



**CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD**

**PROPOSED AGENDA AND ANNOTATIONS**

Twenty-seventh meeting

UNFCCC Headquarters  
Bonn, Germany  
29 October- 1 November 2006

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\*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](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”<sup>1</sup>.

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.

*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.

### 2. Adoption of the agenda

3. ► **Action:** Members may wish to adopt the proposed agenda for the twenty-seventh meeting.

*Background:* The Board agreed, at its twenty-sixth meeting, on items to be included in the provisional agenda for its twenty-seventh 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. The proposed agenda was transmitted to the Board on 9 October 2006 and thereafter posted on the UNFCCC CDM website.

### 3. Work plan

#### (a) Accreditation of operational entities

4. ► **Action:** The Board may wish to take note of the fourteenth progress report on the work of the CDM accreditation panel (CDM-AP), and an oral report by the Chair, Mr. Hernan Carlino, on the work of the panel.

*Background:* The CDM-AP held its twenty-fourth meeting on 13 - 15 October 2006.

#### *General guidance*

5. ► **Action:** The Board may wish to consider options provided by the CDM-AP on how to facilitate applications for accreditation from entities located in Non-Annex I Parties to the Convention, keeping in view the cost associated with the accreditation process.

*Background:* The Board, at its twenty-fifth meeting, requested the CDM-AP to consider and recommend options on how to facilitate applications for accreditation from entities located in Non-Annex I Parties to the Convention, keeping in view the cost associated with the accreditation process.

6. ► **Action:** The Board may wish to provide further guidance to the CDM-AP regarding its preliminary views on measures to provide incentives to designated operational entities (DOEs) to meet quality standards of the Board other than, and prior to, spot check.

*Background:* The Board, at its twenty-sixth meeting, requested the CDM-AP to develop options for measures that provide incentives to designated operational entities (DOEs) to meet quality standards of the Board other than, and prior to, spot check.

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<sup>1</sup> Please refer to rules 28 and 7 of the rules of procedures of the Executive Board.

*Case specific*

7. ► **Action:** The Board may wish to accredit and to provisionally designate entities for sector specific validation and/or verification/certification functions.

*Background:* In accordance with the accreditation procedure, the recommendations for phased accreditation and the supporting documentation are confidential and have been sent under separate.

8. ► **Action:** The Board may wish to agree with the recommendation of the CDM-AP on the accreditation of the entity which is under spot-check.

*Background:* At the twenty-sixth meeting, the Board requested the CDM-AP to make a recommendation to the Board for consideration of its twenty-seventh meeting, whether to suspend or confirm continuation of the accreditation of the entity.

**(b) Methodologies for baselines and monitoring**

9. ► **Action:** The Board may wish to take note of the report of the twenty-third meeting of the Methodologies Panel on baseline and monitoring methodologies (Meth Panel), and an oral report by the Board members as acting Chairs, Mr. Xuedu Lu and Mr. Lex de Jonge, on the work of the panel.

*Background:* The Meth Panel held its twenty-third meeting in Bonn, Germany on 9 - 11 October 2006 and undertook its work in two parallel groups. The Meth Panel dealt with general issues relating to case-specific issues process, methodological clarifications, guidance and other issues, as specified below.

*Case specific*

10. ► **Action:** Taking into consideration the inputs by experts (desk reviewers) and the public, the Board may wish, based on recommendations of the METH Panel (see MP23 report), to:

- (a) Approve cases NM0110-rev, NM0133-rev and NM0151 as contained in the annexes 1 to 3 of the Meth Panel report;
- (b) Not to approve cases NM0158, NM0184, NM0190 that, if revised taking into account comments, can be resubmitted but will require new expert and public input.

*Background:* Information on methodologies currently under consideration by the Board and the Meth Panel are available on the UNFCCC CDM website<sup>2</sup>. The Meth Panel agreed on preliminary recommendations to project participants for proposals NM0185, NM0187, NM0188, NM0189, NM0191.

In addition work on cases NM0150-rev, NM0186, NM0192 were not concluded and will be considered at the next meeting of the Meth Panel.

