



FRAMEWORK CONVENTION ON CLIMATE CHANGE - Secretariat
CONVENTION - CADRE SUR LES CHANGEMENTS CLIMATIQUES -
Secrétariat

Date: 8 July 2005
Ref: CDM-EB-20

EXECUTIVE BOARD OF THE CLEAN DEVELOPMENT MECHANISM

TWENTIETH MEETING

Report

Date of meeting: 6 – 8 July 2005

Location: Bonn, Germany

Attendance: The names of members and alternate members present at the twentieth meeting are in bold print below. Where only the name of an alternate member is in bold print, the alternate participated as a member.

Member	Alternate
Mr. John W. Ashe ¹	Ms. Desna M. Solofa¹
Mr. Jean-Jacques Becker²	Ms. Gertraud Wollansky²
Mr. Martin Enderlin¹	<i>Mr. Hans Jürgen Stehr¹</i>
Ms. Sushma Gera²	Mr. Masaharu Fujitomi²
Mr. John Shaibu Kilani ²	Mr. Ndiaye Cheikh Sylla²
Mr. Xuedu Lu¹	<i>Mr. Juan Pablo Bonilla¹</i>
Mr. José Domingos Miguez²	Mr. Clifford Anthony Mahlung²
Mr. Richard Muyungi¹	Mr. Hernán Carlino¹
Mr. Rajesh Kumar Sethi²	Ms. Liana Bratasida²
Ms. Marina Shvangiradze¹	Ms. Anastasia Moskalenko¹

¹ Term: Two years (elected at COP 9 in 2003)

² Term: Two years (elected at COP 10 in 2004)

NB: The term of service of a member, or an alternate member, starts at the first meeting of the Executive Board in the calendar year following his/her election and ends immediately before the first meeting of the Executive Board in the calendar year in which the term ends (see Rules of procedure of the Executive Board).

Quorum (in parenthesis required numbers): **10** (7) members or alternate members acting as members present of which **4** (3) from Annex I Parties and **6** (4) from non-Annex I Parties.

WWW broadcasting: <http://cdm.unfccc.int/EB/Meetings>. For approximately one hour of the proceedings relating to agenda item 3 (c) “Issues relating to procedures for afforestation and reforestation project activities” which was broadcasted live the video-on-demand is not available due to the loss of a file for technical reasons.

**Agenda item 1. Membership issues (including disclosure of possible conflict of interest)**

1. The Chair opened the meeting and asserted that the quorum requirement was met. **No conflict of interest** was identified by any member or alternate member of the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) present at the meeting.
2. The Board noted that the secretariat was informed that Mr. John W. Ashe, Mr. John Shaibu Kilani, Mr. Hans-Jürgen Stehr and Mr. Juan Pablo Bonilla were unable to attend the meeting and had provided proper justification for their absence.
3. The Board agreed to **amendments to the general guidelines for panels and working groups** to incorporate procedures for the appointment and role of Chairs and Vice-Chairs for panels and working groups, as contained in annex 1 to this report.

Agenda item 2. Adoption of the agenda

4. The Board adopted the agenda as proposed and agreed to the programme of work.

Agenda item 3. Work plan**Agenda sub-item 3 (a): Accreditation of operational entities**

5. The Board took note of the **seventh progress report on the work of the CDM Accreditation Panel** (CDM-AP) presented by Ms. Marina Shvangiradze, Vice-Chair of the CDM-AP. The report summarized information relating to the work of the CDM-AP which was complemented with information on the status of applications and developments with respect to desk reviews and on-site assessments. The Vice-Chair also informed the Board that the CDM-AP met with the Chair of designated operational entity (DOE) / applicant entity (AE) coordination forum on the occasion of that meeting and provided a brief report on issues discussed.

Consideration of case-specific recommendations:

6. The Board took note of the issuance, by the CDM-AP, of an **“indicative letter”** to the following applicant entity:

Colombian Institute of Technical Standards and Certification (ICONTEC).

7. The Board agreed, pursuant to decisions 17/CP.7 and 21/CP.8, **to accredit, and provisionally designate**, for sector-specific validation the following three applicant entities:

- (a) BVQI Holdings Ltd. (BVQI) (VAL: none / VER: none)¹:
 1. Energy industries (renewable - / non-renewable sources)
 2. Energy distribution
 3. Energy demand
- (b) SGS United Kingdom Ltd. (VAL: 1, 2, 3, 4, 5, 6, 7, 10, 11 and 12 / VER: none)¹:
 13. Waste handling and disposal.

¹ The information in parenthesis shows the functions and sectoral scope(s) for which the company has previously been accredited (VAL: validation/registration; VER: verification/certification).



