



FRAMEWORK CONVENTION ON CLIMATE CHANGE - Secretariat  
CONVENTION - CADRE SUR LES CHANGEMENTS CLIMATIQUES -  
Secrétariat

Date: 1 November 2006  
Ref: CDM-EB-27

EXECUTIVE BOARD OF THE CLEAN DEVELOPMENT MECHANISM  
TWENTY-SEVENTH MEETING

Report

**Date of meeting:** 29 October– 1 November 2006

**Location:** Bonn, Germany

**Attendance:** The names of members and alternate members present at the twenty-sixth meeting are in bold print below. Where only the name of an alternate member is in bold print, the alternate participated as a member.

<b>Member</b>	<b>Alternate</b>
<b>Mr. Jean-Jacques Becker</b> <sup>2</sup>	<b>Ms. Gertraud Wollansky</b> <sup>2</sup>
<b>Mr. Hernán Carlino</b> <sup>1</sup>	<b>Mr. Philip M. Gwage</b> <sup>1</sup>
Ms. Sushma Gera <sup>2</sup>	<b>Mr. Akihiro Kuroki</b> <sup>2,3</sup>
<b>Mr. John Shaibu Kilani</b> <sup>2</sup>	<b>Mr. Ndiaye Cheikh Sylla</b> <sup>2</sup>
<b>Mr. Xuedu Lu</b> <sup>1</sup>	<b>Mr. Richard Muyungi</b> <sup>1</sup>
<b>Mr. José Domingos Miguez</b> <sup>2</sup>	<b>Mr. Clifford Anthony Mahlun</b> <sup>2</sup>
<b>Mr. Rawlestone Moore</b> <sup>1</sup>	Ms. Desna M. Solofa <sup>1</sup>
<b>Ms. Anastasia Moskalenko</b> <sup>1</sup>	<b>Ms. Natalia Berghi</b> <sup>1</sup>
<b>Mr. Rajesh Kumar Sethi</b> <sup>2</sup>	<b>Ms. Liana Bratasida</b> <sup>2</sup>
<b>Mr. Hans Jürgen Stehr</b> <sup>1</sup>	<b>Mr. Lex de Jonge</b> <sup>1</sup>

<sup>1</sup> Term: Two years (elected at COP/MOP 1 in 2005)

<sup>2</sup> Term: Two years (elected at COP 10 in 2004)

<sup>3</sup> Term: Mr. Fujitomi resigned in June 2006. Mr. Kukori's first term ends at the time Mr. Fujitomi's was to end (see Rules of Procedure of the Executive Board).

NB: The term of service of a member, or an alternate member, starts at the first meeting of the Executive Board in the calendar year following his/her election and ends immediately before the first meeting of the Executive Board in the calendar year in which the term ends (see Rules of procedure of the Executive Board).

**Quorum** (in parenthesis required numbers): **10** (7) members or alternate members acting as members present of which **4** (3) from Annex I Parties and **6** (4) from non-Annex I Parties.

**WWW broadcasting:** <<http://cdm.unfccc.int/EB/Meetings>>.

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

1. Mr. José Domingos Miguez, Chair of the Executive Board of the Clean Development Mechanism (CDM) (hereinafter referred to as the Board) opened the meeting and asserted that the quorum requirement was met. No conflict of interest was identified by any member or alternate member of the Board present at the meeting.

**Agenda item 2. Adoption of the agenda**

2. The Board adopted the agenda as proposed and agreed to the programme of work.

**Agenda item 3. Work plan****Agenda sub-item 3 (a): Accreditation of operational entities**

3. The Board took note of the fourteenth progress report (CDM-ACCR-R-14) on the work of the CDM Accreditation Panel (CDM-AP) presented by Mr. Hernan Carlino, Chair of the CDM-AP. The report summarized information relating to the work of the CDM-AP including the status of applications and developments with respect to desk reviews, on-site assessments, witnessing activities and other accreditation related issues.