***Responses to clarifications***

11. ► **Action:** The Board may wish to take note of the response to a clarification provided by the Meth Panel, as referred in the Meth Panel report (MP23):

- (a) Accepted the clarification AM CLA 0032 concerning approved methodology AM0034 and revise it to clarify that the “existing nitric acid production facilities installed no later than 31 December 2005” in the applicability conditions should be taken to imply that a record of commercial

<sup>2</sup> see <<http://cdm.unfccc.int/methodologies/PAMethodologies/publicview.html>>



production exists before 31 December, 2005, as contained annex 6 in the Meth Panel report. Furthermore DOEs shall make publicly available for 30 days a revised CDM-PDD applying the recommended revised version of the approved methodology for all project activities in the validation stage that apply the current version of the approved methodology (version 01), which expired after the CDM-PDD was made available for public comments.

*Background:* Information on the clarification to methodologies is available on the UNFCCC CDM website (<<http://cdm.unfccc.int/methodologies/PAmethodologies/Clarifications>>). As a result of this clarification, in order to ensure consistency in definition of “existing facility”, the same revision was made to AM0028 which also pertains to N<sub>2</sub>O destruction from nitric acid production. The revision was also made in AM0028 and AM0034 (please see paragraph 12 below).

***Responses to requests for revisions and resultant revision of approved methodologies:***

12. **► Action:** The Board may wish to agree to the responses to revisions and the resultant revision of approved methodologies as referred to in the Meth Panel report (MP23):

- (a) Not to accept request AM\_REV\_0014 concerning ACM0006 requesting a revision to include a “New scenario 17: Partial or complete fuel switch from fossil fuels to biomass at an existing cogeneration plant without significantly changing heat and electricity production”.
- (b) Not to accept request AM\_REV\_0015 concerning ACM0006 requesting a revision to include a new scenario order to cover energy efficiency projects resulting in fossil fuel displacement plus expansion of surplus power capacity.
- (c) Not to accept requests AM\_REV\_0018 and AM\_REV\_0026 concerning ACM0002 requesting the revisions (i) electricity generation project activities resulting in emissions reductions in another non-Annex I country and (ii) the treatment of electricity exported from a project activity to a grid located in a different country. Project activities exporting electricity to other grids present a number of challenging issues with relation to monitoring and verification to ensure that claimed exports actually deliver and displace generation in grids to which the electricity is exported. These issues also have a close link with the way electricity imports are addressed in the approved methodology ACM0002, which requires further work from the Meth Panel in this regard. Project participants are nevertheless encouraged to submit further suggestions for revision.
- (d) Not to accept request AM\_REV\_0019 concerning ACM0006 requesting a revision to extend the applicability conditions to heat generation projects that switch from fossil fuel to biomass residues.
- (e) Not to accept request AM\_REV\_0022 concerning ACM0004 requesting a revision such that the waste gases captive generation power plant be decommissioned in the project scenario. However the methodology was revised to clarify that the approved methodology is only applicable to project activities where the electricity is generated on-site of the industrial facility where the waste gas is generated and primarily used to meet the said industrial facility’s electricity demand, as contained in annex 7 of the Meth Panel report. Furthermore DOEs shall make publicly available for 30 days a revised CDM-PDD applying the recommended revised version of the approved methodology for all project activities in the validation stage that apply the current version of the approved methodology (version 02), which expired after the CDM-PDD was made available for public comments.
- (f) Accept requests AM\_REV\_0023, and AM\_REV\_0024 concerning ACM0006 requesting the revisions (i) the use the first order decay model for calculation of avoided methane emissions from natural decay by incorporating the FOD tool as an option in cases where the biomass residues would



be dumped under clearly anaerobic conditions in the baseline scenario and (ii) the addition of a scenario for fossil fuel based electricity and heat generation in the baseline case. Furthermore unrelated to the requests revisions were made (iii) to broaden the scope of five scenarios (5, 6, 7, 8 & 11) to allow the possibility that existing fossil fuel fired power plants may also be retired as a result of the project activity; (iv) to the new approved methodology format; (v) make relevant parts consistent with AM0036, particularly with respect to the monitoring provisions; (vi) update emissions factors used in the methodology based on the 2006 IPCC Guidelines; and, (vii) make provisions related to the lifetime of existing installations that are replaced as a result of the project activity in compliance with guidance by the Board on this matter (section C of Annex 2 EB22). The DOEs shall make publicly available for 30 days a revised CDM-PDD applying the recommended revised version of the approved methodology for all project activities in the validation stage that apply the current version of the approved methodology (version 03), which expired after the CDM-PDD was made available for public comments. The revised methodology is contained in annex 8 of the Meth Panel report.