- (c) KPMG Sustainability B.V. (VAL: none / VER: none)¹:
1. Energy industries (renewable - / non-renewable sources)
 2. Energy distribution
 3. Energy demand.

8. Of the three accreditations, two were for entities which had not received accreditation for any function /sectoral scope before, while one had previously been accredited for validation in other sectoral scopes. The total number of DOEs accredited and provisionally designated now stands at 10.² A list of DOEs indicating the function and sectoral scope(s) for which they have been accredited is available on the CDM UNFCCC web site (see: <<http://cdm.unfccc.int/DOE/list>>). Furthermore, a list with approved methodologies by sectoral scopes shows the DOEs that may provide validation functions in these sectors (see: <<http://cdm.unfccc.int/DOE/scopes.html>>).

9. The Board considered a **case for phased accreditation for verification** functions and agreed that it required additional information before being able to proceed with the completion of its assessment regarding this case.

General issues relating to process/guidance:

10. The Board considered the recommendation forwarded by the panel with regard to **phasing of accreditation** and on the feasibility of an entity applying solely for verification/certification functions. The Board agreed not to adopt the recommendation as presented and requested the CDM-AP to further elaborate the proposal for consideration by the Board at its twenty-first meeting, including an analysis of the skills and competencies required to undertake validation and verification functions, respectively.

11. The Board also requested the CDM-AP to provide more detailed information when presenting **recommendations for phased accreditation**, in particular on the findings of assessment teams and on any non-conformities identified. The Board further requested that the recommendation should include information on how decisions by an assessment team or the CDM-AP were arrived at.

12. The Board, taking into consideration the decision at its nineteenth meeting regarding the **strengthening of assessment teams by adding expertise on methodological matters**, took note with appreciation of the intention of the Chair of the Meth Panel to provide the necessary information (roster) by 20 July 2005 so that the measure could be implemented.

Interaction with DOEs/AEs:

13. The Board invited Mr. Einar Telnes, **Chair of the DOE/ AE coordination forum to share views, issues and concerns from the AEs and DOEs**. Mr. Telnes indicated that in response to an e-mail survey within the forum on issues and concerns, only his company, Det Norske Veritas, had responded. Issues raised by Mr. Telnes included the need for:

- (a) Guidance by the Board on how DOEs should address cases where, due to specific circumstances of projects activities, minor adjustments to approved methodologies are needed;
- (b) Consideration by the Board of the concept of “materiality” and the use of “materiality thresholds”;
- (c) Interaction between AEs/DOEs and the Board regarding the level of assurance that DOEs can provide, liability for information provided by third parties, which are official sources, and liability disclaimers;

² Please note that the total number of DOEs indicated in paragraph 10 of the report of the Board at its nineteenth should have read “8” instead of “7”.



- (d) Clarifications by the Board on how to implement step 0 of the “Tool for the demonstration and assessment of additionality”;
- (e) Increased communication on project activities under review and methodologies under consideration.

14. The Board took note of the presentation by Mr. Telnes and encouraged the DOE/ AE coordination forum to continue providing input to the Board and its panels, thus enhancing common understanding and approaches. It invited the Chair of the AE/DOE coordination forum to report on activities of the forum at its next meeting.

Agenda sub-item 3 (b): Methodologies for baselines and monitoring plans

15. The Executive Board considered the report of the sixteenth meeting of the Panel on baseline and monitoring methodologies (Meth Panel) and the oral update by Mr. Jean Jacques Becker, Chair of the Panel.

General issues relating to process/guidance:

16. The Board continued its work to improve the process of consideration and approval of proposed new methodologies and agreed to the **revised procedures for submission and consideration of a proposed new methodology (version 7)**, as contained in annex 2 of this report.

17. The Board agreed to continue considering, at its twenty-first meeting, **outstanding issues regarding the improvement of process of consideration of proposed new methodologies**. A draft paper is contained in annex 3 to this report. A revised proposal is to be prepared by Ms. Gertraud Wollansky in consultation with the Chairs of the panels on methodologies and accreditation and Mr. Hans Jürgen Stehr, Mr. Rajesh Kumar Sethi, Mr. José Domingos Miguez and Mr. Lu Xuedu.

18. The Board agreed on the following **immediate measures for the improvement of process of consideration of proposed new methodologies**:

(a) To limit the time frame for resubmission of a proposed methodology to a maximum of five (5) months after the Board has agreed that a methodology may be resubmitted with required changes (i.e. rated as “B”);

(b) To request the secretariat, subject to the availability of resources, to undertake the following tasks:

- (i) Preparation of detailed technical summaries of Meth Panel meetings including comments on the recommendations by the Meth Panel members;
- (ii) Revision and editing of forms for submission of proposed new methodologies for consideration of the Board, the Meth Panel and the afforestation and reforestation working group (A/R WG);
- (iii) Further development of an online database which contains specific information regarding methodologies (e.g. applicability).

