



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

Twenty-fifth meeting

UNFCCC Headquarters
Bonn, Germany
19 - 21 July 2006

CONTENTS

- I. PROPOSED AGENDA
- II. ANNOTATIONS TO THE PROPOSED AGENDA

Annex 1: General guidance on indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories

Annex 2: Draft clarifications on the Procedures for review referred to in paragraph 65 of the modalities and procedures for a clean development mechanism

Annex 3: Draft report of the CDM Executive Board to the COP/MOP

**I. PROPOSED AGENDA**

1. Membership issues (including disclosure of possible conflict of interest)
2. Adoption of the agenda
3. Work plan:
 - (a) Accreditation of operational entities
 - (b) Methodologies for baselines and monitoring plans
 - (c) Issues relating to CDM afforestation and reforestation project activities
 - (d) Issues relating to small-scale CDM project activities
 - (e) Matters relating to the registration of CDM project activities*
 - (f) Matters relating to the issuance of certified emission reductions and the CDM registry**
 - (g) Modalities for collaboration with the SBSTA
4. Management plan and resources for the work on the CDM
5. Other matters
6. Conclusion of the meeting

*For more information please visit the page CDM Project activities “under review” and “review requested” of the UNFCCC CDM website
(<http://cdm.unfccc.int/Projects/under_review.html> and <<http://cdm.unfccc.int/Projects/review.html>>).

**For more information please visit the “issuance of CERs” section of the UNFCCC CDM website
(<<http://cdm.unfccc.int/Issuance>>).



II. ANNOTATIONS TO THE PROPOSED AGENDA

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

1. The Chair shall ascertain whether (a) the members present constitute a quorum, and (b) the absence of any member or alternate member is “without proper justification”¹.
2. ►**Action:** The Board may wish to consider information provided by any member and alternate member, including with respect to any potential conflict of interest, and take action, as appropriate.
3. *Background:* The Chair shall request, at the beginning of each meeting of the CDM Executive Board, members and alternates to disclose whether they consider to have any conflict of interest relating to the work of the Board.
4. ►**Action:** In accordance with rule 8 of the rules of procedure of the Executive Board, the Board may wish to consider, bearing the proximity of the second session of COP/MOP in mind, to appoint a new alternate member for the remainder of the mandate of Mr. Masaharu Fujitomi.
5. *Background:* Following the receipt of the letter of resignation of Mr. Masaharu Fujitomi on 9 June 2006, a letter had been sent to the Coordinator of the regional group of Western European and other States on 19 June 2006 so that the group could nominate a replacement for the remainder of the term of Mr. Fujitomi. Mr. David J. Cooney, Chair of the regional group of Western European and other States, in a letter dated 29 June 2006 nominated Mr. Akihiro Kuroki to assume the vacant seat for the remainder of the term of Mr. Masaharu Fujitomi.

2. Adoption of the agenda

6. ►**Action:** Members may wish to adopt the proposed agenda for the twenty-fifth meeting.
7. *Background:* The Board agreed, at its twenty-fourth meeting, on items to be included in the provisional agenda for its twenty-fifth meeting. In accordance with rule 21 of the rules of procedure of the Executive Board, subsequent additions or changes to the provisional agenda by members and/or alternate members were to be incorporated in the proposed agenda. No suggestions for changes were received. The proposed agenda was transmitted to the Board on 28 June 2006 and thereafter posted on the UNFCCC CDM website.

3. Work plan

(a) Accreditation of operational entities

8. ►**Action:** The Board may wish to take note of the twelfth progress report on the work of the CDM-AP, sent on 3 July 2006.
9. *Background:* The CDM-AP held its twenty-first meeting on 22 - 23 June 2006, in Bonn, Germany and forwarded the twelfth progress report reflecting the work of the CDM-AP.

General guidance

10. ►**Action:** The Board may wish to consider to adopt the a revised procedure for accrediting operational entities by the Executive Board of the CDM.
11. *Background:* The Chair of the CDM-AP, at twenty-fourth meeting of the Board, presented the draft revised accreditation procedure. The Chair informed the Board members that the revision of the procedures

I. _____

¹ Please refer to rules 28 and 7 of the rules of procedures of the Executive Board.



has been undertaken by taking into consideration the relevant decisions and clarifications of the Board and the CDM-AP and proposed that it be made available for public comments. The Board agreed to make it available for public comments and the procedure was made public from 15 May 2006 to 15 June 2006. A total of 6 submissions, including 2 after the deadline, were received. The CDM-AP, at its twenty-second meeting, considered the inputs received during the comment period and agreed on the revision. The CDM-AP recommends the revised accreditation procedure to the Board for its adoption.

Case specific

12. ►**Action:** The Board may wish to consider to accredit and to provisionally designate entities for sector specific validation and/or verification/certification functions.
13. **Background:** In accordance with the accreditation procedure, the recommendations for phased accreditation and the supporting documentation are confidential and have been sent under separate cover on 3 July 2006.

(b) Methodologies for baselines and monitoring

14. ►**Action:** The Board may wish to take note of the report on the work of the twenty-first meeting of the Methodologies Panel on baseline and monitoring methodologies (Meth Panel), and an oral report by its Chair, Mr. Rajesh Sethi, on the work of the panel.
15. **Background:** The Meth Panel held its twenty-first meeting in Bonn, Germany from 6 April to 9 June 2006 and undertook its work in two parallel groups. The Chair, Mr Rajesh Sethi, and Vice Chair, Mr. Jean Jacques Becker, chaired the meeting with the support from Board members Mr. Lex de Jonge and Mr Xuedu Lu. The Meth Panel dealt with general issues relating to case-specific issues process, methodological clarifications, guidance and other issues, as specified below.

Case specific

16. ►**Action:** Taking into consideration the inputs by experts (desk reviewers) and the public, the Board may wish to consider and agree to the recommendation provided by the Meth Panel on the following cases as referred in paragraph 7 of the Meth Panel report (MP21):
 - (a) Approve cases NM105-rev, NM0107-rev, NM0123-rev, NM0143 (with elements of NM0164 incorporated) and NM0164 (incorporated into NM0143), as contained in the annexes 1 to 4 of the Meth Panel report (MP21);
 - (b) Forward cases NM0141, NM0149, NM0150, NM0152 and NM0154 for revision to the project participants and for resubmission without the need for further experts and public input. If project participants wish to have the revised proposals considered at the twenty-first meeting of the Meth Panel (4 - 8 September 2006), they shall exceptionally submit them by 7 August 2006;
 - (c) Not to approve cases NM0118-rev, NM0156, NM0157 and NM0158 that, if revised taking into account comments, can be resubmitted but will require new expert and public input.

17. **Background:** Information on methodologies currently under consideration by the Board and the Meth Panel are available on the UNFCCC CDM website (<<http://cdm.unfccc.int/methodologies/PAmethodologies/publicview.html>>). The Meth Panel agreed on preliminary recommendations to project participants for proposals NM0108-rev, NM0134-rev, NM0138-rev, NM0159, NM0160, NM0161, NM0163, NM0165 and NM0166. In addition work on four cases (NM0110-rev, NM0133-rev, NM0155, and NM0162) was not concluded and will be considered at the next meeting of the Meth Panel. The Meth Panel also undertook qualitative assessment of the two cases of new



methodologies for carbon capture and storage (NM0167 and NM0168, see paragraph 26 below), as requested by the Board at its twenty-third meeting.

Responses to clarifications

18. ► **Action:** The Board may wish to consider and agree to the responses to clarifications provided by the Meth Panel, as referred in paragraph 8 of the Meth Panel report (MP21):

- (a) Accept clarification AM_CLA_0027 concerning ACM0009 and the applicability to projects in the district heating sector, which resulted in the revision of the methodology, as referred in paragraph 14 of the Meth Panel report (MP21).
- (b) Accept clarification AM_CLA_0028 concerning ACM0001 and the clarification on requirements for monitoring landfill gas flows in projects where only flaring occurs, which resulted in revision of methodology.
- (c) Not accept clarification AM_CLA_0025 concerning ACM0003 and the clarification on eligibility of use of fuel prepared from biomass residues, which nevertheless resulted in the revision of the methodology, as referred in paragraph 12 of the Meth Panel report (MP21).
- (d) Not accept clarifications AM_CLA_0026 concerning ACM0004 and guidance on the applicability of the treatment of additional gain in sensible heat due to combustible elements of waste gas.