(g) Accept request AM\_REV\_0025 concerning AM0025 requesting the revision to add an applicability condition to project activities that use a mechanical process to produce refuse-derived fuel (RDF) for power generation from municipal solid waste, as contained in annex 4 of the Meth Panel report. The DOEs need not make publicly available for 30 days a revised CDM-PDD applying the recommended revised version of the approved methodology for all project activities in the validation stage that apply the current version of the approved methodology (version 04), which expired after the CDM-PDD was made available for public comments.

*Background:* Information on the revisions to methodologies is available on the UNFCCC CDM website (<<http://cdm.unfccc.int/methodologies/PAmethodologies/Revisions>>). Concerning request for revision AM\_REV\_0015 and AM\_REV\_0026 (ACM0002) the Meth Panel agreed to undertake a thorough examination of the issues pertaining to project activities exporting electricity to other grids. The project participants were encouraged to submit further suggestions for revision as per the clarifications by the Meth Panel in its response to requests for revisions. However, project participants were made aware that these clarifications may not necessarily have identified all the issues that may be deemed relevant in the analysis to be conducted by the Meth Panel. Concerning AM\_REV\_0023, and AM\_REV\_0024 (ACM0006) the Meth Panel also indicated that project proponents may wish to propose a new methodology rather than the revision of the approved methodology ACM0006 for project activities seeking emission reductions due to demand side energy efficiency measures in industrial facility where biomass is used to generate energy in place of fossil fuel, which was used in the baseline.

#### ***Revisions of approved methodologies:***

13. **►Action:** The Board may wish to agree to the revision of the below methodology as contained in the annex 5 of the Meth Panel report (MP23):

(a) **AM0028:** to clarify that the phrase “existing nitric acid production facilities installed no later than 31 December 2005” in the applicability conditions should be that a record of commercial production exists before 31 December, 2005. DOEs shall make publicly available for 30 days a revised CDM-PDD applying the recommended revised version of the approved methodology for all project activities in the validation stage that apply the current version of the approved methodology (version 02), which expired after the CDM-PDD was made available for public comments.

*Background:* The revision was as a result of a request for clarification for approved methodology AM0034, which also pertains to N<sub>2</sub>O destruction from nitric acid production. The revision was made to ensure consistency in definition of “existing facility” in AM0028 and AM0034. Information on the revisions



to methodologies are available on the UNFCCC CDM website (<http://cdm.unfccc.int/methodologies/PAmethodologies/Revisions>).

### *General guidance*

14. ► **Action:** The Board may wish (i) to agree to the draft Methodological Tool “Combined tool to identify the baseline scenario and demonstrate additionality” (Combined Tool) applicable only to project activities where all identified alternative baseline scenarios are under the control of project participants<sup>3</sup>. Furthermore the Board may want (ii) to consider if the current “Tool for the demonstration and assessment of additionality” is to be revised to be consistent with approaches proposed in the draft Combined Tool, as contained in annex 10 of the Meth Panel report.

*Background:* The draft methodological tool contains two (2) text options that require further consideration by the Board.

15. ► **Action:** The Board may want to consider the key findings of an assessment of how the tool for the demonstration of additionality has been applied in practice to all projects that have been registered or submitted a request for registration until 20 May 2006 at that time:

(a) From review of available documentation it appears that current methodological guidance from the Board is either not applied or, if applied, is not always documented. For example, several project activities, which use the additionality tool have not assessed whether the proposed project carried out without the CDM is a realistic and credible alternative scenario. Most projects requesting a crediting period that started prior to registration have not provided evidence in the CDM-PDD to support the claim that CDM was considered in the decision to proceed with the project activity, while some have provided evidence that appeared inconsistent with the claim. For a majority of PDDs examined, the method for conducting the common practice analysis is not documented, as is requested by the additionality tool. In many of the PDDs considered, key underlying assumptions and rationales related to additionality are not substantiated. Documented evidence tends to be more complete and sufficient in cases where the project activity does not generate significant revenues other than those related to CERs.