*Consideration of case-specific recommendations:*

4. The Board agreed, pursuant to decisions 3/CMP.1, to accredit, and provisionally designate, the following applicant entities for:

- (a) Sector-specific validation and verification:
  - (i) TÜV SÜD Industrie Service GmbH (TÜV SÜD)  
(VAL: 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 15 /  
VER: 1, 2, 3, 4, 5, 6, 7, 10, 11, 12, 13, 15)
    - 8. Mining/Mineral production
    - 9. Metal production
- (b) Sector-specific validation:
  - (i) KPMG Sustainability B.V (KPMG)  
(VAL: 1, 2, 3 / VER: none)
    - 13. Waste handling and disposal
  - (ii) Lloyd's Register Quality Assurance Ltd (LRQA)  
(VAL: none / VER: none)
    - 13. Waste handling and disposal

5. The Board took note with satisfaction that the number of DOEs, covering the range of sectoral scopes, is increasing. It was also noted that the entity, TÜV SÜD Industrie Service GmbH, is the first entity accredited for all the sectoral scopes for validation functions.

6. The Board considered the recommendation from the CDM-AP on the spot-check of the DOE, agreed by the Board at its twenty-fourth meeting. The Board took note of the appeal submitted by the DOE against the recommendation of the CDM-AP. The Board taking into account that appeal had been



received after the documentation deadline for the submission of documents to the Board, agreed to consider the appeal at its next meeting.

*General issues relating to process/guidance*

7. The Board took note of the efforts made by the CDM-AP to overcome its difficulties with the availability of experts for the assessment work and also to improve the quality and consistency of the assessment work. The Board took note of the option under consideration by the CDM-AP to contract a limited pool of experts on a longer-term basis and facilitating training and capacity building of these experts. The Board requested the CDM-AP to analyse the cost implications to facilitate the training of these experts and submit it to the Board.

8. The Board took note of the CDM-AP's exchange of views on the Board's request 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. The Board agreed with the CDM-AP to conduct a survey with international, regional and national accreditation bodies to find out reasons for the lack of interest from the entities located in Non-Annex I Parties. The Board also agreed that the secretariat seek opportunities to reach-out to regional and national accreditation bodies and share information about the CDM accreditation process.

9. The Board took note of the preliminary consideration of the CDM-AP to develop short and long term 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. The Board agreed that information related to the evaluation of performance of DOEs from the registration and issuance team's appraisals to be shared with the CDM-AP in order to develop further options. The Board also took note of the proposed long-term measures considered by the CDM-AP, such as regular surveillance system of the DOEs and requested the CDM-AP to submit proposal for the consideration of the Board.

10. The Board took note of the report of the Chair of the CDM-AP on annual activity reports submitted by the DOEs. The Board also took note that two DOEs had not submitted their annual activity reports within the 30 September deadline and urged these DOEs to do so by 30 November 2006. The Board requested the CDM-AP to provide a synthesis report for its consideration at its next meeting.

11. The Board took note of the progress of the work on the spot-checks.

12. The Board agreed to a further revision of the accreditation procedure, as contained in annex 1. The procedure foresees for operational reasons that the Board may suspend/withdraw accreditation and re-instate/re-accredit a DOE between two sessions of the COP/MOP. The Board will seek confirmation from the COP/MOP that it may or not do so. The procedure will enter into force if the COP/MOP confirms that the Board may do so. The secretariat will inform the Board of the decision by COP/MOP and, in consultation with the Chair, announce either that:

- (a) The procedure enters into force and make it public
- (b) The procedure will be re-considered at the next meeting of the Board.

13. The Board noted that the institutional set-up of the CDM relating the Board and the DOEs with the project participants, as defined in, *inter alia*, the provisions in 3/CMP.1 paragraphs 20, 26, 35, 36, 37, 61, 62, is based on the premise that the Board and DOEs act in a concerted manner in particular when facing the high volume of activity the CDM was able to attract.

14. The Board noted that while the DOEs provide the service for the Board of assessing the validity of project participants' proposed activities and establish the amount of CERs to be issued, they are in a contractual relationship with the project participants. The Board perceives that this may potentially compromise the important role of the DOEs in the regulatory set up.



15. The Board will continue to take measures aiming to avoid that the deliverables of the DOEs could be compromised by potential situations of conflict of interests, such as the establishment of the Registration and Issuance Team as well as through enhanced dialogue, DOE forum interaction and coordination workshops.