(c) To appoint two members (or alternate members), one from an Annex I Party and one from a non-Annex I Party, to participate in the Meth Panel in support of the Chair and Vice-Chair of the panel. These members (or alternate members) should receive compensation in the same manner as the Chair and Vice-Chair. The member/alternate member from non-Annex I Party shall be paid travel and DSA in accordance with UN rules and regulations.

19. In order to improve the process of consideration of methodologies, the Board agreed to the **revision of the form “CDM Proposed new methodology: Baseline (CDM-NMB)”** and its guidelines as contained as annex 4 of this report. This is to assist project participants to present methodologies in a



format closer to the one of methodologies approved, to improve the drafting quality and presentation of methodologies and to facilitate the process of reformatting. The Board further requested the Meth Panel to revise the form “CDM Proposed new methodology: Monitoring (CDM-NMM)” and its respective guidelines.

20. The Board further considered and agreed the proposed “**Summary recommendation form (F-CDM-NMSUMmp)**”, as contained in annex 5. This form shall be used by the Meth Panel for recommendations on cases to be submitted to the Board in addition to the detail provided in the form “CDM: Proposed New Methodology Meth Panel recommendation to the Executive Board (F-CDM-NMmp)”. The summary recommendation will also be made available to the public and project participants.

21. The Board took note of the oral report of the Chair of the Meth Panel, Mr. Jean Jacques Becker, on the **meeting between the Meth Panel and representatives of DOEs** to discuss the application of approved methodologies (13 June 2005, Bonn (Germany)). The Board considered that convening such meetings in the future would be useful depending on the type and number of queries submitted to the Meth Panel.

22. The Board agreed on the **procedures for feedback on queries by the DOEs on the application of approved methodologies** “F-CDM-AM-Subm” and its related form, as contained in annex 6 of this report. Information submitted by DOEs to the Meth Panel as well as answers by the Meth Panel will be made publicly available.

23. In order to facilitate the submission of proposed new methodologies by project developers, the Board requested the Meth Panel to develop an **optional tool to assist in selecting a baseline scenario** from among a set of alternatives. Once this tool for selection of baselines is approved by the Board, the existing additionality tool should make reference to it.

24. The Board considered the recommendation by the Meth Panel on the type of information to be considered in the **calculation of baseline emissions** when a project activity is requesting retroactive credits. The Board agreed that the most recent information, corresponding to the vintage of data appropriate to the project, which is available at the validation stage shall be used for the calculation of baseline emissions. When ex ante or ex post options for the calculation of the baseline emissions are allowed, the ex post option should be selected. For cases where the methodology establishes that the lower value of ex ante and ex post must be used, the prescription of the methodology must be followed. When the option (ex ante or ex post) is explicitly established in the methodology, the prescription must be followed.

25. The Board continued considering the procedures and documentation which need to be used for the **renewal of a crediting period** and agreed on clarifications contained in annex 7 to this report.

26. The Board considered the work undertaken by the Meth Panel and the A/R WG on **definitions of biomass**. The Board agreed on clarifications regarding definition of biomass and consideration of changes in carbon pools due to a CDM project activity as contained in annex 8 to this report.

27. The Board noted that, due to time constraints, the discussion between the A/R WG and the Meth Panel on some of the issues relating to biomass could not be concluded. The Board noted further that the Meth Panel will, at its seventeenth meeting, in collaboration with the A/R WG and Small-Scale Working Group (SSC WG), elaborate recommendations for consideration at the twenty-first meeting of the Board on the following:

- (a) A definition of biomass that is used in a sustainable manner by a CDM project activity;
- (b) The treatment of references to “renewable biomass” and “non-renewable biomass” in the simplified methodologies for small-scale CDM project activities.

*Revision of approved methodologies:*

28. The Board agreed to adopt the reformatted revised versions of methodologies **AM0003** (“Simplified financial analysis for landfill gas capture projects”), **AM0017** (“Steam system efficiency improvements by replacing steam traps and returning condensate”) and **AM0022** (“Avoided Wastewater and On-site Energy Use Emissions in the Industrial Sector”) as contained in annexes 9, 10 and 11 to this report. In accordance with the “Procedures for the revision of an approved methodology”, these revised versions will become effective as of 9 July 2005 and replace the previous ones. However, project activities that use the previous versions of the approved methodologies and that have been submitted for registration prior to the date of revisions shall not be affected by the revisions.

