

Media Release

**Climate Bonds launches Hydropower Criteria for Sustainable Hydropower Projects
New Criteria Expands Green Definitions Under Climate Bonds Standard**

LONDON 25/03/2021 12:00 GMT: Climate Bonds Standard Board (CBSB) has approved the [Hydropower Criteria](#) under the International Climate Bonds Standard (CBS), providing screening criteria for investments in sustainable hydropower projects. Certification for hydropower is now formally available for issuers of green debt products across all markets.

The Criteria were developed through a Technical Working Group (TWG) process that included representation from WWF, AGWA, IIED, IUCN, IHA and others, was reviewed by an Industry Working Group (IWG) and underwent a public consultation process in 2019-2020.

The Hydropower Criteria and encompasses the broad components of:

1. Climate mitigation
2. Climate adaptation & resilience

Under the new Hydropower Criteria, the issuer must demonstrate the following to the Verifier:

- Demonstrate it has a high-power density or a low emissions intensity: recording either a power density of more than 5 W/m² or an emissions intensity of less than 100 gCO₂e/kWh if the facility was operational pre-2020, and either a power density of more than 10 W/m² or an emission intensity of less than 50 gCO₂e/kWh if the facility became operational in 2020 or thereafter.
- Undertake an official assessment using the [ESG Gap Analysis Tool \(HESG\)](#), one of the Hydropower Sustainability Tools. The assessment must be carried out by an accredited assessor, be publicly available, and demonstrate:
 - No more than 10 gaps in total against international good practice.
 - No more than 2 gaps in each section.

The majority (>50%) of the gaps must be closed within 12 months and the remaining within 24 months. Projects of all sizes, types (including pumped storage), and in all locations, will be eligible, provided they meet the hydropower criteria.

A number of issuers have already issued green bonds to finance or refinance hydropower projects. Considering the potential negative impacts of the specific assets & projects linked to those green bonds it is necessary to ensure consistent & credible guidance is available to investors who wish to channel funds into green bonds linked to hydropower. The Criteria determine a robust & transparent screening to ensure that investments are 'climate compatible', therefore being sufficiently low carbon and enabling greater climate adaptation and resilience in a world of unavoidable climate change, in line with the goals of the Paris Agreement, and do not cause significant harm in respect of a number of wider environmental or social issues.

Sean Kidney, CEO, Climate Bonds Initiative:

"The urgency of the climate crisis calls for the accelerated adoption of renewable and sustainable energy sources. Sustainable hydropower is part of the suite of clean energy options to replace coal, oil & gas generation and help meet future demand for low carbon energy. Certification under the Climate Bond Standard will now provide a best practice guide for investors as to the environmental features of potential hydro investments."

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Notes for journalists:

About the Climate Bonds Initiative: Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low carbon economy. Climate Bonds undertakes advocacy and outreach to inform and stimulate the market, provides policy models and government advice, market data and analysis, and administers an international Standard & Certification Scheme for best practice in green bonds issuance. For more information, please visit www.climatebonds.net.

About Climate Bonds Standard: It is an overarching science-based, multi-sector standard overseen by the [Climate Bonds Standards Board](#) that allows investors and intermediaries to easily assess the climate credentials and environmental integrity of bonds and other green debt products. Launched in [2011](#), with periodic [updates](#), the Climate Bonds Standard is the most detailed, climate aligned investment criteria available in the market and provides guidance to issuers, investors, governments and regulators.

Standard V3.0 and supporting documentation is [available here](#).

Hydropower Criteria Development Process: Climate Bonds Initiative convened a Technical Working Group (TWG) in [June 2016](#) and an Industry Working Group (IWG) in July 2017 to develop Criteria for this sector. Public consultation was opened in [June 2019](#). Full membership of both the TWG and IWG can be [found here](#) and is listed on page 3.

Hydropower Criteria Resources:

Four core documents available for download on the [Hydropower Criteria Website](#):

- Hydropower Criteria Brochure
- Hydropower Criteria Document
- Hydropower Background Document
- Frequently Asked Questions (FAQ)

About Climate Bonds Certification: Climate Bonds Certification framework has been designed to work in parallel with the normal process for issuing bonds, loans or other debt products. It has 2 phases, Pre-Issuance or Post-Issuance. Certification of a Climate Bond at the pre-issuance phase enables the issuer and underwriters to market the bond or debt product as Certified. Further assurance activities in the post-issuance phase must be undertaken to maintain the Climate Bonds Certification.

The full Climate Bonds Database of Certified issuance can be [found here](#).

The full Climate Bonds Directory of Approved Verifiers can be [found here](#).

TWG members:

Alliance for Global Water Adaptation - John Matthews
 IEA Technology Collaboration Program on Hydropower – Niels Nielsen
 IHE Delft - Miroslav Marenc
 IIED - Jamie Skinner
 Independent Consultant and IHA accredited assessor - Joerg Hartmann
 International Hydropower Association – Eddie Rich and formerly Richard Taylor and Cameron Ironside
 IUCN - James Dalton
 (Former Commissioner) National Planning Commission, South Africa - Mike Muller
 Norwegian Ministry of Petroleum & Energy - Oivind Johansen
 RMT Renewables Consulting Ltd – Richard Taylor
 State Secretariat for Economic Affairs (SECO) – Daniel Menebhi
 TNC - Jorge Gastelmundi - David Harrison
 Waterpower & Law Group PC - Richard Roos-Collins
 WWF - Jian-hua Meng

TWG Observers

Pravin Karki, Senior Hydropower Specialist Energy & Extractives Global Practice
 Rickard Liden, Lead Energy Specialist
 Diego Rodriguez, Senior Economist

Climate Bonds Technical Advisor

Independent Consultant – Helen Jackson

IWG Members:

Amec Foster Wheeler - Murray Simpson
 Brookfield Renewable (Brazil) - A Fonseca dos Santos
 CECEP (China) - Chang He, Wenqin Lu
 Citi - Courtney Lawrence
 DNV-GL - Mark Robinson
 EBRD - Christian Carraretto
 EDF - Alexandre Marty, Jean Copreaux
 Eletrobras - Pedro Luiz de Oliveira Jatoba
 Emergent Ventures India - Atul Sanghal
 ERM - Duncan Russell, Sarah Fee
 EY (Aus) - Pip Best
 EY (China) - Judy Li
 FMASE (Brazil) - Philip Hauser
 Hindustan Electric Power Ltd - Awadh Gir
 Hydro Tasmania - Alex Beckitt
 JP Morgan - Charles Gooderham
 Kestrel Consulting - Monica Reid
 Lianhe - Jingyun Liu
 M&G Investment - David Kemp
 Mott McDonald - Bruno Trouille
 NAB - David Jenkins
 PwC (Canada) - David Greenall
 S&P Trucost - Derek Ip
 TUV Nord -Tahsin Choudhury
 Zhongcai Green Finance - Yang Yeo

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Certification under the Climate Bond Standard only reflects the climate attributes of the use of proceeds of a designated debt instrument. It does not reflect the credit worthiness of the designated debt instrument, nor its compliance with national or international laws.

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