### **Agenda sub-item 3 (b): Methodologies for baselines and monitoring plans**

16. The Board took 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.

#### ***Case specific***

17. The Board agreed to:

(a) **Approve the cases:**

- (i) NM0110-rev (“Mitigation of Methane Emissions in the Wood Carbonization Activity for Charcoal Production”), as contained in [annex 2](#), and to link it to scope 04 (manufacturing industry);
- (ii) NM0133-rev (“Grid-connected electricity generation using biomass from newly developed dedicated plantations”), as contained in [annex 3](#), and to link it to scope 1 (energy industry) and scope 14 (Afforestation / Reforestation);
- (iii) NM0151 (“Leak reduction from a natural gas distribution grid by replacing old cast iron pipes with polyethylene pipes), as contained in [annex 4](#), and to link it to scope 10 (Fugitive emissions from fuels (solid, oil and gas)).

(b) **Not to approve the cases** NM0158, NM0184, NM0190 which, if revised taking into account comments, can be resubmitted but will require new expert and public input.

18. In the case of NM0158, the Board, at its twenty-fifth meeting, agreed not to accept the Meth Panel’s recommendation and had requested the Meth Panel to review the case taking into account a new independent expert review. The Board noted, with appreciation for the initial reviewer, that the conclusions of the new independent expert reviewer were similar to the conclusions of the original reviewer, with no fundamental differences in the findings.

19. The Board requested the Meth Panel and the SSC WG to revise the approved consolidated methodology ACM0010 and the small scale methodology AMS III.D respectively in order to clarify that in the monitoring plan on-site inspections are conducted for each individual farm where the project activity is implemented in order to ensure that the registered monitoring plan has been applied correctly in the estimation of reductions in anthropogenic emissions by sources.

#### ***Responses to clarifications***

20. The Board took note of the response to a clarification provided by the Meth Panel on AM\_CLA\_0032 concerning AM0034 and agreed to approve the revision of the approved methodology AM0034 to reflect the clarification, as contained in [annex 5](#) of the report.

#### ***Responses to requests for revisions of approved methodologies:***

21. The Board agreed to the following responses to revisions, if any, of the approved methodology:

(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 to cover energy efficiency projects resulting in displacement of fossil fuels and increase in surplus power capacity. The Board also agreed to the panel's recommendation that methodologies for demand-side energy efficiency improvements measures should be submitted as new methodology, as this is not within the scope of approved methodology ACM0006.

(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. The Board agreed to the panels observation that project activities exporting electricity to other grids present a number of challenging issues in 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 to be undertaken by the Meth Panel. The Board nonetheless encouraged the project participants to submit further suggestions for revision to assist the process.

(d) Not to accept request AM\_REV\_0019 concerning ACM0006 requesting a revision to extend the applicability of the approved methodology 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 to expand the applicability of the methodology to project activities primarily aimed for the supply to the grid and also to activities where a waste gases captive generation power plant exists which will be decommissioned in the project scenario. Further, the Board did not agree to the recommendation to revise the approved methodology ACM0004 and requested the Meth Panel to further consider the revision of the methodology, with a view to make a recommendation to the Board.

(f) Accept requests AM\_REV\_0023, and AM\_REV\_0024 concerning ACM0006, as contained in [annex 6](#), requesting the revision of the approved methodology to allow:

- (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;
- (ii) The addition of a scenario for fossil fuel based electricity and heat generation in the baseline case. The approved methodology was also revised, as per the recommendation of the panel,
- (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) Make the methodology consistent with AM0036, particularly with respect to the monitoring provisions;
- (v) To update emissions factors used in the methodology based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories; and,
- (vi) 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 of EB22).

(g) Accept request AM\_REV\_0025 concerning AM0025 requesting to expand the applicability of the approved methodology 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 7 of the report. The Board also requested the Meth Panel to review the procedure for estimation of project methane emissions from composting in approved methodology.

### *Revision of approved methodologies*

22. The Board agreed to revise:

(a) AM0028, as contained in the annex 8 of this report, 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.

(b) AM0029, for purely editorial reasons to acknowledge the contribution of the project proponent of case NM0080-rev, and approved methodology AM0036 and of case NM0134-rev though the case itself was not approved by the Board.

23. The revisions/withdrawal referred to in paragraph 10, 11 and 12 (a) above will come into effect on 8 November 2006, in accordance with the procedure for the revision of approved methodologies.

### *General guidance and process*

24. The Board agreed to the 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, as contained in annex 9 of the report. Furthermore the Board invited the secretariat to prepare a proposal for the improvement of the tool for the demonstration of additionality (AT), which is consistent as applicable with the Combined Tool (CT), with a view to consideration at its twenty-eighth meeting. In addition the Board requested the Meth Panel to reconsider the restriction that “all newly built facilities cannot apply the combined tool”.

