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Mr. Naoki Matsuo
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Date: 20 March 2012
Reference: 2011-078-S
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Sent by e-mail to: n_matsuo@climate-experts.info

Re.: Clarification on Materiality Standard Decision by the CMP for its applicability to the validation stage

Dear Mr. Matsuo,

Thank you for your letter received on 20 February 2012, which has been made available to the Chair of the Board.

Your letter requests clarification on elements of the draft CMP.7 decision “Materiality standard under the clean development mechanism”. The first concern is with regards to paragraph 3 of this draft decision, which states that “...*the scope of materiality initially covers: (a) The stage of verification by designated operational entities; (b) The assessment of requests for issuance by the Executive Board of the clean development mechanism and its support structure; (c) Non-prescriptive and prescriptive requirements; (d) Quantitative information*”. Please allow me to clarify that the scope here does not include the methodology application or validation process, and that the elements (a) to (d) above are not mutually exclusive; the scope of materiality covers all of the elements above.

You have also asked whether an emission source specified in the methodology shall be monitored, even if the project participants can demonstrate that the emission source is not material. Please be aware that it is not the role of the project participants but rather that of the DOE to assess materiality within the course of its verification activities. Project participants must monitor all required data/sources as prescribed by the applied methodology/ies and applicable guidelines and tools. Thus the scope of the concept of materiality as presented in the draft decision does not affect the fundamental obligation of project participants to fulfill all applicable monitoring requirements.

Please be informed that work on *operationalizing* the materiality standard is ongoing. You may be aware that the Board recently adopted the 2012 CDM management plan at its sixty-sixth meeting, which includes guidance on the application of materiality, projected to be developed within the coming year. Please also note that the draft CMP.7 decision above further indicates that the scope of the concept of materiality, as referred to in paragraph 3 quoted above, and the materiality thresholds shall be reviewed no later than one year after their implementation.



Page 2

I trust that the above clarifies your concerns.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'A. Howard', with a large, stylized initial 'A'.

Andrew Howard
Secretary to the CDM Executive Board