19. **Background:** Information on the clarification to methodologies is available on the UNFCCC CDM website (<<http://cdm.unfccc.int/methodologies/PAmethodologies/Clarifications>>).

Responses to revisions

20. ► **Action:** The Board may wish to consider and agree to the responses to revisions provided by the Meth Panel, as referred in paragraph 8 of the Meth Panel report (MP21):

- (a) Accept revision AM_REV_0010 concerning AM0014 and the modification of the applicability condition of the methodology to allow the cogeneration system to be owned or operated by the consuming facility that receives the project heat and electricity, which resulted in revision of the methodology, as referred in paragraph 9 of Meth report (MP21).
- (b) Accept revision AM_REV_0011 concerning AM0022 and an amendment to allow for flaring only of biogas, which resulted in the revision of the methodology as referred in paragraph 10 of Meth report (MP21).
- (c) Not accept revision AM_REV_0009 concerning AM0019 and a revision to apply to renewable energy projects replacing part of the electricity production of more than one fossil fuel fired power plant.
- (d) Not accept revision AM_REV_0012 concerning ACM0001 and alternative approaches to monitoring flare efficiency and the use of thermal-mass flow meters, but resulted in the revision of the approved methodology to provide a default methane destruction flare efficiency factor for situations where flare efficiency is not measured.
- (e) Not accept revision AM_REV_0013 concerning ACM0006 and the amendment of ACM0006 by adding a new scenario which covers a scenario where the project cogeneration plant is installed in a unit where power is not produced and in absence of the project a lower efficiency cogeneration



system using the biomass, which would be used in high efficiency project cogeneration system, would have been installed.

21. *Background:* Information on the revisions to methodologies is available on the UNFCCC CDM website (<<http://cdm.unfccc.int/methodologies/PAmethodologies/Revisions>>).

Revisions of approved methodologies:

22. ► **Action:** The Board may wish to consider to agree to the revisions of the following methodologies, as contained in the annexes 6 to 13 Meth Panel report (MP21):

- (a) AM0014: To expand the applicability conditions. Presently the methodology is applicable to projects where the cogeneration plant supplying energy to an industrial facility is owned and operated by a third party. The methodology is now applicable to situations where the cogeneration plant supplying energy to an industrial facility is established within, and owned by, the industrial unit;
- (b) AM0022: To expand the applicability conditions to allow for situations where flaring of the captured methane occurs and also to address other issues. Presently the methodology is applicable only to projects where the captured methane is used for energy and/or electricity generation. In addition the procedure for estimating the baseline heat and electricity consumption at the facility, where the gas capture and utilization project activity is implemented, was clarified;
- (c) ACM0001: To allow the use of one measurement point for land fill gas (LFG) captured, if the captured LFG is flared only and not used for energy and/or electricity generation, provided that the flow meter is periodically calibrated by an officially accredited entity. Furthermore, the methodology was revised to provide a default value for methane destruction flare efficiency (50%) should the flare efficiency not be measured;
- (d) ACM0003: To revise this methodology in order to clarify that those biomass residue types where the preparation of biomass residue for use in the project plant may be associated with significant GHG emissions are not eligible in the methodology, as a result of a request for clarification;
- (e) ACM0008: To clarify that the default value of 50% for methane destruction flare efficiency should be used if it is not measured. The current methodology allows for use of default ex-ante flare efficiency of 99% for enclosed flare;
- (f) ACM0009: To expand the applicability conditions to include fuel switches in heat-only boilers in the district heating sector. The methodology is presently applicable to fuel switch only, from coal and/or petroleum fuel to natural gas, in industrial facilities;
- (g) AM0006 and AM0016: To include a default value of 50% methane destruction flare efficiency to allow for situations where the monitoring of methane destruction flare efficiency is not undertaken. In situations where the methane destruction flare efficiency is monitored, the measured value shall be used for estimating the amount of methane destroyed. Further, the methodology is revised to ensure that the annual methane conversion factor (MCF) estimated by the methodologies should not exceed values given in 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Furthermore, AM0006 was revised to use the value of the monitored flared methane and / or the measurement of methane generated to estimate the emissions reductions.

23. *Background:* In response to technical queries and inputs by project participants and DOEs, the Meth Panel considered and recommended to revise the approved methodologies as reflected above in paragraph 25 of annotations. The Board specifically requested the Meth Panel at its twenty fourth meeting to revise the approved methodologies AM0006 and AM0016 to include the monitoring of flares for consideration by the



Board at its twenty-fifth meeting. The Meth Panel noted that further revisions of the approved methodologies AM0006 and AM0016 may occur, based on public comments and expert advice. Information on the revisions to methodologies are available on the UNFCCC CDM website (<<http://cdm.unfccc.int/methodologies/PAmethodologies/Revisions>>).

General guidance

24. ►**Action:** The Board may wish to consider the consolidation of all cogeneration based waste gas/heat methodologies, as the differences between the individual cases are not significant enough to warrant separate methodologies, as referred in paragraph 20 of the Meth Panel report (MP21).

25. **Background:** The Meth Panel considered a number of proposed new methodologies for the use of waste gas/heat for cogeneration to displace energy sourced from either high carbon fossil fuels in cogeneration or separate sources of electricity and heat production, including recommending the approval of case NM0107-rev, which is for project activities where waste gas based cogeneration is established, at the facility where waste gas is generated, and the energy is exported to user(s) who otherwise would use fossil fuel sources for energy.

26. ►**Action:** The Board may wish to consider the report and the request for guidance by the Meth Panel therein on common technical/methodological and policy/legal issues that arose from the qualitative consideration of the Carbon Dioxide Capture and Storage (CCS) cases NM0167 and NM0168, as contained in annex 14 and referred in paragraph 15 and 16 of the Meth Panel report (MP21).

27. **Background:** The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session (COP/MOP1) requested the Executive Board to consider proposals for new methodologies for carbon dioxide capture and storage (CCS) as clean development mechanism project activities with a view to making recommendations to the COP/MOP at its second session, on methodological issues, in particular with regards to project boundary, leakage and permanence. The Board further clarified, at its twenty third meeting, that the Meth Panel shall consider all relevant methodologies, with the possibility to invite technical clarifications from project participants, to provide to the Board a qualitative assessment that the Board shall use to prepare its recommendation on methodological issues related to CCS as CDM project activities, in particular on boundary, permanence and leakage as requested by COP/MOP, for consideration by COP/MOP at its second session. The Meth Panel prepared qualitative assessments of these cases, which are available on the UNFCCC CDM website <http://cdm.unfccc.int/methodologies/PAmethodologies/publicview.html> and a report where it requests guidance, highlights and issues and suggests possible options.

28. ►**Action:** The Board may wish to consider to agree to the revision of the desk review forms (F-CDM-NMex_3d and 2d), recommendation form (F-CDM-NMmp), public input form (CDM-NMp) and the CDM-PDD form and its guidelines (Guidelines for completing CDM-PDD, CDM-NM) and to revise the procedures for submission of new methodologies to reflect the revision of the CDM-PDD form.

29. **Background:** The forms were revised in order to reflect the structure of the new baseline and monitoring form as approved by the Board at its twenty fourth meeting as well as to improve the guidelines for completion of the CDM-PDD. The revised forms are contained in annexes 15, 16, 17, 18, 19 and 20 respectively of the Meth Panel report (MP21). The revision of the Guidelines for completing CDM-PDD, CDM-NM also includes a number of aspects related to monitoring requirements. The Meth Panel also requested that the project participants use the new CDM-NM form for submitting technical clarifications to the preliminary recommendations made by the Meth Panel at its twenty first meeting.

30. In the proposed revised CDM-PDD form details of the application of a methodology are to be provided in section A to C, in stead of sections A to E as in the past. This means that only sections A to C need to be completed in the example CDM-PDD, submitted with a new methodology.



31. Upon approval of the new CDM-PDD form, a change in the requirement for sections A to C to be completed, needs to be reflected in the procedures for submission of new methodologies.

32. ►**Action:** The Board may wish to consider the table of issues for defining the term “CDM project activities under a programme of activities”, as referred in paragraph 31 of the Meth Panel report (MP21) and contained in its annex 21, and to provide policy and methodological-level guidance.

