



## Annex 4

### PROCEDURE FOR REVIEW OF REQUESTS FOR ISSUANCE OF CERS

#### (Version 02.0)

##### A. Background

1. In accordance with paragraph 5 (o) of the modalities and procedures for a clean development mechanism (CDM modalities and procedures), the Executive Board elaborated and recommended to the Conference of the Parties, for adoption at its eighth session, procedures for conducting the reviews referred to in paragraphs 41 and 65 of the CDM modalities and procedures, including procedures to facilitate consideration of information from Parties, stakeholders and UNFCCC accredited observers. The Conference of the Parties endorsed those recommended procedures at its eight session, and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol adopted the Procedures at its first session (annexes III and IV to decision 4/CMP.1)
2. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol decided at its fifth session (decision 2/CMP.5, paragraphs 37) to request the Executive Board to adopt as soon as possible, and subsequently apply on an interim basis, revised procedures for registration, issuance and review, under which alternative timelines to those defined in decision 3/CMP.1, annex, paragraphs 41 and 65, and decision 4/CMP.1, annex II, paragraph 24, can be applied.
3. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol also decided at its fifth session (decision 2/CMP.5, paragraphs 38 and 39) to revoke annexes III and IV to decision 4/CMP.1 containing the existing procedures for review and requested the Executive Board to ensure that the revised procedures for review:
  - (a) Provide designated operational entities and project participants with adequate opportunity to address issues raised in reviews;
  - (b) Include an independent technical assessment of the analysis conducted by the secretariat;
  - (c) Include a process for the Executive Board to consider objections raised by members of the Executive Board to outcomes of assessments;
  - (d) Ensure efficient and timely consideration of registration and issuance requests.
4. These procedures for review of requests for issuance of certified emission reductions (CERs) elaborate on the provisions in decision 2/CMP.5, paragraph 39. In particular by providing provisions for the consideration of the review, the modalities for communicating with the project participant(s) and the designated operational entity (DOE), the finalization of the review, and the coverage of costs relating to the review.
5. The procedures for submitting a request for issuance, requesting a review, and finalization of a request for issuance that does not receive a request for review are provided in the “Procedures for Requests for Issuance of CERs” (EB 54 report, annex 35).
6. This document replaces the "Revision to the clarifications to facilitate the implementation of the procedures for review as referred to in paragraph 65 of the Modalities and Procedures for a Clean



Development Mechanism (Annex IV to decision 4/CMP.1)” (version 05, EB 38 report, annex 22, 14 March 2008).

### **B. Commencement of Review**

7. If Party involved in a proposed CDM project activity or at least three Executive Board members request a review of the request for issuance, the secretariat shall:
- (a) Notify the project participants, as identified in the Modalities of Communication form, and the DOE that verified and certified the claimed CERs that a Party involved in a proposed CDM project activity or at least three Executive Board members have requested a review of the request for issuance;
  - (b) Make publicly available an anonymous version of each request for review form;
  - (c) Assign a team comprising two experts from the Registration and Issuance Team (“RIT Team”) to participate in the assessment of the request for review. The secretariat shall appoint one of the assigned Team members to serve as the lead, who shall be responsible for all communications with the secretariat.
8. The project participants and the DOE shall provide responses to the issues identified in the request for review no later than 28 calendar days after the notification of the request for review.
9. For each issue (or sub-issue) raised in the request for review, the project participants and DOE shall either:
- (a) Respond by making any revisions to the monitoring report (MR) and attached spreadsheets, verification report (VR), and/or certification that they deem necessary to, inter alia, ensure that all facts are clearly stated and sufficiently verified; or
  - (b) Respond in writing by addressing why no revisions to the MR, VR, and/or certification are necessary.
10. The secretariat shall schedule the commencement of the review of the request for issuance in accordance with its operational plans and in accordance with any relevant instructions from the Executive Board. These plans and instructions shall be made publicly available. Upon scheduling the commencement date, the secretariat shall inform the project participants and DOE of this scheduled commencement date and any alterations to it;
11. The commencement of the review shall be defined as the date on which the secretariat notifies the project participants and the DOE that the review has commenced.

### **C. Assessment**

12. The secretariat shall prepare an assessment of the request for issuance in the context of the reasons for the request for review as indicated in the request for review form and the CDM requirements, taking into account the responses of the project participants and the DOE.
13. Concurrently and independently, the RIT Team shall prepare an assessment of the request for issuance in accordance with the RIT Terms of Reference, taking into account the responses of the project participants and the DOE.
14. The secretariat and the RIT Team shall finalize their respective assessments no later than two weeks after the commencement of the review.



15. Each assessment shall include a proposed decision, in accordance with the latest version of the “Guidelines for consideration of request for review and review cases”. Each proposed decision shall propose to either:

- (a) To approve the request for issuance; or
- (b) To reject the request for issuance.

