Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mitsubishi Bldg., 2-5-2, Marunouchi Chiyoda-ku, Tokyo 100-0005, Japan

Call for public inputs on the "Guidelines for demonstrating additionality of renewable energy projects =<5 MW and energy efficiency projects with energy savings <=20 GWh per year"

Dear Members of the CDM Executive Board,

We are grateful for the Executive Board for launching a call for inputs from stakeholders on the guidelines for demonstrating additionality of renewable energy projects =< 5MW and energy efficiency projects with energy savings <= 20 GWh per year. Among 5 issues raised by the public call, we would like to specifically comment on the fourth and fifth point below:

## 4. Definition of communities and primary technologies

We believe that any attempt to define "communities" is fraught with difficulty. For example, defining it based on a settlement size (e.g. villages and/or town) or population size could have the effect of excluding projects occurring in slum areas of cities, or could exclude areas for which no census data is available. In addition, residential/community centers or correctional facilities referred in SSC\_507 query should not be excluded, either, as it is part of a broad definition of community.

5. Application of the criteria implied in paragraph 2 (d) of the referred guidelines (EB 54, annex 15) for the host country DNAs and the Board to determine specific renewable energy technologies to be additional in the host country.

Paragraph 2 (d) is one of four conditions given for proposed projects to be considered additional, and it allows host country DNAs to recommend specific renewable energy technologies/measures to be considered additional. For the host country DNAs to make any recommendation, the current guidelines require that the total installed capacity of said technology/measure must contribute to less than or equal to 5% of national annual electricity generation.

This condition may be difficult to demonstrate in reality, especially when there are no statistics available to i) identify total installed capacity (including off-grid capacity) and/or ii) to link that capacity with actual generation data to conclude that it is indeed less than or equal to 5% to national annual electricity generation.

Taking this fact into consideration, we are of a strong opinion that it may not be appropriate to treat the above stated condition as a mandatory criteria to be proved, but rather, it may be more appropriate to be treated as a guideline for the host country DNAs to follow when identifying specific renewable energy technologies/measures for recommendation.

It is our belief that lack of statistical data should not discourage the development of micro-scale CDM projects. It is individual governments' prerogative to recommend a specific technology/measure to the Board taking into consideration their countries' situation. Their official governmental recommendation may present reasons why they cannot meet the statistical requirement described above. However, that should not be the reason for the Board to take away an opportunity for those countries to promote micro-scale CDM projects.

Instead, we believe that the Board should automatically accept these host countries' official recommendations.

The 5MW limit inherent in these guidelines already provides sufficient limitation on project size. Additional reporting burden for the definition of community or statistical justification is not considered practical, nor is it considered to be in the spirit of these guidelines.

We thank you for your kind consideration.

Sincerely yours,

Hajime Watanabe

Chairman

Clean Energy Finance Committee

Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.