(b) Paragraph 27(h) of the annex to decision 3/CMP.1 (“Information used to determine additionality ... shall not be considered as proprietary or confidential”) is interpreted differently by various project participants. In approximately half the PDDs examined, key information used to demonstrate additionality was not included in the PDD. It is possible that such information was shared privately with the DOEs or the Board, or may be available elsewhere.

(c) Current assessment of additionality by DOEs is varied. While validation reports for some registered CDM projects indicate that efforts to corroborate additionality claims were undertaken, other cases with no such indications were found. Some validation reports acknowledge or restate claims made in PDDs, but do not explain whether or how such claims (and their underlying assumptions) have been validated.

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<sup>3</sup> In cases where one or more alternatives are not under the control of project participants, a different procedure would be required to demonstrate additionality and identify the baseline scenario than provided in the draft. Such cases might include grid-connected power projects (where an alternative might be electricity produced by other facilities not under the control of project participants) or other projects that increase the delivery of a given product to a competitive local, regional or global market. In such cases, baseline scenarios might be rather complex (such as the combined margin scenario in ACM0002), and the methods for comparing alternatives may differ from those provided in the draft (e.g. benchmark analysis or other methods that utilize information about the markets in which such projects might compete). The Meth Panel is considering whether; expanding this tool to cover all cases would be appropriate. In the meantime, methodologies that typically involve alternatives are not under the control of project participants can continue to use, if desired, the additionality tool (provides benchmark and other tools), and provide their own methods to develop and/or assess the baseline scenario.



Among the project activities examined, there was no indication of a DOE requiring corrective action related to additionality. In summary, the available documentation reviewed by the consultants provides little evidence of external validation by DOEs of key assumptions and data used for additionality assessment, though such evidence may exist elsewhere. As noted above, such documentation (PDDs and validation reports) may not tell the full story; at the same time, such a gap in documentation should be rectified in the future.

*Background:* The Board at its twenty-fourth meeting agreed that the Meth Panel work on improving the additionality tool. This work included the consideration of the public inputs on the additionality tool, an assessment of how the additionality tool has been applied in practice, and the further development of a Combined Tool both to identify the most likely baseline scenario and to assess additionality. In doing so the Meth Panel also considered an assessment of how the tool for the demonstration of additionality has been applied in practice to all projects that have been registered or submitted a request for registration until 20 May 2006. This assessment was carried out via a detailed analysis of the PDDs and validation reports for registered CDM projects that use the approved tool for the demonstration of additionality by several (3) independent experts. The Meth Panel recognized that the Board and DOEs may already be in the process of addressing the issues and concerns described in the recommendations below as based on the above mentioned assessment. This process has not (as yet) involved direct contact with DOEs, an assessment of the RIT process, or consultation with the Board. While consideration of these perspectives and recent developments might alter the conclusions that can be drawn from the analysis described here, the Meth Panel was still of the view that it was important to convey these issues and concerns.

16. **►Action:** The Board may want to consider the following possible ways forward to address the concerns raised above as part of the ongoing improvements to the baseline and additionality tools, which suggest that further actions may be required by several actors including the Meth Panel, Project Participants, DOEs, and the RIT members:

(a) Providing further improvements to the design of, and guidance on the application of the additionality tool. The above findings suggest the likely added value of providing more specific methodological steps and guidance so that the application, validation, and verification of the additionality analysis can be more straightforward and transparent. Such increased clarity could be achieved through the provision of more specific instructions and/or guidance on barriers, economic indicators, and common practice criteria or thresholds specific to project types or sectors. This can be implemented either in the additionality tool or within individual methodologies using it as clarified by the Board at its eighteenth (paragraph 20) and twenty sixth meetings (paragraph 37). While in general it is appropriate to only refer to the tools in the proposed methodologies where ever possible, the Meth Panel believes that in case of the Combined Tool or the Additionality Tool it is highly useful to provide additional guidance in the underlying methodology, which is consistent with the above mentioned Board guidance. Including further clarity and specific guidance within the individual methodologies will enable a broad applicability of the methodologies and offers simplicity for the generic additionality tool.