25. The Board also agreed that the work on development of a guidance manual for both AT and CT, as per paragraph 38 of the twenty-sixth meeting report of the Board, shall be undertaken after the adoption of the improved AT. The manual is expected to be considered by the Board at its twenty-ninth meeting.

26. The Board considered the key findings of an assessment by the Meth Panel on use of the tool for the demonstration of additionality in practice by all projects that have been registered or submitted a request for registration until 20 May 2006. The Board thanked the panel for its assessment and suggestions while recommending measures, as stated in paragraph 51 of this report.

27. The Board agreed to the guidance on criteria for consolidations and revisions of methodologies as contained in annex 10 of this report.

28. The Board considered the proposal on the definitions of a “programme of activities” and “policy” as well as a draft proposal for structuring a programme of activities so that it could be registered as a single activity. It requested the secretariat to prepare a revised proposal for consideration by the Executive Board at its next meeting taking into account the inputs provided by the Board.

29. The Board clarified the application of paragraph 93 of the twenty-fifth meeting of the Board, as follows:

(a) In cases where during validation of a project activity the project participants have to change the version of a methodology applied due to the expiry of the version originally applied 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 make publicly available, for 30 days, the CDM-PDD unless otherwise specified in the corresponding revised methodology.



(b) The DOE shall make publicly available, for 30 days, the CDM-PDD unless otherwise specified in the corresponding revised methodology if the project participant make this change within the grace period.

30. The Board took note of the interaction between the Meth Panel and representatives of DOE's which took place in the context of the last Meth panel meeting to facilitate their dialogue. The Board, taking into consideration a proposal of the DOE's at that interaction, requested the secretariat to launch a call for inputs to allow the designated operational entity (DOE) to submit requests for revision of approved methodologies. The call shall be opened from 3 November 2006 to 3 January 2007 (16.00 GMT). The Board requested the Meth Panel, bearing in mind its workload, to consider, with a view to prepare recommendations to the Board, these requests in conjunction with requests for revision submitted by project participants on similar methodologies where feasible and relevant.

31. The Board invited the Meth Panel to continue its work on the broadening of the applicability of methodologies in accordance with paragraphs 23, 24 (a) and (b) of decision 7.CMP.1, by considering new methodologies that are clearly applicable to more than one project activities or can be consolidated with existing methodologies as a priority. Such proposed methodologies shall be clearly substantiated by the project proponents when submitting proposal for new methodologies. Furthermore, the Board requested the Meth Panel to limit the revision of approved methodologies to ensure that there is a minimum of 6 months between revisions, where possible. The Chair of Meth Panel may recommend an earlier revision if it is deemed of importance, taking into account all implications. The Board requested the secretariat to revise applicable procedures for consideration by the Board at its twenty-eighth meeting.

32. The Board clarified that:

(a) For the simplified baseline and monitoring methodologies for type III small scale projects, the 25,000 tCO<sub>2</sub>e limit is an applicability criteria. These approved methodologies are therefore applicable to project activities that demonstrate that the projected emission reductions are less than 25,000 tCO<sub>2</sub>e only.

(b) The phrase "the annual emission reduction for that particular year is capped at 25,000 tCO<sub>2</sub>e" should be interpreted in light of the paragraph 8 of Annex II of decision 3/CMP.1, and

(c) While it may be possible that the emission reductions might, as an exception, exceed 25,000 tCO<sub>2</sub>e for some years during the crediting period, the emission reductions during these years will be capped at 25,000 tCO<sub>2</sub>e.

33. 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.

#### ***Further schedule***

34. The Board noted the schedule of the Meth Panel for the rest of the year. The Board took note that the next Meth Panel meeting is to take place on from 27 November to 1 December 2006. The Board will attempt to consider issues and recommendations emanating from that Meth Panel meeting even if the input from the panel meeting would be available only a few days before the next meeting of the Board.

**Agenda sub-item 3 (c): Issues relating to procedures for afforestation and reforestation project activities**

35. The Board considered a shortlist of applicants to the Afforestation and Reforestation Working Group (A/R WG) in order to increase the number of AR WG members and selected Mr. Iginio Emmer and Mr. Xiaoquan Zhang as members for the working group, taking fully into account the consideration of regional balance. Furthermore, the Board appointed Mr. Marcelo Rocha to replace the outgoing member Mr. Hilton Couto. The Board expressed its appreciation to Mr. Hilton Couto for his dedicated work in the A/R WG.

