

Annex G
Supplemental Guidelines for High Carbon Intensity Projects

1. Consistent with its mandate to consider the environmental impact of transactions it supports, the Guidelines set forth in this Annex supplement those defined in Annex A and address the levels of greenhouse gas production as carbon dioxide or equivalent (CO₂) produced by fossil fuel projects. The Guidelines cited in this Annex shall apply to applications received after, or pending as of, March 9, 2010.
2. Scope: The Guidelines set forth in this Annex apply to “high carbon intensity projects” herein defined as fossil fuel projects that will produce greenhouse gas emissions equivalent to a level greater than 700 grams CO₂ per kilowatt-hour (kWh) of generated electricity. Projects having capacities equivalent to 50 MWe (net) or less are not included within the scope of this Annex.
3. Environmental Requirements: At a minimum, projects having a carbon intensity of 700 grams CO₂/kWh or greater must satisfactorily address the following information requirements:
 - a. Analysis of the project’s expected annual CO₂ emissions: The project shall quantify all direct emissions (Scope 1 emissions as defined in the Greenhouse Gas Protocol¹) projected to be produced annually by the project, and it shall include information indicating how the estimated amount of CO₂ production was derived, and which assumptions were taken into account. Such information should include, but not be limited to, data related to the energy and carbon content of the fuel source, plant efficiency (including methods used to calculate such as high or low heating values, gross or net energy output etc.) and the projected mode of plant operation (capacity factor, availability, etc.)
 - b. Alternatives Analysis: The buyer must provide a satisfactory analysis of project alternatives demonstrating that available low carbon intensity technologies were considered prior to the project selection. The analysis should demonstrate that the selection of the project, including the fuel type, represents the least cost alternative available. The buyer should take into account current and projected costs associated with CO₂ production, such as fees, taxes or regulatory compliance costs. Finally, the analysis shall contain an evaluation of technically and financially feasible cost-effective options to reduce or offset project-related CO₂ emissions during the project’s operation.
 - c. Best Appropriate Technology: Information shall be provided demonstrating that the project will employ the “best appropriate” technology, taking into account the feasible options available to the buyer within the host country as it relates to plant efficiency.
 - d. Low Carbon Growth Strategy: The host country shall have developed a Low Carbon Growth Plan or Strategy and the project must be consistent with the results and objectives of that Plan. The World Bank has assisted various countries in developing Low Carbon Growth Strategies as an initiative to prompting the development of host-country frameworks for strategic, sustainable growth that limits climate change impacts.
 - e. Other relevant information: The project should submit further information that may be relevant to the project’s carbon production intensity such as any carbon reduction measures, carbon production offsets or mitigation measures such as the degree to which the project may be designed to be “carbon capture and sequestration ready”.

¹ World Resources Institute and World Business Council for Sustainable Development, The Greenhouse Gas Protocol Initiative, link: <http://www.ghgprotocol.org/standards>

4. In addition to the requirements set forth in Paragraph 3, for those projects wherein the projected intensity of CO₂ exceeds 850 grams CO₂/kWh, the project will be required to provide verifiable CO₂ offsets that would serve to reduce the project's total CO₂ intensity to a level of 850 grams CO₂/kWh or less. Offsets provided by the buyer or project sponsor shall be acceptable to Ex-Im Bank, and may not be used or proposed to offset carbon equivalent emissions associated with other activities, past or pending. Examples of offsets could be those realized by the retrofitting of existing plants to improve efficiency, the undertaking of renewable energy installations, or verifiable measures taken to reduce greenhouse gas emissions.

5. The Engineering and Environment Division's review will form part of an "Enhanced Due Diligence Memorandum" prepared by Ex-Im Bank staff for all projects exceeding 700gramsCO₂/kWh. Accordingly, the Project applicant will provide information sufficient for Ex-Im Bank to conduct this early enhanced due diligence of the project based on requirements cited in paragraphs 3 and 4.

6. The Board of Directors will undertake an early review of the issues raised by high carbon intensity projects based on the information and recommendations contained in the Enhanced Due Diligence Memorandum. The Board of Directors will decide whether the Bank should proceed with a full review (including a complete environmental review) of the transaction, and whether to impose any conditions relating to the project's production of greenhouse gas emissions.

7. Ex-Im Bank's Engineering and Environment Division shall make the final determination relative to the projected CO₂ intensity level of the project based on information received from the project. The Division may also adjust the CO₂ intensity thresholds cited in this Annex if it determines that such action is necessary to improve the effectiveness of the Guidelines contained herein.