16. If an assessment’s proposed decision is to reject the request for issuance, then the assessment shall include a proposed ruling. The proposed ruling shall contain an explanation of the reasons and rationale for the proposed decision including, but not limited to:

- (a) The facts and any interpretation of the facts that formed the basis of the proposed ruling;
- (b) The CDM rules and requirements applied to the facts; and
- (c) The interpretation of the CDM rules and requirements as applied to the facts.

17. In addition both the secretariat and the RIT Team shall, in their assessments, highlight any policy issues of significant importance related to the policies and goals of the CDM arising from the assessment. The secretariat, in consultation with the Chair of the Executive Board, shall bring these issues to the attention of the Executive Board through the agenda of its meetings through the preparation of background notes and policy options.

18. The RIT Team shall communicate its assessment to the Executive Board by submitting it to the secretariat.

19. The secretariat shall inform the Executive Board of the availability of each assessment, and make each assessment available to the Executive Board, together with any responses from the project participant(s) and DOE and any revision to the project documentation.

#### **D. Consideration by the Executive Board**

20. If the assessment of the secretariat and the RIT Team contain the same proposed decision (i.e. both to reject or approve), then the proposed decision shall become the final decision of the Executive Board within 20 days, unless a member of the Executive Board objects to the proposed decision.

21. An objection by a member of the Executive Board shall be made by notifying the Chair of the Executive Board, giving reasons in writing, through the secretariat. The secretariat shall acknowledge the receipt of the objection and make it available to the Executive Board.

22. If an Executive Board member objects to the proposed decision more than two weeks prior to the next Executive Board meeting, the matter shall be placed on the agenda of the next Executive Board meeting; otherwise it shall be placed on the agenda of the subsequent Executive Board meeting.

23. If the assessments of the secretariat and the RIT Team contain different proposed decisions (i.e. one to reject and the other to approve) and the Executive Board receives both proposed rulings more than two weeks prior to the next Executive Board meeting, the matter will be placed on the agenda of the next Executive Board; otherwise, the matter will be placed on the subsequent Executive Board meeting.



24. At the Executive Board meeting for which the matter is placed on the agenda, in accordance with latest version of the “Guidelines for consideration of requests request for review and review cases,” the Executive Board shall decide to either:

- (a) To approved the request for issuance; or
- (b) To reject the request for issuance.

#### **E. Finalization and implementation of the ruling**

25. If a final decision approves request for issuance, the Executive Board shall instruct the CDM registry administrator to issue a specified quantity of CERs into the pending account of the Executive Board of the CDM registry, in accordance with decision 3/CMP.1, annex, paragraph 66.

26. The Executive Board’s instructions to the CDM registry administrator shall be communicated to the project participant(s), as identified in the Modalities of Communication form. The secretariat will make the instructions publicly available on the UNFCCC website.

27. If the final decision rejects the request for issuance, the secretariat shall update the information on the UNFCCC CDM website accordingly on the first working day subsequent to the finalization of the decision. Furthermore, within three weeks of the final decision of the Executive Board, the secretariat will provide the Chair of the Executive Board with an information note, which shall contain a proposed final ruling incorporating the final decision.

28. The proposed final ruling shall contain an explanation of the reasons and rationale for the final decision including, but not limited to:

- (a) The facts and any interpretation of the facts that formed the basis of the proposed ruling;
- (b) The CDM rules and requirements applied to the facts; and
- (c) The interpretation of the CDM rules and requirements as applied to the facts.

29. Once approved by the Chair of the Board, the secretariat shall make the proposed final ruling available to the Executive Board. The proposed final ruling shall become the final after 10 days, unless a member of the Executive Board objects to the proposed final ruling.

30. An objection by a member of the Executive Board shall be made by notifying the Chair of the Executive Board, giving reasons in writing, through the secretariat. The secretariat shall acknowledge the receipt of the objection and make it available to the Executive Board.

31. If an Executive Board member objects to the proposed final ruling more than two weeks prior to the next Executive Board meeting, the matter shall be placed on the agenda of the next Executive Board meeting; otherwise it shall be placed on the agenda of the subsequent Executive Board meeting.

32. This formal ruling shall be made publicly available by the secretariat once approved by Executive Board.

33. In cases where the reasons for rejection can be addressed by means of a revised verification report, based on a revised monitoring report, if appropriate, the DOE may request, explaining the reasons, permission to submit a revised request for issuance for the same monitoring period covered by the rejected request for issuance. In this case, the request for permission to re-submit a request for



issuance shall be submitted within 60 days of publication of the final ruling on the rejected request for issuance.

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### History of the document

Version	Date	Nature of revision(s)
02.0	EB 64, Annex 4 26 October 2011	Addition of paragraph 33 regarding re-submission of a rejected request for issuance. The addition takes into account the Board's clarifications included in paragraph 96 of EB 28 meeting report and paragraph 86 of EB 31 meeting report.
01.3	16 September 2010	Editorial revision to change paragraph 20 from 10 days to 20 days.
01.2	20 August 2010	Editorial changes to title and paragraphs 7(a), 15, 16(c), 19, 24 and 28.
01.1	02 August 2010	Editorial revision to remove the word "draft".
01	EB 55, Annex 41 30 July 2010	Initial adoption.
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