33. *Background:* The Meth Panel at its twentieth meeting had requested the Board to clarify whether it should work on definitions of terms for CDM project activities under a programme of activities in order to ensure consistency with the guidance of COP/MOP 1 on CDM project activities under a programme of activities. The Board at its twenty fourth meeting requested the Meth Panel to prepare a table of issues that would be addressed by the defining the term “CDM project activities under a programme of activities”. The Meth Panel discussed issues relevant to “project activities under a programme of activities”, as referred to in decision 4/CMP.1 and noted that this decision text could be interpreted in different ways and, therefore, has requested further policy guidance related directly to methodologies currently under consideration. For example, whether project activities undertaken as part of a programme designed to implement a mandatory national energy-efficiency standard are eligible under the CDM. This being relevant for the assessment of a proposed new methodology NM0159 (Implementation of an Efficiency Testing, Consumer Labeling and Quality-Assurance Program for Air Conditioners in Ghana).

Further schedule:

34. ►**Action:** The Board may wish to take note that the Meth Panel postponed five agenda items at its twenty-first meeting due to lack of time. These included: (i) the issue of the use of IPCC carbon emission values for fuels; (ii) proposal on issue on leakage from replacement of old equipment; (iii) interpretation of the 1st paragraph of the “Procedures for the revision of an approved baseline or monitoring methodology by the Board during second commitment period”; (iv) revision of AM0025 to incorporate AM0012; and (v) consideration of CDM projects in the estimation of emissions factors.

35. ►**Action:** The Board may wish to take note that the next Meth Panel meeting is to take place on 9 - 13 September 2006 taking into account the schedule of the Board. The panel meeting will take place over five days with no informal day but instead a mid meeting working day in order to complete in meeting tasks.

36. ►**Action:** The Board may wish to confirm that the deadline for the seventieth round of submissions of proposed new baseline and monitoring methodologies is 5 October 2006.

37. *Background:* The meetings schedule for the twenty-third meeting is unconfirmed but indicated to take place one month later from 9 - 13 October and the twenty-fourth meeting, similarly from 27 November to 1 December 2006. The tentative schedule for meetings in 2006 is available at: <http://cdm.unfccc.int/Panels/meth>.

Selection of members of the Meth Panel:

38. ►**Action:** The Board may wish to select fourteen members for a new term of the Meth Panel.

39. *Background:* The Board at its twenty-fourth meeting agreed to replace Ms. Jane Ellis by Mr. Juerg Fuessler who has started his work. The Board further agreed to revise the terms of reference for the Meth Panel in order to revise the competence requirements for members of the Meth Panel. The Board further agreed to launch a call for experts to members of the Meth Panel which was open from 19 May 2006 to 16 June 2006 @ 17:00 GMT. Members currently serving in the Meth Panel at that time were invited to reapply. Mr. Juerg Fuessler was not a member at that time and has started to serve the Meth Panel as from its twenty-first meeting. The Board requested the secretariat to compile a short-list of applicants, which includes members currently serving on the Meth Panel, for consideration at its twenty-fifth meeting. The confidential list of 47 applications and related documentation are available on the access-restricted extranet of the Board.



In accordance with past practice, the confidential short-list will be made available in the closed session at the meeting.

For notification by the Board

40. ► **Action:** The Board may wish to take note of the explanations related to approved methodologies in particular on electricity generation projects resulting in emissions reductions in another non-Annex I country as contained in paragraph 16 of the Meth Panel report (MP21).

41. *Background:* The Meth Panel discussed the issue of renewable electricity generation projects that result in a reduction of GHG emissions in another non-Annex I country via the export of electricity. It was of the view that the approved methodology to address renewable electricity generation project activities (ACM0002) is not applicable to such projects as it addresses only situations where the CDM power plant is located within the grid where the electricity generated by the proposed project is displaced. The approved baseline and monitoring methodology has no procedures to identify the grid to which the power is exported, or to certify the actual power delivered to the identified grid consuming the power. The Meth Panel also noted that the approved methodology as available requires the DNA to define the grid boundaries and in a situation of an international grid or export to another countries grid, all the DNAs concerned would have to provide an approval of grid boundary definition used by the project participants, which may require all DNAs in an international grid to agree upon a consistent grid definition.

42. ► **Action:** The Board may wish to take note of the explanations related to approved methodologies in particular on flare monitoring and methane destruction flare efficiency measurement in methane avoidance projects as contained in paragraph 17 of the of the Meth Panel report (MP21).

43. *Background:* The Meth Panel took note of submissions on the issue of the flare efficiency measurements and suggestions for alternative methods of monitoring the methane destruction flare efficiency. The Meth Panel was of the view that methane destruction flare efficiency is a function of temperature of flare, residence time of gas and the turbulence (or wind conditions). Therefore temperature alone cannot be used as a proxy for monitoring the methane destruction flare efficiency, as it is not precise enough to calculate the emission reductions incurred.

44. ► **Action:** The Board may wish to take note of the status of work on the additionality tool and encourage the panel to finalize a recommendation for the Board's consideration at its twenty-sixth meeting as envisaged by the Meth Panel.

45. *Background:* As requested by the Board at its twenty-fourth meeting, the Meth Panel, at its twenty-first meeting, prioritized its work by considering an expert proposal on the merging of the latest version of the additionality tool and draft baseline decision tool, taking into account improvements as provided in the public inputs. The Chair of the Panel will brief the Board on the work of the panel, which before finalizing its recommendation to the Board at its twenty-sixth meeting, will take into account an analysis of the use of the additionality tool in projects, which have been registered or have requested registration.

46. ► **Action:** The Board may wish to take note that the Meth Panel agreed to further work on a proposal for addressing double counting with a view to providing a recommendation to the Board at its next meeting and that the panel recognized that the issue of double counting may be addressed at two levels namely; (i) proactively by defining procedures that aim to limit the risk of double counting before the risk materializes by restricting the eligibility of claiming credits to certain actors; and (ii) by defining procedures to address and prevent double counting when the risk materializes before CERs are issued.

47. *Background:* Taking into account the issues raised by the Board at its twenty-fourth meeting on the recommendation by the Meth Panel concerning double counting in blended biofuel methodologies, the Meth Panel considered a proposal to address double counting.



48. ► **Action:** The Board may wish to take note that the Meth Panel identified that guidelines on uncertainties in methodologies would need to be developed for the following issues (i) the acceptable limit of uncertainty on how to reduce uncertainty and (ii) the quantification of uncertainty. The Meth Panel's approach in addressing and quantifying uncertainty should focus on key parameters in estimating the emissions reductions and that the Meth Panel agreed to continue its work in this regard with a view to prepare a proposal at its next meeting.

49. *Background:* As agreed at its last meeting the Meth Panel considered a discussion paper on the issue of uncertainty in the estimation of emissions reductions.

(c) Issues relating to afforestation and reforestation project activities

50. ► **Action:** The Board may wish to take note of the report on the work of the ninth meeting of the Afforestation and Reforestation Working Group (A/R WG) and an oral report by its Chair, Mr. Phillip Gwage, on the work of the group.

51. *Background:* The A/R WG held its ninth meeting (A/R WG 09) in Bonn (Germany) from 13 to 14 June 2006. It dealt with case specific issues as well as with general issues related to process and methodological clarifications, as specified below.

Case specific

52. ► **Action:** The Board may wish to consider and agree to the recommendation provided by the A/R WG on the following cases as referred in paragraph 4 of the A/R WG report (A/R WG 09):

(a) Not to approve cases AR-NM022, AR-NM0023 and AR-NM0025 which, if revised taking into account comments, can be resubmitted but will require new expert and public input.

53. *Background:* Information on methodologies currently under consideration by the Board and the Meth Panel are available on the UNFCCC CDM website (<<http://cdm.unfccc.int/methodologies/ARmethodologies/publicview.html>>). The A/R WG, taking into consideration the inputs by experts (desk reviewers) and the public, agreed on preliminary recommendations to project participants for proposals AR-NM021 and AR-NM0024. In addition work on three cases (AR-NM015 AR-NM0019 and AR-NM0020) was not concluded and will be considered at the next A/R WG meeting.

General guidance

54. ► **Action:** The Board may wish to consider and agree to the proposal on the issue of avoidance of possible double counting of emissions between A/R and non A/R project activities as contained in annex 1 of the A/R WG report (A/R WG 09).