Work on consolidation of methodologies:

29. The Board considered the reformatted “Consolidated methodology for grid-connected electricity generation from biomass residues” and requested the Meth Panel to further consider the wording “twice as large as” and “sufficiently larger” in the leakage section (page 15 of the recommended consolidation). As agreed by the Board at its seventeenth meeting, this consolidated methodology, once approved, shall replace **AM0004** (“Grid-connected biomass power generation that avoids uncontrolled burning of biomass”). The Board agreed that once further work in expanding the scope of this consolidated methodology has been completed, the approved methodology **AM0015** (“Bagasse-based cogeneration connected to an electricity grid”) shall also be replaced by this consolidated methodology.

30. The Board agreed to approve the reformatted “**Consolidated baseline methodology for waste gas and/or heat for power generation**”, as contained in annex 12 of this report. This methodology consolidates the approved baseline and monitoring methodologies **NM0031-rev** (“OSIL - 10 MW Waste Heat Recovery Based Captive Power Project”) and elements of the proposed new baseline and monitoring methodologies **NM0087** (“Shri Bajrang WHR CDM Project”) and **NM088** (“Jorf Lasfar heat recovery enhancement for power project”). The Chair of the Meth Panel and the Vice-Chair of the CDM-AP informed the Board that these methodologies are linked to scope 1 (Energy industries (renewable - / non-renewable sources)).

31. The Board noted that the Meth Panel is in the process of developing a consolidated methodology on blended cement (**NM0045-rev2**, **NM0047-rev**, **NM0095** and **NM0106**) and requested the Meth Panel to give priority to this work with a view to recommending a draft consolidated methodology for consideration by the Board at its twenty-first meeting.

Consideration of case-specific recommendations:

32. Taking into consideration recommendations by the Meth Panel and by desk reviewers as well as public inputs, the Board considered eighteen (18) proposals for new baseline and monitoring methodologies and agreed on the following recommendations with respect to the cases below:

NM0091 case: “Leak Reduction From Natural Gas Pipeline Compressor and Gate Stations”:

33. The Board agreed to approve the proposed baseline and monitoring methodologies contained in proposal NM0091 and the reformatted version of these methodologies as contained in annex 13 to this report.

34. The Chair of the Meth Panel and the Vice-Chair of the CDM-AP informed the Board that these methodologies are linked to scope 10 (Fugitive emissions from fuels (solid, oil and gas)).

NM0090 case: “Organic Waste Composting at the Matuail landfill site Dhaka, Bangladesh”:

35. The Board agreed to request the Meth Panel to reformat the proposed new methodology NM0090 for consideration for approval of the case at its twenty-first meeting.



36. The Board agreed that the proposed new baseline and monitoring methodologies for the **cases NM0070, NM0078, NM0080, NM0082 and NM0092** may be reconsidered subject to:

(a) Required changes being made by the project participants, taking into account issues raised by the Board, recommendations made by the Meth Panel, and re-submission of a duly revised proposal. The secretariat shall make the revised proposal publicly available upon receipt;

(b) Reconsideration of the revised proposal directly by the Meth Panel, without further review by desk reviewers; and

(c) A recommendation by the Meth Panel being made to the Executive Board.

37. If project participants wish to have the revised proposals considered at the seventeenth meeting of the Meth Panel (6-9 September 2005), they shall submit them by **25 July 2005**.

38. The Board agreed not to approve the proposed new baseline and monitoring methodologies for **cases NM0071-rev, NM0096, NM0097, NM0099, NM0100, NM0101, NM0103, NM0104, NM0109 and NM0114**. The Board invites the project participants for these cases to consider the views and suggestions made, in particular with regard to CDM-NMB and CDM-NMM and encourages them to make a further submission.

Work in progress:

39. The Board noted that the Meth Panel has sought additional expertise and shall further consider cases relating to the capture and use of coal mine and coal bed methane (**NM0066, NM0075, NM0093, NM0094 and NM0102**) at its next meeting, with a view to finalizing its recommendations on these cases.

40. The Board took note that the Meth Panel will only reconsider the proposed new methodologies for case **NM0072** (“Mandatory Energy-Efficiency Standard for Room Air Conditioners in Ghana”) once guidance by the Board is provided with regard to the eligibility of project activities covered under this methodology.

Further schedule:

41. Noting that methodologies may be proposed at any time and are treated on a **first-come first serve basis**, the Board agreed to set the **deadline for the twelfth round of submissions** of proposed new baseline and monitoring methodologies to **13 July 2005**.

42. The Board took note of the tentative **dates for the meetings of the Meth Panel** until the end of the first half of 2006 and on the respective **dates of rounds of submissions** (see: http://cdm.unfccc.int/Panels/meth/Meth16_Annex_10_calendar.pdf>).

Agenda sub-item 3 (c): Issues relating to procedures for afforestation and reforestation project activities

43. The Board considered the report of the fourth meeting of the afforestation and reforestation working group (A/R WG) and the oral report by Mr. Martin Enderlin, Chair of the working group.