(b) Strengthening the dialogue with DOEs, supporting a revision of the Validation and Registration Manual and supporting the development of guidance on how DOEs are expected to verify and validate the information related to additionality and the baseline scenario presented in the PDD.

(c) Strengthening the work of Registration and Issuance Teams (RIT); supporting RIT to put more emphasis on additionality assessment.

(d) Considering different approaches to assess the additionality of project activities, e.g. as proposed in public inputs on additionality. These could include more objective criteria, such as, for example, threshold values or benchmarks. Such criteria might be easier to validate for DOEs.





17. ► **Action:** The Board may wish to agree to the draft guidance on criteria for consolidations and revisions of methodologies as contained in annex 11 to the Meth Panel report.

*Background:* As requested by the Board at its twenty fourth meeting, the Meth Panel considered draft guidance on criteria for the consolidation and revision of methodologies.

18. ► **Action:** The Board may wish to agree to the refined proposal on the definitions to distinguish between “programme” and “policy” as well as alternative definitions of a “programme”, as contain in annex 1 to these annotations.

*Background:* The Board, at its twenty-sixth meeting, requested the secretariat to refine the options for definitions of “programme of activities” and “policy” as prepared by the Meth Panel based on inputs received from the Board during this meeting.

19. ► **Action:** The Board may wish to take note that the Meth Panel considered the small scale methodology AMS I.D as requested by the Board at its the twenty-sixth meeting and recommends to a revised version as contained in annex 9 to the Meth Panel report, for the consideration by the SSC WG at its eighth meeting. The Meth Panel recommended that only adding new units will be considered as adding new capacity, any other case that augments the capacity shall be considered as retrofit. Furthermore, the estimation of emission generation from the retrofit component of the project activity was made consistent with estimation procedure for adding capacity. Further editorial changes were also made for clarification. Furthermore the Meth Panel also recommended that the SSC WG clarify in the glossary of terms the term “retrofit”.

20. ► **Action:** The Board may wish to take note that the Meth Panel held a teleconference call with representatives of DOE's (participating: DNV, SGS and TUEV SUED) on 10 October 2006, where discussions took place facilitating further cooperation between the DOEs and the Meth Panel. The following key issues were discussed:

(a) An approach to ensure the consistency of the use of grid emission factors by different project activities in the same region/country as requested by the Board at its last meeting.

(b) An approach to using international standards (e.g. the use of the European standard EN14181 in approved methodology AM0034), which are difficult to apply in developing countries (e.g. availability of standard gases and standards organizations). The Meth Panel suggested that the DOE provide a more detailed explanation of alternative approaches.

(c) Possibility of a procedure to allow DOEs to request revisions to methodologies, which is presently only allowed for the project participants. Furthermore, the DOE participants, aware of a possible conflict of interest, expressed an interest in involvement of the assessment of the methodologies over and above the pre-assessment of methodologies as they believe they have a role to play and in this regard, which may assist the process. They also encouraged a more direct dialogue between the project participants and the Meth Panel. The Meth Panel suggested that the participants table this issue with the DOE forum at forthcoming Board meetings.

(d) The DOEs enquired as to the quality and number of methodologies pre-assessed by them, submitted for consideration by the Board. Furthermore the DOEs highlighted that they would encourage more timely warning of methodologies that may require clarifications by the Meth Panel during the meetings.

(e) Meth panel invited comments on difficulties, if any, that the DOEs face on verification of the applicability conditions stated in the approved methodologies. The DOE's informed that do not have any major concerns on the issue.



(f) On request of the Meth Panel, the DOEs indicated that their main concern vis-à-vis the verification of additionality is related to barrier analysis. DOEs would welcome more clarification to project participants of how to apply the barrier analysis.

