

Nic Frances

SUSANNA TWIDALE TALKS TO COOL NRG FOUNDER NIC FRANCES ABOUT HIS TRANSITION FROM STOCKBROKER TO CLIMATE COMPANY CHAIRMAN VIA THE PRIESTHOOD

Stockbroker and priest might not be professions you would normally put together, but both are on the varied curriculum vitae of Cool nrg founder and chairman Nic Frances. He now runs the Australia-based company – the first to get a programmatic clean development mechanism (CDM) project registered by the UN.

He became a stockbroker in the late 1980s, but quit after just one year. He turned his back on a money-centric career and made a complete about face, becoming ordained as a priest and setting up a charitable enterprise for the homeless in Liverpool in the UK. He went on to spend over five years running charitable companies, which earned him an MBE (Member of the British Empire awarded by the British monarch).

This royal recognition helped him to gain an invite to the World Economic Forum as one of the world's leading social entrepreneurs and it was here that his move into the climate change sphere began.

"I witnessed how climate change went from being something at the sidelines of meetings to being discussed as the biggest social issue the planet will face," he said. "After 20 years in the not-for-profit arena, I also realised the value of carbon trading for poor countries."

His first climate-focused company, Easy Being Green, delivered carbon credits in the New South Wales greenhouse gas reduction scheme, which started in the Australian state in 2003. It generated carbon credits by giving away energy efficient light bulbs. But the domestic market was not enough for Frances and he set up Cool nrg in 2007 to take the business model global.

The company gained registration of its Luz Verde programmatic project in Mexico in November last year, distributing 30 million energy saving lightbulbs to low-income households.

Programmatic CDM projects group several small emissions saving ventures, which would be uneconomical on their own, under one programme of activity to be submitted to the UN.

**Nic Frances:
Programmatic CDM
is a way forward for
Africa**

The project is set to cut emissions by 8 million tonnes of carbon dioxide (CO₂) over 10 years, while also saving \$165 million for the households involved and around \$200 million in avoided electricity subsidies for the Mexican government.

He said there are three driving principals behind the company based on his social enterprise philosophy. "The priority is to set up mass action on climate change. Then we have to make sure it benefits the poor, and, thirdly, we must do this in a way that shows the market it is profitable to do this," he said.

"We have funded the project with a global bank, sold the credits into the EU market and showed that the project makes sense," he added.

ING Bank provided the financing for the project, with the debt to be entirely serviced from the sale of some 7.5 million certified emission reductions (CERs) to Netherlands-based energy company Eneco.

The goal is now to role out this project to more households in Mexico, but, Frances said, plans for projects in other countries would remain on the back burner until there is greater clarity about the post-2012 CDM market.

"(December's UN meeting in) Copenhagen didn't kill programmatic CDM, but it didn't create any hope or certainty in the market," he said, adding that if CDM is to succeed then a programmatic approach is the best way forward.

"Programmatic CDM is the only way of getting significant amounts of carbon trading from (places) like Africa. I hope one day the cost of carbon is high enough to make it compelling to put compost toilets in houses across Africa," he said. "In theory, we could get the cost of carbon to cover sanitation in the country, and only a programmatic CDM could do that."

Australia's domestic emissions trading scheme was due to begin in July 2010, but this has been put back to July 2011 and still has to be approved by parliament. "The proposals for a 5 per cent cut (in emissions on 2000 levels by 2020 as proposed by Australia under the Copenhagen accord) will not deliver anything. We need to achieve a 25 per cent reduction and if we haven't set up a trading scheme that can be ramped up (in the future) to achieve this we will be stuck," he warned. ●