44. The Board nominated **Mr. José Miguez as Vice-Chair** of the afforestation and reforestation working group till the first meeting of the Board in 2006.

Consideration of case-specific recommendations:

45. Taking into consideration recommendations by the A/R WG and by desk reviewers as well as four (4) public inputs, the Board considered three (3) proposals for new baseline and monitoring methodologies for afforestation and reforestation project activities and agreed not to approve the proposed new baseline and monitoring methodologies for **cases ARNM0003, ARNM0004 and**



ARNM0005. The Board revised the recommendations on the cases and requested the secretariat to forward them to the project participants. It invited the proponents to consider the views and suggestions made, in particular with regard to CDM-AR-NMB and CDM-AR-NMM and encouraged them to make a further submission.

General issues relating to process/guidance:

46. The Board requested the A/R WG that, in the future, recommendations of baseline and monitoring methodologies need to include a clear and concise **summary of the assessed methodology**. The summary should provide an overview of the main technical aspects of the methodology and improve the description included in the respective form submitted by proponents if that description is judged to be inadequate. In addition, the Board requested the A/R WG to develop and use a summarized recommendation form, based on the one developed by the Meth Panel and included in annex 5 to this report.

47. The Board requested the A/R WG to revise the **form for submitting new monitoring methodologies** for afforestation and reforestation projects (CDM-AR-NMM) to incorporate provisions relating to the monitoring of social and environmental impacts, in accordance with decision 19/CP.9.

48. The Board further requested the A/R WG to revise the **form for submitting new baseline methodologies** for afforestation and reforestation projects (CDM-AR-NMB), taking into consideration the revised version of the form for submitting new monitoring methodologies for CDM projects (AR-CDM-NMB), as contained in annex 4 to this report.

Work in progress:

49. The Board considered a **draft version of the tool for demonstrating the additionality of afforestation and reforestation** project activities - not required for small-scale A/R project activities - and agreed that a draft version revised by the Chair of the A/R WG is made publicly available for comments on the UNFCCC CDM web site from **12 July to 8 August 2005**. When submitting comments, the Board encouraged the public to also consider the eligibility of lands. The comments received to this call shall be considered by the A/R WG at its next meeting, with a view to making a recommendation to the Board for consideration at its twenty-first meeting.

50. The Board noted that the A/R WG is developing **draft simplified methodologies for small-scale A/R project activities** and agreed that this draft is made publicly available for comments on the UNFCCC CDM web site from **12 July to 8 August 2005**. The Board agreed that the A/R WG shall consider public comments at its next meeting with a view to recommending a revised version of the draft simplified methodologies for small-scale A/R activities for consideration at the twenty-first meeting of the Board.

51. The Board requested the A/R WG to consider and discuss in detail the **accounting of non-CO₂ emissions**, including from sources existing before the implementation of a project activity, and its relation to project boundaries and to the calculation of leakage and actual net greenhouse gas removals by sinks. It requested the A/R WG to prepare a recommendation on this matter to be considered by the twenty-third meeting of the Board.

52. The Board requested the **A/R WG to consider the assessment of uncertainties** for proposed new baseline and monitoring methodologies and to make a recommendation on this matter for consideration by the Board at its twenty-third meeting.

Further schedule:

53. The Board acknowledged the tendency for the work of the A/R WG to increase and noted that, as a consequence, there might be a need for longer and more frequent meetings.



54. The Board agreed to set the deadline for the **fifth round for submissions of proposed new A/R baseline and monitoring methodologies to 20 July 2005**.

55. The Board took note of the date for the **fifth meeting of the A/R WG (31 August to 3 September 2005)**.

Agenda sub-item 3 (d): Issues relating to small-scale CDM project activities

56. The Board considered the oral report of the Chair of the working group on proposed methodologies and project categories for small-scale CDM project activities (SSC WG), Ms. Gertraud Wollansky.

General issues relating to process/guidance:

57. The Board reaffirmed that, as stipulated in the simplified modalities and procedures for small-scale CDM project activities, the **three types of eligible small-scale project activities are mutually exclusive** and that project participants submitting new categories of projects should first consider whether these belong to type I (renewable energy projects), to type II (energy efficiency improvements) and, if not eligible under the two previous types, to type III (other small-scale CDM project activities).

58. The Board considered implications for the **eligibility of project activities as small-scale project activities** in cases where emissions of a proposed project activity are increasing during the crediting period and agreed:

(a) That small-scale CDM project activities shall remain under the limits for small-scale CDM project activities types, as stipulated in paragraph 6 (c) of the CDM modalities and procedures, every year during the crediting period.

(b) If a project activity goes beyond the limit of its type in any year of the crediting period, the emission reduction that can be claimed by the project activity during this particular year will be capped by the maximum emission reduction estimated in the CDM-SSC-PDD by the project participant for that year during the crediting period.