21. ► **Action:** The Board may wish to take note that the Meth Panel postponed 6 agenda items at its twenty-third meeting due to a lack of time. These included: (i) the use of IPCC carbon emission values for fuels; (ii) proposal on leakage from replacement of old equipment; (iii) proposal on the consideration of upstream emissions; (iv) proposal on the consideration of CDM projects in the estimation of grid emissions factors (v) the tool to calculate the grid emission factors, and (vi) tool to calculate emissions from the consumption of electricity or heat and the tool for the transportation of goods.

22. ► **Action:** The Board may wish to note that the next Meth Panel meeting is to take place on from 27 November to 1 December 2006 and that given the schedule of the Board the input from the panel meeting would be only available on 6 December that is several days before the next EB meeting. 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.

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

24. *Background:* The tentative schedule for meetings in 2006 is available at <http://cdm.unfccc.int/Panels/meth>.

(c) **Issues relating to afforestation and reforestation project activities**

25. ► **Action:** The Board shall select two members for the Afforestation and Reforestation Working Group (A/R WG), taking fully into account the consideration of regional balance.

*Background:* The Board agreed, at its twenty-sixth meeting, to increase the number of A/R WG members from 6 to 8 based on applications to a public call for experts with a deadline of 20 October 2006. The secretariat will prepare a list of applications received and a short list of applicants for consideration by the Board.

(d) **Matters relating to the registration of CDM project activities**

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

*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 9 October 2006, can be summarized as follows:

- (a) Registered CDM project activities: 349 (three hundred and forty nine);
- (b) Request for registration: 79 (seventy nine);
- (c) Request for review: 6 (six);
- (d) Corrections requested: 6 (six);
- (e) Under review: 3 (three)
- (f) Rejected CDM project activities: 5 (five)
- (g) Withdrawn: 2 (two).

### Case specific

27. ► **Action:** The Board shall consider the requests for review of the 6 requests for registration listed in Table 1 below.

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

Ref No.	Title	A	B	C
522	6.6 MW Sheshadri Iyer Mini Hydel Power project of Atria Hydel Power Limited at Malavalli Taluk, Mandya District, Karnataka	?	?	?
454	Increasing the Additive Blend in cement production by Jaiprakash Associates Ltd (JAL)	?	?	?
499	Destruction of HFC-23 at refrigerant (HCFC-22) manufacturing facility of Chemplast Sanmar Ltd	?	?	?
564	7.5 MW wind farm of REI Agro Ltd. at Soda village in the state of Rajasthan, India.	?	?	?
500	Efficient utilisation of waste heat and natural gas at Dahej complex of GACL	?	?	?
530	ARAPUtanga Centrais ELébricas S. A. - ARAPUCEL - Small Hydroelectric Power Plants Project	?	?	?

*Background:* Three (3) or more members of the Executive Board or a Party involved requested a review of the requests 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.

28. ► **Action:** The Board shall consider the recommendations of the Review teams for the three (3) project activities listed in Table 1 which were placed under review at EB26.

*Table 2: Projects which were placed “Under review” at EB26*

Ref No.	Title	A	B	C
410	Cosipar Renewable Electricity Generation Project.	?	?	?
443	CAPEX S.A. – AGUA DEL CAJÓN THERMAL POWER PLANT – OPEN TO COMBINED CYCLE CONVERSION	?	?	?
474	Aços Villares Natural gas fuel switch project	?	?	?

*Background:* At its twenty-sixth 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 a review team and recommendations have been circulated to the Board. 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 based on the findings from the review (case B in Table 2), or to reject the project activity (case C in Table 2).



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

*Background:* 1 request for deviation has been submitted by a DOE to the Board since its twenty-sixth meeting for consideration by the Board at its twenty-seventh meeting.

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

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

*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 9 October 2006, can be summarized as follows:

- (a) CERs Issued: 81 issuances, aggregate 16,513,574 CERs
- (b) Requests for Issuance: 5 requests, 253,536 aggregate CERs
- (c) Requests for review: 2 requests, 639,979 aggregate CERs
- (d) Under review: 3 requests, 112,654 aggregate CERs

***Case specific***

31. ► **Action:** The Board shall consider requests for review of the 2 requests for issuance listed in Table 3.