**Agenda sub-item 3 (d): Matters relating to the registration of CDM project activities**

36. The Board took note that 387 CDM project activities have been registered by 1 November 2006. The status of requests for registration of project activities can be viewed on the UNFCCC CDM website at <http://cdm.unfccc.int/Projects/>.

*Case specific*

37. In accordance with the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures, the Board considered six (6) requests for review of requests for registration by DOEs.

38. The Board agreed to register the project activity “7.5 MW wind farm of REI Agro Ltd. at Soda village in the state of Rajasthan, India” (0564) taking note of the initial comments provided by the project participant and the DOE (TUV SUED).

39. The Board agreed to register with corrections the project activity “Efficient utilisation of waste heat and natural gas at Dahej complex of GACL” (0500) if the DOE (DNV) submits a revised Validation Report of the submitted revised PDD, which confirms that the proposed method of the boiler efficiency calculations complies with the recommendations for determining the equipment performance as stipulated in Appendix B of the simplified modalities and procedures for small-scale CDM project activities.

40. After the submission of the specified documentation, the secretariat, in consultation with the Chair of the Board, will check the revised documentation before the activity is displayed as registered.

41. The Board agreed to undertake a review of the request for registration by the DOE (DNV) for the project activity “Increasing the Additive Blend in cement production by Jaiprakash Associates Ltd (JAL)” (0454) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 11](#) to this report.

42. The Board agreed to undertake a review of the request for registration by the DOE (DNV) for the project activity “Destruction of HFC-23 at refrigerant (HCFC-22) manufacturing facility of Chemplast Sanmar Ltd” (0499) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 12](#) to this report.

43. The Board agreed to undertake a review of the request for registration by the DOE (BVQI) for the project activity “6.6 MW Sheshadri Iyer Mini Hydel Power project of Atria Hydel Power Limited at Malavalli Taluk, Mandya District, Karnataka” (0522) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 13](#) to this report.

44. The Board agreed to undertake a review of the request for registration by the DOE (BVQI) for the project activity “ARAPUtanga Centrais ELébricas S. A. - ARAPUCCEL - Small Hydroelectric Power Plants Project” (0530) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 14](#) to this report.



45. The Board agreed on the nomination of the members of the review teams for the above cases. The review teams may call on outside expertise in consultation with the Chair of the Board, as appropriate.

46. In strengthening the responsiveness to the needs of the Parties and stakeholders (paragraph 10 (a) Decision 7/CMP.1) and in accordance with the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures, the Board considered the recommendations of the review teams for the three (3) project activities which were placed “Under review” at the twenty-sixth meeting of the Board.

47. In accordance with the provisions of paragraphs 17 and 18 (c) of the above-mentioned procedures, the Board agreed to reject the project activity:

(a) “Cosipar Renewable Electricity Generation Project” (0410) submitted for registration by the DOE (BVQI), considering that the Letter of Approval of the DNA of the Host Party was not valid for the project activity as submitted and that the PDD used the approved small-scale methodology AMS-I.D which was not applicable to such type of activity, therefore the proposed project activity did not meet the requirements stipulated in paragraphs 37 (e) and 40 (a) of the CDM modalities and procedures.

(b) “Capex S.A. – Agua del Cajon Thermal Power Plant – Open to Combined Cycle Conversion” (0443) submitted for registration by the DOE (AENOR), considering that the starting date of the project activity, being the start of the construction, was before 1 January 2000, therefore the proposed project activity did not meet criteria for prompt start projects as specified in paragraph 4 of decision 7/CMP.1.

(c) “Aços Villares Natural gas fuel switch project” (0474) submitted for registration by the DOE (DNV), considering that the PDD and the Validation Report uploaded by the DOE with the request for registration were different in substance from those approved by the DNA of the Host Party, therefore the established registration process was not based on adequate documentation.

### ***General guidance***

48. The Board agreed to adopt “Clarifications on the Procedures for review referred to in paragraph 41 of the modalities and procedures for a clean development mechanism (version 5)” as contained in [annex 15](#) to this report.