55. *Background:* The A/R WG noted that the issue may be addressed at two levels namely; (i) proactively by defining procedures that aim to avoid the risk of double counting before the risk materializes in the real CDM projects; and (ii) by leaving the regulations as they are now, i.e. requesting for the double counting of certain emission which leads to unnecessary decrease in the volume of CERs that may be issued by conjugated A/R and non A/R CDM project activities. The A/R WG selected the option which requires that the same GHG emissions that are independently estimated by the both AR and non AR methodologies do not need to be counted by the AR CDM project, while any leakage effects from decreases of carbon stocks in carbon pools do not need to be considered in the non-AR project activity.

56. ► **Action:** The Board may wish to consider to revise the forms: Summary Recommendation to the Executive Board (F-CDM-ARNMSUMar); Working Group Recommendation to the Executive Board (F-CDM-AR-NMar); A/R methodology Public Comment form (F-CDM-AR-NMp); CDM A/R methodology



Expert form - Lead (F-CDM-AR-NMex_3d) and CDM A/R methodology Expert form - Second (F-CDM-AR-NMex_2d) as contained in annexes 2, 3, 4, 5 and 6 respectively of the A/R WG report (A/R WG 09).

57. *Background:* The Board at its twenty third meeting revised the form CDM-AR-NM, which meant that these changes need to be reflected in the recommendation, summary recommendation, public comment and expert review forms in order to maintain consistency and alignment with the equivalent forms of the Meth Panel.

Further schedule:

58. ►**Action:** The Board may wish to consider that the A/R WG at its ninth meeting agreed to convene its next meeting on 29 to 30 August 2006 taking into account the schedule of the Board.

59. ►**Action:** The Board may wish to consider confirming that the deadline for the eleventh round of submissions of proposed new A/R baseline and monitoring methodologies is 14 September 2006.

60. *Background:* The tentative schedule for meetings in 2006 will be available at:
<<http://cdm.unfccc.int/Panels/ar>>

For notification by the Board

61. ►**Action:** The Board may wish to take note that the A/R WG considered a draft proposal for guidance on estimation of the leakage and possible use of leakage management areas to assist project participants in addressing this issue in the development of new methodologies and agreed to continue work on the proposal for consideration at its next meeting with a view to preparing a draft version of the guidance for recommendation by the Board.

62. ►**Action:** The Board may wish to take note that A/R WG considered a proposal for consolidating A/R methodologies and agreed to continue its work on this regard.

63. *Background:* The Board at its twenty-fourth meeting, encouraged the A/R WG to consider the consolidation of approved methodologies which are similar.

(d) Issues relating to small-scale CDM project activities

64. ►**Action:** The Board may wish to take note of the report of the sixth meeting of the working group to assist the Executive Board in reviewing proposed methodologies for small-scale CDM project activities (SSC WG) and of an oral report by its Chair, Ms. Gertraud Wollansky, on the progress achieved.

Case specific

65. ►**Action:** The Board may wish to consider to create new categories for project activities saving non-renewable biomass as contained in annex 5 and 6 of the SSC WG report (SSC WG 05).

66. *Background:* The SSC WG considered the submissions received in response to the call for public inputs requested by the Board at its twenty-third meeting on “procedures to address ‘leakage’ from small-scale CDM biomass project activities”. The SSC WG recommended the revised draft methodologies “SSC Category - I. E. Switch from non-renewable biomass for thermal applications” and “SSC Category - II. G. Energy efficiency measures in thermal applications of non-renewable biomass”. The amendments take into account relevant potential sources of leakage from both non-renewable and renewable biomass use. The emission reduction calculations for these categories (baseline and leakage) are only applicable to small-scale project activities as the leakages of large-scale CDM project activities might be significant. In response to the request by the Board at its twenty-third meeting, the SSC WG undertook an analytic comparison of emission reductions from project activities using the draft categories I.E & II.G, with carbon content of replaced non-



renewable biomass and concluded that the emission reduction applying the proposed categories I.E and II.G above amount to about 13-36% of those which could be obtained with the existence of the non-renewable biomass option previously, the inclusion the leakage consideration further adversely impact the economics of the project activity (for details of the analysis please refer to annex 7 of the SSC WG 05 report).

67. ► **Action:** The Board may wish to consider to create a new category for project activities avoiding fossil fuel combustion for carbon dioxide production to be used as raw material for industrial processes as contained in annex 4 of the SSC WG report (SSC WG 05).

68. *Background:* The SSC WG recommended a new category “SSC Category – III. J. Avoidance of fossil fuel combustion for carbon dioxide production to be used as raw material for industrial processes” under type III. The category is applicable to (a) project activities that replace the carbon dioxide produced by fossil fuel combustion with carbon dioxide captured from a renewable biomass source and (b) project activities that result in total emission reduction not exceeding 15 kilo tons CO₂e annually during every year of the crediting period. The SSC WG took into consideration the approved methodology AM0027 while developing this category.

Revisions of approved methodologies:

69. ► **Action:** The Board may wish to consider the revision of the following methodologies as contained in the annexes 1 and 2 of SSC WG report (SSC WG06):

- (a) Revision of AMS III.D: To expand its applicability to cover project activities that change manure management practices e.g. from ‘lagoon’, ‘liquid/slurry’, ‘solid storage’ or ‘drylot’ to ‘anaerobic digestion’ for the treatment of swine or cattle manure.
- (b) Revision of AMS III.G: To clarify the procedure for estimating the baseline emissions as well as the procedure for estimating ex-ante emission reductions to be provided in the Project Design Document (CDM-SSC-PDD).

70. *Background:* In response to technical queries and inputs by project participants and DOEs, the SSC WG considered and recommended to revise the above approved methodologies.

71. ► **Action:** The Board may wish to consider the revision of ‘AMS - III.I. Avoidance of methane production in wastewater treatment through replacement of anaerobic lagoons by aerobic systems’ to clarify the applicability condition relating to residence time of wastewater being treated, as contained in the annex 1 of SSC WG report (SSC WG05):

72. *Background:* In response to technical queries and inputs by project participants and DOEs, the SSC WG recommended to revise ‘AMS - III.I.’

73. ► **Action:** The Board may wish to consider the revision of ‘AMS - III.H. Methane Recovery in Wastewater Treatment’, to clarify the inclusion of methane emission factor in the formula for baseline calculations, as contained in the annex 2 of SSC WG report (SSC WG05).

74. *Background:* In response to technical queries and inputs by project participants and DOEs, the SSC WG recommended to revise to ‘AMS - III.H.’

75. ► **Action:** The Board may wish to consider the revision of ‘AMS - I.D. Grid connected renewable electricity generation’, which entails an amendment to the procedure for estimating the combined margin emission factor of AMS - I.D, making it thereby consistent with ACM0002. The recommended changes would provide more options to the project proponents to estimate the emission factors, while also ensuring chosen emission factors are conservative even in grid systems dominated by low cost/must run resources (e.g. hydroelectric power generation), as contained in the annex 3 of SSC WG report (SSC WG05).



76. *Background:* The SSC WG recommended revising ‘AMS - I.D.’ not as a response to technical queries and inputs by project participants and DOEs, but rather in order to maintain consistency with ACM0002.

77. ►**Action:** The Board may wish to confirm that the reductions in the use of bunker fuels from international maritime applications (in this case the shortening of the shipping route) will not be considered as part of CDM project activities, as referred to in paragraph 16 of the SSC WG report (SSC WG 05).

78. *Background:* SSC WG is considering a submission that relates to a proposed project activity which results in a shift from ‘road cum ship’ transportation to ‘pipeline cum ship’ transportation of an industrial product. The emission reductions as proposed would be composed of effects from replacing road transport by pipeline use and from shortening of the shipping route in international waters. This submission has since been resubmitted, where the emission reduction resulting from the shortening of the shipping route is no longer present. The SSC WG hence requested above action.

79. ►**Action:** The Board may wish to consider to revise methodologies AMS-III.C, -III.B and -III.D, which includes among others guidance on accounting of methane leakage and uncombusted methane due to methane destruction flare inefficiency or flare availability, as contained in the annexes 11 and 12 and 13 of SSC WG report (SSC WG05).