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

<i>Ref. no.</i>	<i>Title</i>	<i>No. of CERs</i>	<i>A</i>	<i>B</i>	<i>C</i>
0003	HFC Decomposition Project in Ulsan	477,341	?	?	?
0310	Bundled Wind power project in Jaisalmer (Rajasthan in India) managed by Enercon (India) Ltd.	162,638	?	?	?

*Background:* Three (3) or more members of the Executive Board or a Party involved 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), to issue CERs following corrections by the DOE and/or PP (case B in Table 3), or to undertake a review of the request for issuance (case C 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.

32. ► **Action:** The Board shall consider the recommendations of the Review teams for the three (3) requests for issuance listed in Table 4 which were placed under review at EB26.



Table 4: Requests for issuance which were placed “Under review” at EB26

Ref. no.	Title	No. of CERs	A	B	C
085	Hapugastenne and Hulu Ganga Small Hydropower Projects	107,008	?	?	?
163	AWMS GHG Mitigation Project, MX05-B-09, Nuevo León, México	2,345	?	?	?
150	AWMS GHG Mitigation Project, MX05-B-07, Sonora, México	3,301	?	?	?

*Background:* At its twenty-sixth meeting the Board decided to place the project activities identified in Table 4 above under review. In each case a review has been conducted by a review team and recommendations have been circulated to the Board. 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 approve the proposed issuance of CERs (case A in Table 4), to request the DOE to make corrections based on the findings from the review before approving the issuance of CERs (case B in Table 4), or to decline to approve the proposed issuance of CERs. (case C in Table 4).

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

*Background:* 7 requests for deviation have been submitted by a DOE to the Board since its twenty-sixth meeting for consideration by the Board at its twenty-seventh meeting.

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

34. ► **Action:** The Board may wish to: (a) discuss and, eventually, formally approve the revised CDM MAP which covers activities to be implemented by the Board in 2007, including specifications for operational needs to become more Executive as well as the development of management indicators for the Board’s work, and provides a resource requirement forecast for 2008, (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) consider the expected 2007 shortfall in resources which arises as a result of the revised MAP; (e) discuss, based on a proposal from the Secretariat, new arrangements for the payment of the Board’s travel, remuneration and local support, (f) indicate its appreciation to Parties which have generously contributed resources for the work on the CDM; (g) 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; (h) take further action, as necessary.

*Background:* The Board, at its twenty-sixth meeting, took note of information provided by the secretariat on the status of resources in 2006 as at 27 September 2006 which indicated a total income of USD 9.33 million received since 1 January 2006. Since then no further income was received. 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 27 September 2006 amounted to USD 9.52 million. Since then, a further USD 0.11 million was received from 14 project registration fees, USD 0.01 million from 11 methodologies fees and USD 0.15 million from SOPs bringing the total resources available to USD 9.79 million (as of 13 October 2006). This represents an operating cushion of approx. 10 months of expenditure currently foreseen to support the CDM process in 2008, however, it does not include increases expected in the revised CDM MAP. If the same level of share of proceed and of fees for project registration



can be expected till the end of 2007, it is now expected that the operating cushion of 1.5 years of operation will be met some time before 31 December 2007.

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 need to be covered from supplementary resources. Based on the income received of USD 9.33 million, and the 2006 budget of USD 9.05 million, the surplus at the end of 2006 would be USD 0.28 million. Further to this, given lower levels of expenditure at the beginning of 2006, it is estimated that at the end of the year, there will be in fact a total surplus of approximately USD 2.47 million, if no additional contributions are received. If all pledges made in Montreal are received, however, the surplus will grow to over USD 6.76 million. Taking into account the budgeted expenditures of USD 9.01 million in 2007, there would still be an estimated shortfall of USD 2.25 million by the end of 2007. This shortfall in resources is expected to increase as a result of a new level of activities as presented in the revised CDM MAP for 2007. Consequently, the realization of all pledges made in Montreal is a high priority.

## 5. Other matters

### (a) EB report to the COP/MOP

35. ► **Action:** The Board may wish to agree on an addendum to its report to COP/MOP 2, covering the period 22 July to 1 October 2005.

