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# **U.S. Ex-Im Bank Establishes New Requirements for High Carbon Intensity Projects**

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# Ex-Im Bank and Project GHG Emissions

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- **Ex-Im Bank has a long record of addressing the GHG emissions from projects it finances**
- **Over the past year, Ex-Im Bank has taken additional steps to enhance its response to energy production requirements, issues of GHG production and climate change**

# Ex-Im Actions to Address GHG

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- **1999: Ex-Im began tracking the estimated amount of GHG emissions from projects it financed – also tracked renewable energy exports**
- **2000 - Present: Total GHG emissions from new fossil fuel projects by type are published yearly in Ex-Im Bank's Annual Reports**
- **February 2009: Ex-Im posts estimated GHG emissions of each pending project (>50,000 tonnes CO<sub>2</sub> eq/year) on its web site**
- **November 2009: Ex-Im adopts a broad “Carbon Policy,” the first ECA to do so**
- **March 2010: Carbon Policy Implementation Plan is approved, with guidelines defining new requirements for high carbon intensity projects**

# Ex-Im Carbon Policy

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- **Through its Carbon Policy, Ex-Im Bank seeks to:**
  - **Increase financing for very low to zero carbon dioxide emitting and renewable energy exports**
  - **Increase support for exports that contribute to significant increases in energy efficiency**
  - **Increase transparency in tracking and reporting of GHG emissions from Bank supported projects**
- **<http://www.exim.gov/products/policies/environment/carbo>**
- **Carbon Policy Implementation Plan included provisions for additional requirements for High Carbon Intensity Fossil Fuel Projects**

# Ex-Im Carbon Policy Implementation

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- In March 2010, Annex G (*Supplemental Guidelines for High Carbon Intensity Projects*) was incorporated into Ex-Im Bank's *Environmental Procedures and Guidelines*
- Annex G defines requirements for high intensity carbon projects, including information needed for Ex-Im to conduct an early enhanced due diligence of project's greenhouse gas production
- <http://www.exim.gov/products/policies/environment/er>

# Enhanced Due Diligence Process

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- The requirements for a fossil fuel power project is based on its gross carbon intensity, i.e., the amount of **GHG** emitted per unit of power generated in units of grams of **CO<sub>2</sub> eq** per kWh of energy produced
- **Annex G** established two important thresholds:
  - **High Carbon Intensity Projects** – > ~ 700 g CO<sub>2</sub> eq / kWh
  - **Projects requiring carbon offsetting activities or measures** - > ~ 850 g CO<sub>2</sub>eq / kWh
  - These thresholds were selected after reviewing representative CO<sub>2</sub> emissions data for fossil fuel power plants from U.S. EPA and other sources (*subject to revision!*)
- **Only applies to Power Sector at this time and to power projects with a generation capacity > 50 MW**

# Enhanced Due Diligence Process

- **High Carbon Intensity fossil fuel power projects subject to the provisions of Annex G are required to prepare a project GHG evaluation that addresses or provides:**
  - **Detailed analysis of computation of GHG emissions and carbon intensity, including factors taken into account**
  - **Analysis of project alternatives (other options addressed)**
  - **Demonstration of the use of best appropriate technology**
  - **Demonstration of alignment of project with respect to host country's low carbon growth strategy**
  - **Other relevant information (e.g., C reduction measures, CCS-ready)**

# Enhanced Due Diligence Process

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- **This GHG review is to occur early in the application review process prior to commencement of the full financial, legal and the broader technical and environmental due diligence review**
- **Based on information obtained and reviewed in the early GHG enhanced due diligence, staff prepares a report to the Board. The Board will decide to:**
  - **Proceed to a full review of the project transaction, including a complete environmental and social review**
  - **Impose conditions relating to the projects GHG production and proceed, or**
  - **Not proceed with the transaction**

# Enhanced Due Diligence Process

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- **If the Board votes to instruct staff to proceed, the usual full due diligence review will be undertaken, in consideration of any conditions relating to GHG emissions that it may have placed on proceeding with the transaction review.**
- **If the Board votes to instruct staff not to proceed, processing of the application is halted and financing is denied.**

# Projects that have Undergone Annex G Process

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## Sasan 3,960 MW, Pulverized Supercritical Coal Fired Power Plant + Coal Mine in India

- **GHG Emissions:** 26.4 MM tonnes /year - plant + mine
- **CO<sub>2</sub> Intensity:** 830 g CO<sub>2</sub> eq / kWh (gross)
- **Status:** Transaction approved by Ex-Im's Board

## Kusile 4,800 MW, Pulverized Supercritical Coal Fired Power Plant in South Africa

- **GHG missions:** 30.5 million tonnes /year - plant + mine
- **CO<sub>2</sub> Intensity:** 798 g CO<sub>2</sub> eq / kWh (gross)
- **Status:** Approved to proceed with full project review

*Thank You!*

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