(c) Project participants shall demonstrate in the CDM-SSC-PDD that the project activity characteristics are defined in a way that precludes project activities to go beyond the limits:

(i) For type I: project participants shall provide proof that the installed capacity of the proposed project activity will not increase beyond 15 MW;

(ii) For type II: project participants shall provide proof that the efficiency improvements do not exceed the equivalent of 15 gigawatt hours per year every year throughout the crediting period;

(iii) For type III: project participants shall provide an estimation of emissions of the project activity over the crediting period and proof that the emissions every year will not go beyond the limits of 15 ktCO₂e/y over the entire crediting period.

(d) Project activities using a renewable crediting period shall reassess their compliance with the limits at the renewal of the crediting period.

59. The Board approved the revised version of the simplified project design document for small-scale CDM project activities and its guidelines as contained in annex 14 to this report.

60. Following the consideration of recommendations by the SSC WG regarding bundling of small-scale CDM project activities, the Board agreed on the following clarifications:

(a) Project activities wishing to be bundled shall indicate when making the request for registration;



(b) Once a project activity becomes part of a bundle for a project cycle stage, it shall not be de-bundled for this stage. The Board may consider debundling in exceptional situations;

(c) The composition of bundles shall not change over time (i.e. the submission of project activities to be used in a bundle shall be made at the same time);

(d) All project activities in the bundle shall have the same crediting period.

61. The Board requested the SSC WG to develop recommendations on detailed bundling guidelines for the following two bundling cases:

(a) Bundling of project activities of the same type, same category and technology/measure;

(b) Bundling of project activities of the same type, same category and different technologies/measures.

62. The Board requested the SSC WG to further analyze technical implications regarding the possible bundling of the following cases and prepare recommendations for the consideration of the Board:

(a) Bundling of project activities of the same type, different categories and technologies/measures;

(b) Bundling of project activities of different types.

Further schedule:

63. The Board acknowledged that the **work of the SSC WG is increasing as submissions of proposals** for new categories/new methodologies and amendments to the “Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories” contained in appendix B to the simplified modalities and procedures for small scale CDM project activities have augmented. As a consequence, there might be need for longer and more frequent meetings.

64. The Board took note of the date for the **third meeting of the SSC WG (12 to 13 September 2005)**.

Agenda sub-item 3 (e): Matters relating to the registration of CDM project activities

65. The Board considered a draft paper relating to **possible streamlining of registration procedures** prepared by a drafting group chaired by Ms. Marina Shvangiradze. The Board requested the secretariat to prepare a draft revision, based on its discussion of the “Clarifications to facilitate the implementation of the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures (EB16, Annex 5)”. The issues on which the Board did not agree upon or that needed further elaboration should be highlighted to facilitate the further consideration.

66. The Board agreed on the following immediate actions:

(a) Consideration of issues triggered in requests for review:

(i) The Board shall continue to implement the process as in its present form, i.e. re-submissions are only to be considered if the Board agrees to review a case and once the Board defines the scope of review and the review team.

(ii) Once a request for review is triggered by 3 Board members or one Party involved, the Board invites project participants and the DOE concerned to provide comments on issues raised in the request(s). Such comments shall be submitted to the Board before the meeting at which it considers the request for



review, without further appraisal by the Board or experts, in order to assist the Board to better define the scope of the review.

- (b) Improvement of the work of review teams:
 - (i) One review team member (preferably the member/alternate who was responsible for assessment) shall be responsible for the drafting of the final recommendation to the Board.
 - (ii) Any divergence of views among team members shall be reported to the Board.
- (c) Improvement receiving feedback from project participants and DOEs:
 - (i) The possibilities of interactions shall continue to be implemented as in their present form (i.e. project participants and the DOE concerned are to provide clarifications only one time in response to the questions raised by the review team). Flexibility for more than one opportunity for clarifications and interactions with the project participants and the DOE concerned is provided if the lead review team member considers this useful and/or necessary.

67. The Board continued discussions regarding **project activities requesting retroactive crediting** and agreed to further consider this issue with a view to agree, at its twenty-first meeting, on clarifications and the request for guidance by the COP/MOP.

Agenda sub-item 3 (f): CDM registry

68. Mr. Rajesh Kumar Sethi and Ms. Anastasia Moskalenko reported to the Board on the results of the consultations they had undertaken since the nineteenth meeting of the Board.