**Background:** At its twenty-fifth meeting, the Board agreed on its annual report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) covering activities undertaken from the end of November 2005 to 21 July 2006. The work of the Board from 22 July to late October 2006 will be covered in an addendum to this report.

In accordance with paragraphs 2 to 5 of the CDM modalities and procedures and bearing in mind paragraphs 2, 4 and 19 of decision 17/CP.7, the report is submitted for consideration 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 and COP/MOP;

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

### (b) Relations with Designated National Authorities

36. ► **Action:** The Board may wish to consider issues addressed at the first meeting of the CDM DNA Forum to be held on 27 - 28 October 2006 in Bonn, Germany, in conjunction with twenty-seventh meeting of the Board.

**Background:** The COP/MOP at its first session requested the Board, in relation to regional distribution and capacity-building, to broaden the participation in the CDM, including through meetings with a designated national authorities forum in a regular basis in conjunction with meetings of COP/MOP and its subsidiary bodies. The Board, at its twenty-third meeting, agreed to establish the CDM DNA forum and requested the secretariat to provide support to this forum. The first meeting of the forum will take place 27-28 October 2006 in Bonn, Germany.



(c) **Regional distribution of project activities**<sup>4</sup>

37. ► **Action:** The Board may wish to take note of the current status of distribution of CDM project activities and to finalize its recommendation to COP/MOP 2 on regional distribution of CDM project activities, to be included in the addendum of the EB report to COP/MOP 2.

*Background:* The secretariat was mandated to elaborate on the draft recommendation to COP/MOP 2 prepared and considered by Board members at its twenty-sixth meeting. The Board agreed to further consider this draft at its twenty-seventh meeting, taking into account views expressed by the Board and written inputs to be submitted by Board members by 11 October 2006 to the secretariat.

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

38. ► **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.

*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-sixth meeting.

(e) **Relations with stakeholders, intergovernmental and non-governmental organizations**

39. ► **Action:** The Board may wish to (a) agree to avail itself for informal briefings with registered observers in the afternoon of 1 October 2006; and (b) invite members and alternates to share information on events in which they participated.

*Background:* On the occasion of its twenty-sixth meeting, the Chair and other members of the Board met with registered observers for an informal briefing.

Board members and alternates continued receiving communications from the public and invitations to participate in CDM-related events.

(f) **Other business**

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

*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.

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

- (a) Letter from Mr. Urs Brodmann, Factor Consulting and Management AG, Zurich, Switzerland, related to methodologies and sent by to the Board on 21 September 2006;
- (b) Letter from Ms. Sanjeev Chadha, India, related to project under review and sent to the Board on 23 September 2006;
- (c) Letter from Mr Andrei Marcu, IETA , Geneva, Switzerland, related to methodological issues and sent to the Board on 23 September 2006;

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<sup>4</sup> Statistics relating to registered CDM project activities can be found at <http://cdm.unfccc.int/Statistics>



- (d) E-mail from Mr. Johannes Heister, World Bank, Washington D.C., USA, related to small-scale issues and sent to the Board on 25 September 2006;
- (e) Letter from Mr. Demostenes Barbosa da Silva , Sao Paulo, Brazil through TÜV SÜD Industrie Service GmbH related to methodologies issues, sent to the Board on 25 September 2006;
- (f) Letter from Mr. Andre Leal from Ecoinvest, Rio de Janeiro, Brazil through DNV Certification, sent to the Board on 28 September 2006;
- (g) Letter from Mr. Urs Brodmann, Factor Consulting + Management AG, Zurich, Switzerland related to methodological issues, sent to the Board on 13 October 2006;
- (h) Letter from Ms. Cathrine Sachweg, IETA, Geneva, Switzerland related to IETA “Forum of Project Developers” and registration issues, sent to the Board on 16 October 2006;
- (i) Letter from six Thai project developers through Ms. Kyoko Tochikawa, Mitsubishi UFJ Securities, Hong Kong, China related to extension of deadline, sent to the Board on 16 October 2006;
- (j) Two letters from Ms. Belinda Kinkead, EcoSecurities, Oxford, United Kingdom, related to methodological and registration issues, sent to the Board on 16 October 2006.

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

#### **5. Conclusion of the meeting**

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

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

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