80. *Background:* As requested by the Board at its twenty-first meeting, the SSC WG developed detailed guidance on the direct project emissions to be considered under type III activities. The Board approved such guidance for five of the categories at its twenty-third meeting. SSC WG recommended guidance for the remaining three categories (AMS-III.C, -III.B and -III.D), which includes guidance on accounting of methane leakage and uncombusted methane due to methane destruction flare inefficiency or flare availability.

General guidance

81. ►**Action:** The Board may wish to consider the report on technical/methodological issues that arose from the qualitative consideration of the Carbon Dioxide Capture and Storage (CCS) submission, as contained in annex 3 of the SSC WG report (SSC WG06) and take action as appropriate.

82. *Background:* The COP/MOP1 requested the Executive Board to consider proposals for new methodologies for carbon dioxide capture and storage (CCS) as clean development mechanism project activities with a view to making recommendations to the COP/MOP at its second session, on methodological issues, in particular with regards to project boundary, leakage and permanence. The Board further clarified, at its twenty third meeting, that the SSC WG shall consider all relevant submissions including any technical clarifications from project participants, to provide to the Board a qualitative assessment that the Board shall use to prepare its recommendation on methodological issues related to CCS as CDM project activities. The SSC WG requested further clarifications from the author/s of the only submission that was made (SSC_038) and considered the technical clarifications received (SSC_049) in preparing the qualitative assessment of this case. The submission and clarifications are available on the CDM web site:
<http://cdm.unfccc.int/methodologies/SSCmethodologies/Clarifications>

83. ►**Action:** The Board may wish to consider to determine the output capacity of renewable energy equipment as contained in annex 10 of SSC WG 05 report and annex 4 of SSC WG 06 report, which has been combined in annex 1 to these annotations.

84. ►**Action:** The Board may wish to consider to agree that the IPCC default values should be used only when country or project specific data are not available or difficult to obtain, as referred to in paragraph 30 of the SSC WG report (SSC WG 05).

85. *Background:* The Meth Panel did not consider this issue at its twenty first meeting due to time constraints. The SSC WG is continuing to work on the issue with a view to make a recommendation on the



use of IPCC default emissions factors in the approved SSC methodologies by the seventh meeting of the SSC WG. It also noted that as requested by the Board the Meth Panel is considering the issue for providing generic guidance on how to deal with situations where data from various official sources are available for the host country and agreed to take this guidance into account when making full recommendation. However, the Meth Panel did not consider this issue at its twenty first meeting due to time constraints.

86. *Background:* The SSC WG considered the issue of defining the eligible capacity limits for project activities involving thermal applications of solar energy and agreed to recommend a conversion factor based on the aperture area of the solar thermal collectors to estimate the output capacity in MW thermal. It also recommended additional guidance on the use of manufacturer's specifications of solar photovoltaic equipment. Further it recommend that in type I project activities where biogas is used as a source of fuel, the eligibility of the project activity shall be determined based on the thermal capacity of the device burning biogas.

87. ►**Action:** The Board may wish to consider and agree on the general guidance on leakage in biomass project activities as contained in the draft attachment C of annex 5 of SSC WG 06 report.

88. *Background:* Taking into consideration the recommendations of A/R Working Group on procedures to consider leakage in all SSC renewable biomass project activities, the SSC WG recommended guidelines to address significant leakage sources such as shifts or displacement of pre-project activities, emissions related to the production of the biomass and the competing uses for the biomass as a new attachment (C) to appendix B to the indicative SSC methodologies.

89. ►**Action:** The Board may wish to consider to launch a call for public inputs on barriers to developing type II small scale project activities, as referred to in paragraph 20 of the SSC WG report (SSC WG 05).

90. *Background:* The SSC WG carried out an analysis of the 'definition of small-scale CDM project activities' as requested by the Board at its twenty-third meeting. The SSC WG agreed that the barriers to developing projects under type II small scale CDM project activities might not be limited to the eligibility limits alone and therefore recommended to launch a call for public inputs in this regard. The SSC WG also noted that the direct emission limits of type III project activities, unlike type I and type II project activities are not in relation to the emission reductions of the project activity and agreed to further work on the issue of limits for all types.

91. ►**Action:** The Board may wish to consider to launch a call for public inputs on issues pertaining to the production and use of biofuels for SSC project, as contained in annex 9 of the SSC WG report (SSC WG 05).

92. *Background:* In its work on developing a category for project activities using biofuels in the transportation sector the SSC WG recommended to launch a call for public input on issues pertaining to the production and use of biofuels for SSC project activities.

93. ►**Action:** The Board may wish to consider to:

- (a) Revise the forms for the request for clarification (F-CDM-SSC-Subm) as contained in annex 14 of the SSC WG report (SSC WG 05).
- (b) Request for the creation of new categories should be accompanied by a completed draft PDD (section A to E) along with more substantive evidence from the project participants as to the need for a small-scale methodology and why an applicable large-scale methodology cannot be used, as referred to in paragraph 18 of the SSC WG report (SSC WG 06).



(c) Guide the SSC WG if it should respond to submissions which only request for explanations of the decisions of the Board and if so how, as referred to in paragraph 19 of the SSC WG report (SSC WG 06).

(d) Indicate to project participants that project activities under the CDM shall make use of technologies which are proven under field conditions and show general acceptance of the technology, as referred to in paragraph 20 of the SSC WG report (SSC WG 06).

94. *Background:* The SSC WG revised the forms for request for clarification (F-CDM-SSC-Subm) to enhance its user friendliness and recommended the approval of these revised forms. The SSC WG is of the view that CDM project activity should not be based on purely laboratory scale initiatives. It noted that a considerable amount of effort may be required by the working group to address the methodological issues of unproven technologies, which may have no immediate significant potential for application.

95. ►**Action:** The Board may wish to consider to:

(a) Clarify that a project activity which is eligible to be proposed as a small-scale CDM project activity with more than one component², shall submit one CDM-SSC-PDD. For each component of the project activity, all the subsections as specified in the guidelines for completing the CDM-SSC-PDD³, shall be provided separately.

(b) Delete the term ‘Component project activity’ from the glossary of terms contained in the guidelines for completing CDM-SSC-PDD to facilitate consistency and interpretation of these guidelines, as contained in annex 6 of the SSC WG report (SSC WG 06).

For notification by the Board

96. ►**Action:** The Board may wish to take note of the following items that the SSC WG agreed to continue to work on:

(a) ‘Micro-scale’ energy systems require specific consideration since they typically serve small applications or individual users. Examples of such systems include cook stoves, micro-hydro systems and solar home systems. Encouraging the development of small-scale CDM project activities for micro-scale energy systems could be an important way of ensuring a balanced regional and sub-regional distribution of CDM project activities;

(b) On the limit on Type III project activities based on the emission reductions noting that project direct emissions in many cases do not relate to the size of the project activity and are therefore not suited for defining a limit for small scale project activities.

97. *Background:* The Board at its twenty-third meeting requested the SSC WG to make recommendations on revisions to the definitions of small-scale project activities referred to in paragraph 31 of decision 7/CMP.1.

Further schedule:

98. ►**Action:** The Board may wish to consider that the SSC WG at its seventh meeting agreed to convene its next meetings on 31 August to 1 September 2006 taking into account the schedule of the Board.

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² For example a project activity applying AMS III E for the component activity resulting in methane avoidance through controlled combustion and applying AMS I D for the associated component activity for electricity generation.

³ Para 4 of ‘Part II’ under A. General information on the Small-Scale Project Design Document
<http://cdm.unfccc.int/Reference/Documents/GUID_SSC/English/SSCPDDguide.pdf>



99. *Background:* The tentative schedule for meetings in 2006 will be available at: <http://cdm.unfccc.int/Panels/ssc_wg>.

(e) Matters relating to the registration of CDM project activities

100. ►**Action:** The Board may wish to take stock on the progress of registration.

101. *Background:* The information available in the section on “Project Activities” on the UNFCCC CDM website (<<http://cdm.unfccc.int/Projects>>), indicates the status of project activities submitted for registration. The main information, as of 5 July 2006, can be summarized as follows:

- (a) Registered CDM project activities: 229 (two hundred and twenty-nine);
- (b) Request for registration: 31 (thirty-one);
- (c) Request for review: 31 (thirty-one)⁴;
- (d) Corrections requested: 1 (one);
- (e) Under review: 4 (four);
- (f) Withdrawn: 2 (two).

Case specific

102. ►**Action:** The Board shall consider the request for review of the 28 requests for registration listed in Table 1

Table 1: Projects for which a review has been requested by three of more Board members or one Party involved.