General issues relating to process/guidance:

69. The Board agreed that **permanent holding accounts** for project participants in the CDM registry shall be marked as **being associated with the non-Annex I Party** which provided the written approval to participate in the CDM project activity. The Board also agreed that **temporary holding accounts** for project participants in the CDM registry shall be marked as **being associated with the Annex I Party** which provided the written approval to participate in the CDM project activity. This would facilitate the reporting to the DNA of unit holding and transaction data for all accounts associated with each Party. The Board further agreed that **each non-Annex I Party** providing an entity with written approval to participate in a CDM project activity **may request a holding account** for that Party in the CDM registry and specify representatives for the account.

70. The Board agreed that **any unit remaining undistributed to project participants**, as a result of rounding the percentage shares contained in a forwarding request to the nearest whole unit, shall be forwarded to an account specified in the forwarding request or, where no such account is specified, to an account for the share of proceeds relating to the costs of adaptation.

71. The Board agreed that, provided the letters of approval from relevant Annex I Parties have been submitted to the Board, the CDM registry administrator shall **forward CERs, tCERs and ICERs to accounts in national registries** upon the request of representatives of holding accounts of entities authorized by non-Annex I Parties to participate in the project activity.

72. The Board agreed that the **CDM registry administrator is to make reports available to the Board**, on a monthly basis, containing aggregate information on unit holdings and transactions, by unit, transaction and account types. The Board further agreed that the **CDM registry administrator is to make reports available to each DNA**, on a monthly basis, containing aggregate information on units holdings and transactions, by unit and transaction types, in relation to the accounts in the CDM registry associated with the Party of the relevant DNA.



Work in progress:

73. The Board invited Mr. Rajesh Kumar Sethi and Ms. Anastasia Moskalenko to continue their consultations electronically (e.g. on “Forwarding Requests for the distribution of units to project participants) and report back to the Board at its twenty-first meeting.

Agenda sub-item 3 (g): Modalities for collaboration with the SBSTA

74. The Board took note of the oral report of Ms. Anastasia Moskalenko and Mr. Rajesh Kumar Sethi on the negotiations at SBSTA 22 relating to registries and its outcome.

75. Due to time constraints, the Board agreed to defer to its twenty-first meeting an oral report of Mr. Martin Enderlin and Mr. José Domingos Miguez on negotiations at SBSTA 22 relating to “Implications of the implementation of project activities under the clean development mechanism, referred to in decision 12/CP.10, for the achievement of objectives of other environmental conventions and protocols” and its outcome.

Agenda item 4. Management plan and resources for the work on the CDM

76. The Board, at its nineteenth meeting, requested the Chair of the Board, in consultation with her predecessors, Mr. John Kilani, Mr. Hans Juergen Stehr and Mr. John Ashe, and with the support of the secretariat, to prepare a first draft of the CDM Management Plan (CDM-MAP) and to circulate it before the twentieth meeting of the Board. At its nineteenth meeting, the Board had agreed on an outline.

77. The Board took note of a presentation by the secretariat on key issues to be addressed in the CDM-MAP. The Board requested the secretariat to revise the current draft of the CDM-MAP in light of comments made by the Board and to include an executive summary. Once it has been finalized in consultation with the Chair and Vice-Chair of the Board and with the Chairs of the panels and working Groups, the CDM-MAP is to be circulated by the end of July 2005 to the Board for electronic decision-making.

78. The Board expressed its appreciation to the Executive Secretary, Ms Joke Waller-Hunter, for her support to its work and to the preparation of the CDM-MAP, in particular. The Executive Secretary remarked that the CDM-MAP is to highlight the importance of a good network of capable DOEs, initiatives to respond the increasing demands concerning the consolidation and streamlining of methodologies, and the expansion of the capacity of the secretariat to support the Board. The Board also took note of the Executive Secretary’s suggestion that recommendations to COP/MOP contained in the CDM-MAP should be formulated in a manner to obtain concrete outcomes.

79. The Board took note of a presentation by the secretariat on the updated budget, resources and expenditure in 2005. Compared to the total budget of USD 6.99 million for CDM activities in 2005 (core and supplementary) and in spite of recent contributions, a resource gap of USD 2.93 million was likely to hamper, if not closed soon, the full implementation of activities in the second half of 2005. The Board noted with appreciation the conclusion of the G-8 summit of 8 July 2005 indicating that resources would be provided for the functioning of the CDM by the end of 2005. The Board expressed its gratitude to Parties that have recently contributed or pledged contributions.

80. The secretariat further informed the Board that resources for supporting the operations of the CDM in the biennium 2006-2007, as presented to the Board at its nineteenth meeting, both from core and supplementary resources, had been included in the proposal that the Executive Secretary made to the Subsidiary Body for Implementation (SBI) at its twenty-second session. Reductions made to this proposal affected, inter alia, the CDM. In order to ensure that the required level of resources is available, requirements for supplementary resources had to be adjusted by an amount of USD 147,630. Further adjustments totalling USD 415,162 are also required to reflect the decision by the Board to increase the capacity of the CDM Methodology Panel to cope with an increasing workload. The resource requirements for the CDM in 2006-2007 are therefore distributed as follows: USD 4.56 million (core



budget) and estimated USD 13.27 million (supplementary). The total resource requirements for the work on the CDM amount to USD 17.83 million.