49. In order to further clarify procedures relating to retroactive crediting the Board reiterated that only those project activities submitted for validation prior to 31 December 2005, whose PDDs were complete and suitable for publication for the global stakeholder consultation and which met all other requirements for prompt start CDM projects, would qualify to claim retroactive credits. The Board further clarified that these guidelines also apply to project activities which were submitted for validation prior to 31 December 2005 to one DOE and transferred at a later stage to another DOE.

50. With a view to improving the quality of requests for registration of project activities, the Board reiterated that detailed information on the demonstration of additionality has to be either integrated in PDDs or submitted as annexes to PDDs. The Board further instructed the DOEs to ensure that validation reports include an assessment of the appropriateness of the demonstration of additionality, including documentation and other evidence provided by project participants. The Board also clarified that requests for registration, whose PDD and validation report do not contain the previously defined information, shall be considered incomplete.

51. The Board requested the secretariat to prepare draft procedures to request the renewal of a crediting period of registered CDM project activities in accordance with paragraph 49 (a) of the CDM modalities and procedures for consideration by the Board at its twenty-eighth meeting.



52. The Board requested the secretariat to develop ideas and proposals to brand registered CDM project activities for consideration by the Board at its twenty-ninth meeting.

### **Agenda sub-item 3 (e): Matters relating to the issuance of CERs and the CDM registry**

53. The Board took note that 17,050,760 CERs have been issued as at 1 November 2006, and that the secretariat, in its capacity as the CDM registry administrator, continues to process requests for opening of holding accounts and for forwarding of CERs. The status of requests for issuance of CERs can be viewed on the UNFCCC CDM website at <<http://cdm.unfccc.int/Issuance>>.

#### *Case specific issues*

54. In accordance with the procedures for review as referred to in paragraph 65 of the CDM modalities and procedures, the Board considered requests for review of two (2) requests for issuance.

55. The Board agreed to instruct the CDM registry administrator to issue 162,638 CERs for “Bundled Wind power project in Jaisalmer (Rajasthan in India) managed by Enercon (India) Ltd. (0310)”, taking note of the initial comments from the DOE (BVQI) and project participant in response to the request for review, and following the uploading of the revised verification report supplied by the DOE on the CDM website.

56. The Board agreed to instruct CDM registry administrator to issue CERs for “HFC Decomposition Project in Ulsan (0003)” following the submission by the project participants of a revised monitoring report and verification report submitted by the DOE (DNV) which complies with the requirement of the monitoring methodology to report HCFC22 production in monthly intervals.

57. After the submission of the specified documentation, the secretariat, in consultation with the Chair of the Board, will check the revised documentation before the CDM registry administrator is instructed to issue any CERs.

58. In strengthening the responsiveness to the needs of the Parties and stakeholders (paragraph 10 (a) Decision 7/CMP.1) and in accordance with the procedures for review as referred to in paragraph 65 of the CDM modalities and procedures, the Board considered the recommendations of the review teams for the three (3) request for issuance which were placed “Under review” at the twenty-sixth meeting of the Board.

59. In accordance with the provisions of paragraphs 17 and 18 (b) of these procedures, the Board agreed to instruct CDM registry administrator to issue CERs for the project activity “Hapugastenne and Hulu Ganga Small Hydropower Projects (0085)” following the submission by the DOE (DNV) of a revised verification and certification report and request for issuance which confirm how the DOE has verified the estimation of electricity generation based on the measurements of the Ceylon Electricity Board including also the calibration and accuracy of the meters.

60. In accordance with the clarifications to the procedures as referred to in paragraph 65 of the CDM modalities and procedures, para 18 (b), the Board will consider the revised documentation at its next meeting for which the revised documentation was received in accordance with the documentation deadline. If the Board considers the corrections as satisfactory, the CERs shall be issued, otherwise the request will be rejected.

61. In accordance with the provisions of paragraphs 17 and 18 (c) of these procedures, the Board agreed to reject the request for issuance of CERs for the project activity:

(a) “AWMS GHG Mitigation Project, MX05-B-07, Sonora, México (0150)” submitted by the DOE (DNV) considering that it was not evident how the DOE had complied with the requirements of paragraph 62(d) of the CDM modalities and procedures and also that the DOE has accepted a



modification of the approved monitoring methodology with respect to the estimation of leakage due to additional electricity consumption, without requesting a deviation.