Ref No.	Title	A	B	C
282	Bagasse based power project at Jamkhandi Sugars Limited, Bagalkot, Karnataka	?	?	?
285	Tarucani I (“the project”)	?	?	?
298	4.5 MW Biomass (low density Crop Residues) based Power Generation unit of Malavalli Power Plant Pvt Ltd.	?	?	?
304	GACL Blended Cement Projects in India	?	?	?
306	Project for HFC23 Decomposition at Changshu 3F Zhonghao New Chemical Materials Co. Ltd, Changshu, Jiangsu Province, China	?	?	?
315	125 MW Wind Power Project in Karnataka, India	?	?	?
323	Krubong Melaka LFG Collection & Energy Recovery CDM Project	?	?	?
325	Generation of Electricity through combustion of waste gases from Blast furnace and Corex units at JSW Steel Limited (in JPL unit 1), at Torangallu in Karnataka, India	?	?	?
330	Manal, Chandni and Timbi Small Hydroelectric Projects of HCPL	?	?	?

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⁴ This figure includes three cases to be considered at the twenty-sixth meeting of the Board.



335	AWMS GHG Mitigation Project BR05-B-01, Minas Gerais, Brazil	?	?	?
336	AWMS GHG Mitigation Project BR05-B-03, Brazil	?	?	?
348	Cogeneration system based on biomass (rice-husk) replacing oil fired boiler for process steam and generating power for partly replacement of grid power supply to the plant at M/s Indian Acrylics Ltd., District Sangrur, Punjab, India.	?	?	?
355	Bagasse Based cogeneration power project of Rana Sugars Limited, Amritsar District, Punjab;	?	?	?
363	Angkor Bio Cogen Rice Husk Power Project	?	?	?
389	Waste heat recovery project based on technology up-gradation at Apollo Tyres, Vadodara, India	?	?	?
414	Solar steam for cooking and other applications	?	?	?
403	Inácio Martins Biomass Project	?	?	?
299	Guangdong Nan'ao Huaneng 45.05MW Wind Power Project	?	?	?
400	2x5 Radhanagari Hydro Electric Project	?	?	?
358	Rosslyn Brewery Fuel- Switching Project	?	?	?
238	Jilin Taobei Huaneng 49.3MW Wind Power Project	?	?	?
396	Satyamaharshi 6 MW Biomass Power Project	?	?	?
407	MNA Biomass 9.7 MWe Condensing Steam Turbine Project	?	?	?
385	Kina Biopower 11.5MW EFB Power Plant	?	?	?
386	Seguntor Bioenergy 11.5MW EFB Power Plant	?	?	?
350	Use of waste gas use for electricity generation at JSW Energy Limited	?	?	?
370	Ganpati co-generation project at Medak, Andhra Pradesh	?	?	?
372	7.5 MW Biomass (Mustard crop residue) based Power Project at RIICO Industrial area, Rajasthan by M/s Amrit Environmental Technologies Pvt. Ltd.	?	?	?

103. *Background:* Three (3) or more members of the Executive Board requested a review of the request for registration of the cases listed in Table 1. above. In accordance with “Procedures for review referred to in paragraph 41 of the modalities and procedures for a clean development mechanism”, for each case the Board shall decide whether to register the project activity as requested (case A in Table 1.), request that changes be made in the project documentation prior to registration (case B in Table 1.), or undertake a review (case C in Table 1.). If the Board agrees to undertake a review of these requests for registration it shall also decide on the scope of the review and the composition of the review team for each case.



104. ► **Action:** The Board shall consider the recommendations of the review team for the four (4) project activities listed in Table 2.

Table 2: Projects which were placed “Under review” at EB24

Ref. no.	Title	A	B	C
221	Grid-connected electricity generation from renewable sources at Satara by M/s Bajaj Auto Ltd. (BAL) using wind Power	?	?	?
224	Grid-connected electricity generation from renewable sources at Supa, Taluka Parner, Dist. Ahmednagar by M/s Bajaj Auto Ltd. (BAL) using wind Power	?	?	?
311	Lazaro Energy Efficiency Project	?	?	?
317	ElDorado Energy Efficiency Project	?	?	?

105. *Background:* At its twenty-fourth meeting the Board decided to place the project activities identified in Table 2. above under review. In each case a review has been conducted by the review team and recommendations have been circulated. In accordance with the “Procedures for review referred to in paragraph 41 of the modalities and procedures for a clean development mechanism”, for each case the Board shall decide whether to register the project activity (case A in Table 2.), to request the DOE and project participants to make corrections (case B in Table 2.), or to reject the project activity (case C in Table 2.).

106. ► **Action:** The Board may wish to consider to provide guidance in relation to requests for deviation submitted by DOEs.

107. *Background:* At its twenty-fourth meeting the Board referred four (4) request for deviation to the Methodologies Panel. The Methodologies Panel agreed to recommendations for consideration by the Executive Board with respect to three of these requests, and, in respect of the fourth case, will consider additional information submitted by the designated operational entity at its next meeting.

General guidance

108. ► **Action:** The Board may wish to consider to instruct DOEs that, in cases where during validation of a project activity the project participants wish to change the methodology applied from one approved methodology to another after the PDD was available to the public for comments (note the PDD is to be made public as received from project participants), the DOE [shall/shall not] make publicly available again, for 30 days, the CDM-PDD in accordance with paragraph 40 (a) and (b) of the modalities and procedures for the CDM.

109. ► **Action:** The Board may wish to consider the applicability of the same guidance to cases of changes to the version of a methodology applied due to the expiry of the version originally applied, or request the Methodology Panel to include such guidance in the revision of a methodology.

110. *Background:* A DOE has requested guidance with regard to the need to re-publish CDM-PDDs submitted to them for validation in case of a change from one approved methodology to another after the global stakeholder consultation has been complete. The Board has considered, via listserv, a proposal by the Chair for electronic decision-making on the treatment of such changes. Since to this proposal was objected to, the Board shall consider the treatment of such changes at its twenty-fifth meeting. The second action item has been included following the exchange of ideas generated by the proposed electronic decision.



111. ► **Action:** The Board may wish to advise DOEs that, in cases where requests for registration of project activities claiming retroactive credits are being submitted, at the point of requesting registration they shall provide, to the secretariat, evidence that a project activity requested validation prior to 31 December 2005.

112. *Background:* At its twenty-third meeting the Board provided guidance with respect to its interpretation of “requesting validation” in the context of paragraph 4 of Decision 7/CMP.1. This guidance made provision for PDDs which were submitted to DOEs before 31 December 2005.

(f) Matters relating to the issuance of certified emission reductions and the CDM registry

113. ► **Action:** The Board may wish to take stock on the progress of issuance and the operation of the CDM registry.

114. *Background:* The information available in the section on “Issuance of CERs” on the UNFCCC CDM website (<http://cdm.unfccc.int/Issuance>), indicates the status of request for issuance. The main information, as of 5 July 2006, can be summarized as follows:

- (a) CERs Issued: 35 issuances, aggregate 10,235,616 CERs
- (b) Requests for Issuance: 8 requests, aggregate 532,433 CERs
- (c) Request for review: 4 requests, aggregate 1,538,984 CERs

Case specific

115. ► **Action:** The Board shall consider requests for review of the 4 requests for issuance listed in Table 3.

Table 3: Requests for issuance for which a review has been requested by three of more Board members or one Party involved.

Ref. no.	Title	No. of CERs	A	B
341	6.5 MW biomass based (rice husk) power generation by M/s Indian Acrylics Ltd. and replacement of electrical power being imported from state electricity grid/ surplus power supply to grid.	43 348	?	?
164	Bandearantes Landfill Gas to Energy Project (BLFGE)	1 189 657	?	?
183	“Optimal Utilization of Clinker” project at Shree Cement Limited (SCL), Beawar, Rajasthan	293 299	?	?
080	SRS Bagasse Cogeneration Project	12 680	?	?

116. *Background:* Three (3) or more Board members requested a review of the requests for issuance listed in Table 3 above. In accordance with the “Procedures for review referred to in paragraph 65 of the modalities and procedures for a clean development mechanism”, for each case the Board shall decide whether to instruct the CDM registry administrator to issue the requested CERs (case A in Table 3) or to undertake a review of the request for issuance (case B in Table 3). If the Board agrees to undertake a review of these requests for issuance it shall also decide on the scope of the review and the composition of the review team for each case.