81. The Board agreed to consider at its twenty-first meeting a recommendation to COP/MOP 1 on a percentage for the share of proceeds to cover costs of administration of the CDM and requested the secretariat to provide an input on this issue.

Agenda item 5. Other matters

Agenda sub-item 5 (a): Report of the CDM Executive Board to the COP/MOP 1 (2004-2005)

82. The Board considered its draft report to the first session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP 1) and agreed that the secretariat will finalize it in consultation with the Chair and Vice-Chair of the Board and the Chairs of panels. Once edited, the report will be appended to the report of this meeting. The Board agreed that the report refers, inter alia, to the need for COP/MOP to address the issue of privileges and immunities for persons engaged in official business relating to the CDM. Developments from 9 July to 25 November 2005 will be contained in an addendum.

Agenda sub-item 5 (b): Relationship with stakeholders, intergovernmental and non-governmental organizations (registered accredited observers)

83. The Board met with registered observers for informal briefings on 8 July 2005 and agreed to continue with such meetings in the afternoon of the last day of its future meetings, unless otherwise indicated. These meetings are available on web cast.

84. The Board took note of CDM-related events attended by Board members and alternates since the last meeting.

85. The Board took note with appreciation of inputs received from Parties and intergovernmental and non-governmental organizations to its work.

86. The Board further agreed to continue to meet with the same type of arrangement as at its twentieth meeting, with space being made available for 70 observers, and to reconsider the issue when necessary. **Observers to the twenty-first meeting of the Executive Board shall have registered with the secretariat by 7 September 2005, no later than 17:00 GMT.** In order to ensure proper security and logistical arrangements, the Board emphasized that this deadline will be strictly enforced by the secretariat.

Agenda sub-item 5 (c): Other business

87. The Board agreed on the provisional agenda for its twenty-first meeting as contained in annex 15 to this report. It requested the secretariat to convene a Coordination Workshop for the Board, its panels and working groups, DOEs and AEs as well as selected experts from 15-16 October 2005, to be held in conjunction with the panel meetings taking place at that time.

88. The Board agreed to discuss issues relating to electronic decision-making at its next meeting.

Agenda item 6. Conclusion of the meeting

89. The Chair summarized the main conclusions.

**Agenda sub-item 6 (a): Summary of decisions**

90. Any decisions taken by the Board shall be made publicly available in accordance with paragraph 17 of the CDM modalities and procedures and with rule 31 of the rules of procedure of the Executive Board.

91. Electronic decisions taken by the Executive Board during the period between the nineteenth meeting and the twentieth meeting are listed in a summary table contained in annex 16 of this report.

Agenda sub-item 6 (b): Closure

92. The Chair closed the meeting.

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Annexes to the report

Annex 1: Amendments to the general guidelines for panels and working groups to incorporate procedures for the appointment and role of Chairs and Vice Chairs

Annex 2: Revised procedures for submission and consideration of a proposed new methodology (version 7)

Annex 3: Draft paper on outstanding issues regarding the improvement of process of consideration of proposed new methodologies

Annex 4: “CDM Proposed new methodology: Baseline (CDM-NMB)” and its guidelines (version 2)

Annex 5: “Summary recommendation form (F-CDM-NMSUMmp)”

Annex 6: Procedures for feedback on queries by the DOEs on the application of approved methodologies “F-CDM-AM-Subm”

Annex 7: Clarifications on procedures and documentation which need to be used for the renewal of a crediting period

Annex 8: Clarifications on definition of biomass and consideration of changes in carbon pools due to a CDM project activity

Annex 9: Revision of approved methodology AM0003: “Simplified financial analysis for landfill gas capture projects

Annex 10: “Revision of approved methodology AM0017: “Steam system efficiency improvements by replacing steam traps and returning condensate ”

Annex 11: Revision of approved methodology AM0022: “Avoided Wastewater and On-site Energy Use Emissions in the Industrial Sector ”

Annex 12: Approved consolidated methodology ACM0004 “Consolidated baseline methodology for waste gas and/or heat for power generation”

Annex 13: Approved baseline and monitoring methodology AM0023: “Leak reduction from natural gas pipeline compressor or gate stations”



Annex 14: Simplified project design document for small-scale CDM project activities and its guidelines

Annex 15: Provisional agenda for the twenty-first meeting of the Executive Board

Annex 16: List of electronic decisions taken by the Executive Board during the period between its nineteenth and twentieth meetings