-reduction projects in developing countries to earn certified CER credits, each equivalent to one tonne of CO₂. These CERs can be traded and sold, and used by industrialized countries to meet a part of their emission reduction targets under the Kyoto Protocol.

Project wise CERs/ carbon credits generated under CDM projects are allocated in the holding account of the project participants in CDM registry maintained by the UNFCCC Secretariat. Transaction and transfer/cancellation of CERs happens based on the exclusive agreement between project participants and buyers over transaction log.

(c) to (e) At the 26th Session of the UNFCCC held in Glasgow, United Kingdom during October 31 to November 13, 2021, the work related to rules, procedures, and guidelines for the implementation of the Paris Agreement including Article 6 of the Agreement was finalized. One of the key issues under Article 6.4 negotiations at Glasgow was the transition of CDM projects, activities and units to the new market mechanism under the Paris Agreement. The Glasgow decision on new carbon market mechanism, adopted under Article 6.4 of the Paris Agreement, creates a mechanism for carbon unit trading under the centralized

governance of the Conference of Parties serving as Meeting of Parties to the Paris Agreement (CMA). It is considered a successor to the CDM. Parties can trade carbon units under the governance of a Supervisory Body. The transition of CDM projects and activities and units was secured in the Glasgow decision with an appropriate cut-off date. The CERs issued under CDM may be used towards achievement of a Nationally Determined Contribution (NDC) as per the following conditions:

- I. The CDM project activity or CDM programme of activities was registered on or after 1 January 2013;
- II. The CERs shall be transferred to and held in the mechanism registry and identified as pre-2021 emission reductions;
- III. The CERs may be used towards achievement of the first NDC only.