117. ► **Action:** The Board may wish to consider to provide guidance with regard to changes to the crediting period of a project activity subsequent to the first issuance of CERs for the project activity.



118. *Background:* At its twenty-fourth meeting the Board adopted procedures for post-registration changes to the crediting periods of project activities (annex 31 to the report of EB24). The secretariat has received the first of such request from project participants, however the case relates to a project for which CERs have already been issued. the DOE which performed the verification has confirmed that all the emission reductions which resulted in the issuance of CERs took place after the new proposed start date of the crediting period.

General guidance

119. ►**Action:** The Board may wish to consider to adopt clarifications on the Procedures for review referred to in paragraph 65 of the modalities and procedures for a clean development mechanism as contained in annex 2 to these annotations.

120. *Background:* The COP at its tenth session adopted “Procedures for review referred to in paragraph 65 of the modalities and procedures for a clean development mechanism” (Annex 1 to Decision 12./CP.10). Given the increased numbers of requests for issuance and a consequently potential increase in requests for review the secretariat has prepared draft clarifications to the review procedures similar to those previously adopted by the Board for registration cases. The Board may wish to consider these draft clarifications.

121. ►**Action:** The Board may wish to consider to adopt revised procedures for making monitoring reports publicly available and procedures for requesting issuance.

122. *Background:* In conducting the completeness checks of recently submitted requests for issuance the secretariat has noted substantial difference in interpretation by DOEs of the current procedures for these activities. In the interests of facilitating a consistent approach and providing maximum transparency with regard to these activities, the Board may wish to consider to review such procedures.

123. ►**Action:** The Board may wish to elaborate on its guidance with respect to the forwarding of CERs issued for unilateral CDM project activities from permanent holding accounts in the CDM registry to national registries and temporary holding accounts in the CDM registry.

124. *Background:* At its twentieth meeting “*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 lCERs 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*”(EB20 Report para 71). Following the requests for guidance received by the secretariat the Board may wish to define the contents of such a Letter of Approval and the modalities for the transmission of this letter to the Executive Board and CDM registry administrator.

125. ►**Action:** The Board may wish to consider to request the secretariat to prepare draft procedures to facilitate the changes in monitoring plans of registered CDM project activities in accordance with paragraph 57 of the modalities and procedures of the CDM for consideration at its twenty-sixth meeting.

126. *Background:* Paragraph 57 of the Decision 3/CMP.1: “*Revisions, if any, to the monitoring plan to improve its accuracy and/or completeness of information shall be justified by project participants and shall be submitted for validation to a designated operational entity*”, provides a basis for revisions to be made to registered monitoring plans. A DOE has informed the secretariat that some project participants wish to make use of this provision and has requested guidance on how application for such revisions can be made.

127. ►**Action:** The Board may wish to reiterate that a Party involved is only considered a Project Participant if this is clearly indicated in section A.3 of the PDD or, in case of registered projects, if the secretariat is explicitly informed of this in accordance with revised modalities of communication and to request the secretariat to revise the CDM Glossary accordingly, taking advantage of a structural revision of



the documentation to enhance visibility of the glossary, by adding in the definition of project participants after “a Party involved”: “which has indicated to be a project participant”.

128. *Background:* The secretariat has received requests for clarification with regard to the current definition of project participants in the glossary of terms, which could be interpreted to define all “Parties involved” as project participants.

(g) Modalities for collaboration with the Subsidiary Body for Scientific and Technological Advice

129. ►**Action:** The Board may wish to (a) take note of progress on the issues related to HFC23 and International Transaction Log (ITL); (b) consider the availability of members to continue reporting on the issues and (c) identify new members to follow the issues, as appropriate.

130. *Background:* The COP, by its decision 12/CP.10, requested the SBSTA, in collaboration with the Executive Board of the clean development mechanism (CDM), to develop a recommendation to the COP/MOP, at its first session, relating to implications of the implementation of project activities under the CDM for the achievement of objectives of other environmental conventions and protocols, in particular, the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol). This was, in particular, related to the establishment of new hydrochlorofluorocarbon-22 (HCFC-22) facilities by project participants who seek to obtain certified emissions reductions (CERs) for the destruction of hydrofluorocarbon-23 (HFC-23), taking into account the principles established in Article 3, paragraph 1, and the definitions in Article 1, paragraph 5, of the Convention.

131. The SBSTA, at its twenty-third session, took note of the submissions from Parties contained in document FCCC/SBSTA/2005/MISC.10 and of an information paper prepared by the secretariat on “Options relating to implications of the establishment of new hydrochlorofluorocarbon-22 (HCFC-22) facilities seeking to obtain certified emissions reductions for the destruction of hydrofluorocarbon-23 (HFC-23)” (FCCC/SBSTA/2005/INF.8), based on submissions by Parties and input by the Executive Board of the clean development mechanism.

132. The COP/MOP, at its first session, adopted a decision (Decision 8/CMP.1) on the implications of the establishment of new hydrochlorofluorocarbon-22 (HCFC-22) facilities seeking to obtain certified emission reductions for the destruction of hydrofluorocarbon-23 (HFC-23.). The decision contained:

- (a) Definitions new “HCFC-22 facilities” for the purpose of project activities under the clean development mechanism;
- (b) Recognized that issuing certified emission reductions for hydrofluorocarbon-23 (HFC-23) destruction at new HCFC-22 facilities could lead to higher global production of HCFC-22 and/or HFC-23 than would otherwise occur and that the clean development mechanism should not lead to such increases;
- (c) Further recognized that the destruction of HFC-23 is an important measure to mitigate greenhouse gas emissions;

133. On the request of the COP/MOP at its first session, the Subsidiary Body for Scientific and Technological Advice at its twenty third session continued deliberations on the implications of new HCFC-22 facilities seeking to obtain certified emission reductions for the destruction of HFC-23, and means to address such implications, but could not agree on a draft recommendation with guidance to the Executive Board of the clean development mechanism for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session.

134. Noting decision 8/CMP.1 the SBSTA invited Parties, admitted observers and relevant intergovernmental organizations to submit to the secretariat, by 4 August 2006, their inputs elaborating



practical solutions to address the implications of the issuance of certified emission reductions (CERs) for the destruction of hydrofluorocarbon-23 (HFC-23) at new hydrochlorofluorocarbon-22 (HCFC-22) facilities, which may lead to higher global production of HCFC-22 and/or HFC-23 than would otherwise occur, and that the clean development mechanism (CDM) should not lead to such increases. These inputs are to be considered by the SBSTA at its twenty-fifth session with a view to preparing a draft decision containing guidance to the Executive Board of the CDM for adoption by the COP/MOP at its second session (November 2006).

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

135. ►**Action:** The Board may wish to: (a) consider a workplan for the preparation and discussion of the revised CDM-MAP to cover 2007, (b) take note of the report by the secretariat on the status of resources; (c) consider in particular the revenue received from the share of proceeds for administrative expenses determined in 7/CMP.1 with a view to accruing resources to cover administrative expenses for operational functions as of 2008; (d) its appreciation to Parties which have generously contributed resources for the work on the CDM; (e) alert Parties to the need for endowing the CDM, in a timely fashion, with resources for its activities in the 2006-2007 including by the conversion of pledges into contributions; (f) take further action, as necessary.

136. *Background:* The Board, at its twenty-fourth meeting, took note of information provided by the secretariat on the status of resources in 2006 as at 11 May 2006 which indicated a total income of USD 7.5 million received since 1 January 2006. The Board took also note that, with a view to accruing resources to cover administrative expenses for operational functions as of 2008, the total income received from 1 January 2006 to 11 May 2006 amounted to USD 3.94 million. Since then, contributions have been received from Denmark (USD 106,000), Norway (USD 490,000) and United Kingdom (USD 740,000) and from two applicant entities (USD 29,975) bringing the total income to USD 8.95 million (as of 27 June 2006).