(b) “AWMS GHG Mitigation Project, MX05-B-09, Nuevo León, México (0163)” submitted by the DOE (DNV) considering that it was not evident how the DOE had complied with the requirements of paragraph 62(d) of the CDM modalities and procedures and also that the DOE has accepted a modification of the approved monitoring methodology with respect to the estimation of leakage due to additional electricity consumption, without requesting a deviation.

62. The Board considered eight (8) requests for deviation, agreed to answers for all of them and requested the secretariat to inform the DOEs accordingly.

63. With reference to “*Bandeirantes Landfill Gas to Energy Project (BLFGE)*” (0164), the Board took note that it received the verification and certification report provided to it by DOE and project participants in response to the decision at the twenty-sixth meeting of the Board. Acknowledging that the decision of the Board, that no CERs shall be claimed for the component of methane which was flared, was made on the basis of the available information provided by the DOE and project participants, it further agreed, without prejudging the previous decision, to consider new information not made available during the review process, and take a decision at its twenty-eighth meeting.

64. This decision is on the basis of the Board’s consideration of the circumstances relating to the provision of new information in this particular case.

#### *General guidance*

65. The Board noted that DOEs and project participants are responsible for ensuring that all information relevant to support each claim and assessment is made available in a transparent and timely manner.

66. The Board agreed to adopt “Clarifications on the Procedures for review referred to in paragraph 65 of the modalities and procedures for a clean development mechanism (Version 2)” as contained in [annex 16](#) to this report.

### **Agenda item 4. CDM management plan and resources for the work on the CDM**

#### *CDM-MAP*

67. The Board considered a revised CDM management plan covering 2007 and 2008 (CDM-MAP 2007) presented by the Executive Secretary, and adopted version 01 CDM-MAP 2007, as contained in [annex 17](#) of this report. The Board agreed to make this version available to COP-MOP at its second session by attaching it also to the addendum of the Board’s report to COP/MOP to provide for the necessary transparency.

68. In addition to measures in the CDM-MAP, with a view to equalize the workload and enhance the efficiency of the Board, it agreed to enable alternate members of the Board to assume responsibilities in chairing Panels of the Board and in leading reviews.

#### *Resources*

69. The Board considered a report by the secretariat on the need for contributions from Parties in 2007 against the background of possibly reaching the level of a 1.5 year operating margin before 1 January 2008.

70. As no further income was received since the twenty-sixth meeting, the total for 2006 stands at 9.3 million. Based on expenditures to date (USD 4.2 million), further committed and planned



expenditures to the end of the year and expected contributions, the secretariat expects that there will be a carry-over of USD 4.4 million for use in 2007.

71. Since the twenty-sixth meeting of the Board, the secretariat has received a further USD 0.47 million (USD 0.01 million in methodologies fees, USD 0.27 million in registration fees and USD 0.19 million in shares of proceeds) from fees and shares of proceeds totalling USD 9.9 as at 31 October 2006. Based on a realistic, but conservative analysis of expected issuances, the secretariat expects that the 18 month operating margin (based on a ~USD14 million annual budget of the MAP-2007) will be reached by some time toward the end of the 2nd quarter of 2007. Consequently, the expectation is that the CDM-MAP could start to be fully financed from the accumulated fees and shares of proceeds as of the end of the 2nd quarter of 2007.

72. The expected carry-over of USD 4.4 million will allow the secretariat to operate the activities of the CDM-MAP-2007 until approximately the beginning of the 2nd quarter of 2007. An additional USD 2.5 million would be still needed for the remainder of the 2nd quarter, before financing of CDM-MAP activities from fees and shares of proceeds can start.

73. If the outstanding pledges (USD 3.2 million as at 31 October 2006) made by Parties at CMP1 in Montreal in 2005 are paid in full, the gap in the 2nd quarter will be covered, and no additional pledges and payments will be sought from Parties. The current status of pledges to support 2006 CDM activities is contained in annex 18 of this report.

74. Consequently, the Board thanked Parties that have paid their pledges made in Montreal, and invited those Parties that still have outstanding pledges to pay those pledges as soon as possible, to cover the expected financing gap for the second quarter of 2007.

#### **Agenda item 5. Other matters**

75. The Board agreed that changes of editorial nature in official documents shall be taken care of by the secretariat, in consultation with the Chair of the Board. These editorial changes will not constitute a revision of the document and hence not imply a change of the version number however an indicator system shall be used that identifies the most recent edition (e.g. if the existing version of the document is 3, the first edition is indicated by 3.1). Recommendations for editorial changes shall be sent to the secretariat (cdm-info@unfccc.int).

