

## **Input on areas and means for direct communication of stakeholders and the Board**

We wish to applaud the Executive Board for its effort to enhance direct communication. Carbon Partners Asiatica (“Asiatica”) and its members have consistently advocated direct communication as a means of improving overall efficiency as well as transparency in the process, and very much welcome the opportunity to provide input on this important matter

In this input, firstly the specific suggestions for improving direct communication are given. This is followed by the background against which the suggestions are being made, by identifying practical problems associated with the lack of direct communication from a project participant’s viewpoint.

It is noted that direct communication need not always be with the board and that direct communication with the MP, SSC WG and the Secretariat will be just as effective when conducted under the support and guidance of the Board. The Secretariat, with the high-quality staff it now has, can play an important role in direct communication with stakeholders.

### **Specific suggestions for direct communication**

Based on our experience of practical problems associated with the lack of direct communication as elaborated in the next section, this section provides Asiatica’s specific suggestions for direct communication.

We believe that direct communication with project participants should:

1. Be compulsory at the following junctures:
  - a. Prior to making a request for review for a submission<sup>1</sup>.
  - b. Prior to making a (recommendation for) decision for rejection for a submission.
  - c. Prior to making a (recommendation for) decision for approval but with added conditions.
  - d. Prior to making a (recommendation for) decision for approval of a revision request, or revising a methodology based on a clarification(s), but with changed wording or expanding scope of the revision beyond the original submission.
2. Be speedy. A response within, say, one working day, while the details of the project are still fresh in the reviewers’<sup>2</sup> minds, should enhance efficiency and minimize delay. The same speedy response will be asked of the project participant. Where the response on the part of the project participant is slow, it would be reasonable to suggest that the issue is more than a minor one, and the reviewers justified in proceeding to the next step.

---

<sup>1</sup> In this document, “a submission” is used to indicate various documents including the PDD, MR, requests for new/revised methodologies, requests for clarification, and other requests.

<sup>2</sup> In this document, “reviewer” is used to mean any person(s) responsible for a decision or a recommendation for a decision.

3. Afford the project participant the opportunity to respond at least three times. If suggestion 2 above is adhered to, this entire process will only take five working days. We believe that for direct communication to be actually meaningful there must be real dialogue, and not just direct communication for the sake of fulfilling a procedural step.
4. Identify all the issues at the outset. On many occasions under the old registration process, a review decision identified a completely different issue to the one identified in the request for review. This is not fair to the project participant given that ample time is provided for the reviewer to identify issues (e.g. 28 days for request for registration) and should not be allowed under the direct communication process. All issues should be identified in the first communication to the project participant by the reviewer. It is suggested that only issues that directly arise from the communication (e.g. in the course of discussing issue A, it became apparent that resolving issue A causes issue B) be allowed in subsequent communications.

### **The practical problems associated with lack of direct communication**

There are several major practical problems associated with the lack of direct communication, particularly when a project-specific submission is being assessed. These are summarized below.

- Approvals but with unintended consequences. We have noticed many instances where, without prior direct communication with the project participants, submissions are approved but with modifications that are clearly not in line with the intention of the author(s). On at least two occasions, Asiatica's submission (requests for revision of an approved methodology) was approved but with a modification in wording that rendered the revised versions unusable for the project the submission was made for in the first place. On the first occasion, a correction was made in response to our direct plea, for which we are thankful. On the second occasion, we were forced to submit a clarification request immediately upon our revision being "approved", which eventually enabled us to apply the methodology to the project in question. There are other examples which will not be elaborated. What is emphasized is that this could have easily been avoided had effort been made at direct communication.
- Misunderstanding of highly project- or technology-specific technical information. It is our experience that often there is a misunderstanding of the nature of the technical information provided. While the onus is naturally on the project participant to clearly convey project information, it must be recognized that project participants need to maintain a careful balance between providing sufficient information and drowning reviewers in a sea of footnotes, which can cause further misunderstanding. Often, these technical information can be very simply explained in the context of the project (e.g. how appropriate load factors can be very different in Thailand and China due to a fundamental difference in power tariff structure, which is common knowledge in the industry), or reviewers directed to the section of a submission where relevant

facts may be mentioned but which may have been missed. Instead, due to lack of direct communication, many comments are made by reviewers based on misunderstanding and are treated as large issues. This is clearly unwarranted.

- Disproportionate delay over minor issues. Apart from when there is a misunderstanding as elaborated above, it is often the case that a comment is raised over a minor issue in a submission and procedurally treated in the same way as a larger issue. In such cases a submission is sent to the back of a long queue, resulting in a hugely disproportionate delay.

It is also noted that compounding this problem is the increased bureaucracy on the part of the DOEs as a result of stricter guidelines. The process of sending a submission back to the end of the queue even over matters that could have easily been resolved by direct communication is terribly inefficient. This is because nowadays there are reviews by 4 or 5 layers of assessors. While the action of reviewing and signing off may only take a couple of hours each, the queue for each assessor means that on top of any delay due to the above, there is easily another two months' delay for the DOE review. Additional hefty charges for the project owner also accompany this process.

When a project owner heavily depends on CER income and has a tight cash flow, the sad but real flow-on effect of delays and added costs due to the lack of direct communication is that they are forced to find a CER buyer early, who, as is their right to do so, takes advantage of the situation to offer immediate cash for a drastically reduced CER price throughout the crediting period (the CERs are typically too small for sellers to be able to negotiate a one-off deal, meaning they can easily lose half of their entire CER value due to delays). This can happen over a delay of just a couple of months, and should not be allowed to occur over minor issues. It is noted that some of Asiatica's own submissions over relatively minor matters have not been resolved since September 2010. A small company will easily face cash flow hardship during the 6+ months of waiting.

Asiatica deals with many small projects. The smaller and more dependent on CERs the project is, the more severe this effect tends to be, as the project owners are often small local companies. We believe it is essential that systematic direct communication is carried out to not put these projects at disadvantage.

We hope our suggestions are helpful for the EB to hammer out a practical guideline for direct communication.

Yours sincerely,  
Kyoko Tochikawa  
Carbon Partners Asiatica