In terms of resources to be available as of 2008, a further USD 496,480 was received from 26 project registration fees, USD 5,924 from six methodologies fees and USD 172,762 from the SOP bringing the total resources available to USD 5.24 million (as of 27 June 2006). This represents an operating cushion of approx. only 6 month of expenditure currently required to support the CDM process. If the same level of share of proceed can be expected till the end of 2007, the operating cushion would amount to approx. 1.5 to 2 years of expenditure providing the CDM support a stable and sound basis of operation as implicitly provided for in decision 7/CMP.1. Resource requirements for supporting the work on the CDM in the biennium 2006-2007 currently amount to USD 22.63 million. Of this amount, USD 4.56 million are included in the proposed UNFCCC programme budget for the biennium 2006-2007. The remaining USD 18.07 million would need to be covered from supplementary resources. As a result of the above income, the gap in supplementary resources for the remainder of 2006 amounts to USD 0.10 million and to USD 9.12 million for the biennium 2006-2007.

5. Other matters

(a) Report of the CDM Executive Board to COP/MOP

137. ►**Action:** The Board may wish to consider annex 3 and agree on the report by the Executive Board to COP/MOP 2.

138. *Background:* In accordance with paragraphs 2 to 5 of the CDM modalities and procedures, the Executive Board shall report on its activities to each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) with a view to the COP/MOP reviewing, *inter alia*, these annual reports and taking decisions, as appropriate, on:

(a) Recommendations made by the Executive Board, in accordance with provisions of the CDM modalities and procedures and relevant decisions of the COP/MOP;



(b) The designation of operational entities accredited, and provisionally designated, by the Executive Board in accordance with Article 12, paragraph 5;

139. Annex 3 to this annotated agenda contains the draft report of the CDM Executive Board to the COP/MOP at its second session. It reports on work undertaken during the period from end of November 2005 until 21 July 2006. In accordance with UNFCCC and United Nations documentation regulations, in order for the report to be reproduced, translated and made available in time for COP/MOP 2, the Board needs to agree on its report to COP/MOP 2 at its twenty-fifth meeting. Any work of the Board occurring after 21 July 2005 and before COP/MOP 2 shall be reported to COP/MOP 2 through an addendum to the report and/or orally by the Chair of the Board, as appropriate.

140. The draft report to COP/MOP 2 provides information on progress made towards the implementation of the CDM during its fourth year of operation. Such progress relates to the registration of CDM project activities, accreditation and provisional designation of operational entities and the approval of new methodologies for baselines and monitoring, including the consolidation of methodologies, and the development/operation of the CDM registry. The report recommends decisions to be taken by the COP/MOP at its second session, such as on the designation of operational entities, on provisions of guidance relating to the CDM and on the members of the Board regarding immunity from legal prosecution in the host country of the secretariat and other jurisdictions.

(b) Relations with Designated National Authorities

141. ►**Action:** The Board may wish to note that an informal meeting of the CDM DNA Forum was held on 24 May 2006, in conjunction with twenty-fourth session of the Subsidiary Bodies, that the report of this meeting was sent to the DNAs through the listserve and of the arrangements for the first meeting of the DNA Forum.

142. *Background:* The informal DNA Forum meeting was held in response to requests from some designated national authorities present at the Q&A session at the sessions of the SBs in June. It was suggested to take advantage of the presence of a number of such representatives and Parties to informally exchange views and share information on issues that could be addressed in the Forum and furthermore, to discuss options and procedures to hold the first meeting of the DNA Forum. The secretariat has found agreement with the government of Japan on the modalities for making use of their contribution in support of the DNA Forum and will brief the Board on the status of preparation of the meeting.

(c) Regional distribution of project activities⁵

143. ►**Action:** The Board may wish to consider submissions received from Parties and inputs received from the public in order to recommend to COP/MOP 2 options to address systematic or systemic barriers to the equitable regional and subregional distribution of clean development mechanism project activities.

144. *Background:* By its Decision 7/CMP.1 (paragraph 32), COP/MOP 1 requested Parties to submit to the secretariat, by 31 May 2006, their views on systematic or systemic barriers to the equitable distribution of clean development mechanism project activities and options to address these barriers, for consideration by COP/MOP 2. Such submissions from Parties are contained in document FCCC/KP/CMP/2006/X/MISC. By its Decision 7/CMP.1 (paragraph 33), COP/MOP 1 requested the Board to report to it at its second session information on systematic or systemic barriers to the equitable regional and subregional distribution of clean development mechanism project activities, and options to address such issues. The Board also opened a public call for inputs on regional distribution of CDM project activities in March 2006⁶. The secretariat will prepare a presentation on the regional distribution as per 15 July 2006.

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⁵ Statistics relating to registered CDM project activities can be found at <http://cdm.unfccc.int/Statistics>

⁶ Submissions from the public can be viewed at <http://cdm.unfccc.int/public_inputs/reg_distri>

**(d) Relations with Designated Operational and Applicant Entities**

145. ► **Action:** The Board may wish to (a) to take note of the report by the Chair of the forum; and (b) provide feedback to the forum, as appropriate.

146. **Background:** Views on issues to be addressed to the Board by the CDM DOE/AE Coordination Forum are being sought from the DOEs and AEs. The Chair of the forum will present these orally to the Board for its consideration at the twenty-fifth meeting.

(e) Other business

147. ► **Action:** The Board may wish to take note of communications submitted by the public and agree on any actions, as appropriate.

148. **Background:** At its twenty-first meeting the Board agreed on procedures for public communication with the CDM Executive Board as contained in annex 27 to its report. These procedures shall be followed with respect to all unsolicited submissions.

149. The Board has received the following communications from DOEs/AES and the general public prior to the twenty-fifth meeting of the Board:

- (a) Letter of the Government of Tajikistan requesting to extend the validity of the previous version of AMS - I.D. "Grid Connected Renewable Electricity generation" by Mr. Begmurod Mahmadaliev and sent to the Board on 5 May 2006.
- (b) Letter of Factor Consulting + Management, Zurich, Switzerland requesting the clarification on revisions to AMS-I.D. "Grid Connected Renewable Electricity Generation" by Mr. Brett Orlando and sent to the Board on 5 May 2006.
- (c) Letter from IETA related to their concern following the publication of the Meth Panel report and its recommendations on the consolidation of a number of Approved Methodologies by Mr. Edwin Aalders and sent to the Board on 5 May 2006.
- (d) Letter from Carbon India Pvt. Ltd. related to a request for comment on interpretation regarding SSCWG05_repan_05_SSC_I_E - SSC Type 1.E. Switch from Non-Renewable Biomass for Thermal Applications by the User (and Type) by Ms. Anandi Sharan and sent to the Board on 5 May 2006.
- (e) Letter from EcoSecurities related to a request for consultation with the COP before introducing amendments to the definitions of small-scale projects by Ms. Belinda Kinkead and sent to the Board on 5 May 2006.
- (f) Letter from AgCert International related to AgCert Review of ACM00xx by Mr. Michael Rumberg and sent to the Board on 5 May 2006.
- (g) Communication from the Embassy of Japan in Berlin related to "the contribution to the activities of the CDM Executive Board relating to DNA forum" by Ambassador Nishimura addressed to the Chair of the CDM Executive Board and sent to the Board on 5 May 2006.
- (h) Seven (7) submissions by Mr. James S. Heath on behalf of EcoSecurities Group and sent to the Board on 5 May 2006;
- (i) Letter from Mr. Poonchai Chong, the Ministry of Natural Resources and Environment in Malaysia related to the decision of EB24 on SSC type III methodologies sent to the Board on 15 June 2006;



- (j) Letter from Mr. Leo S. Perkowski from AgCert International related to a bundling of project activities sent to the Board on 20 June 2006;
- (k) Message from Mr. Ian S F Jones, Ocean Technology Group J05, University of Sydney, Australia related to small-scale issues sent to the Board on 3 July 2006;
- (l) Letter from Prof Dr. Dogan Altinbilek and Mr. Richard Taylor from International Hydropower Association (IHA) in London, United Kingdom, related to CDM eligibility thresholds and criteria for hydroelectric power plants sent to the Board on 3 July 2006;
- (m) Letter from Mr. Stefan Glimm from GDA Gesamtverband der Aluminiumindustrie e.V. in Düsseldorf, Germany, related to CDM eligibility for CDM projects sent to the Board on 5 July 2006;

150. ► **Action:** The Board may wish to consider any other business it deems necessary.

5. Conclusion of the meeting

151. The Chair will summarize the meeting and adopt the report, including references to any decisions taken.

152. ► **Action:** The Board may wish to adopt the report of the twenty-fifth meeting.