#### **Agenda sub-item 5 (a): Report of the CDM Executive Board to the COP/MOP 2 (2005-2006)**

76. The Board considered the draft addendum to the report to the second session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP 2) and requested the secretariat to prepare, and finalize the addendum in cooperation with the Chair of the Board in order to include the outcome of the twenty-seventh meeting of the Board. It agreed not to annex a draft of the addendum to reduce the size of the report.

#### **Agenda sub-item 5 (b): Relations with Designated National Authorities**

77. The Board took note of the first meeting of the DNA Forum held on 27 - 28 of October 2006, in Bonn Germany. The meeting was attended by eighty one DNA representatives and national focal points from both Annex I and non-Annex I Parties. The DNA Forum at its first meeting considered its rules of procedures and elected Co-Chairs. The Forum also agreed on elements of its work programme and identified several issues to further discuss.

78. The Board took note of its interaction with the DNA Forum and responded to issues and concerns raised by them. Given the importance and the strong interest in such a forum, resources were allocated in CDM MAP 2007 to support its continued operation by including staff time to provide basic



substantive and logistical support as well as the cost of holding two meetings per year. One of the DNA Forum, funded in this manner, is envisaged to take place in conjunction with the joint coordination workshop the Board holds every year with all panel, working groups, RIT members, some desk reviewers and assessment team members and DOE representatives. Given the need in this early phase of CDM for several meetings in a year, additional funding other than share of proceed will be sought to hold such meetings.

79. The Board expressed its deep appreciation to the Government of Japan for funding the first meeting of the DNA forum.

80. The Board noted that an informal meeting of DNAs is scheduled on Monday, 13 November 2006 in Nairobi, Kenya, in conjunction with the second sessions of the COP/MOP.

#### **Agenda sub-item 5 (c): Regional distribution of project activities**

81. The Board considered and finalized its draft recommendations to COP/MOP 2 on the regional distribution of CDM project activities and agreed to such recommendations, as contained in annex 19 of this report.

82. These recommendations will be included in the addendum of the EB report to COP/MOP 2.

#### **Agenda sub-item 5 (d): Relations with Designated Operational and Applicant Entities**

83. The Board took note of the oral report by Mr. Einar Telnes, Chair of the DOE/AE forum who raised, *inter alia*, the following points:

(a) Concerns expressed by the Board with respect to the quality of the work of DOEs, and given the importance of this issue the need for greater interaction between the Board and the DOEs;

(b) The applicability criteria of ACM0004;

(c) Republishing of PDDs for global stakeholder consultation following revisions of methodology;

(d) Assessment of the consideration of the benefit of the CDM for projects not claiming retroactive credits;

(e) The role of DOEs with respect to the equitable distribution of CDM project activities.

(f) The consideration by the Accreditation Panel of the issue of phased accreditation.

(g) The requirements with respect to the completeness of PDD submitted to DOE for validation before 31 December 2005 for the purpose of claiming retroactive credits;

(h) The application by project participants of monitoring methodologies other than those with which the project activity was registered;

(i) The applicability criteria of the Board's decisions on requests for deviation;

(j) Validation and verification requirements for electricity grid emission factors developed by Designated National Authorities;

(k) Requested the opportunity for DOEs to be able to submit revisions to approved methodologies without a draft PDD;

(l) Requested further clarification on the applicability criteria of the simplified baseline and monitoring methodologies for type III small-scale projects;



- (m) The development of a revised validation and verification manual.

84. The Board took note of the issues raised by Mr. Telnes and considered the interaction useful, and in particular thanked the DOE/AE forum for submitting a list of issues in advance of the Board meeting. The Chair of the Board reiterated that the role of the interaction with the DOE forum was to provide an opportunity for an exchange of ideas, and that where the Board wished to respond to issues raised this would be done through the adoption of decisions in the report of the Board. The Board welcomed the proposal for enhanced cooperation between the Board and the DOEs to enhance the quality of output.

85. The Board encouraged the DOE/AE coordination forum to provide timely input to the Board and its panels, thus enhancing common understanding and approaches.

86. The Board further thanked the outgoing Chair of the DOE Forum, Mr. Einar Telnes, for his contribution to the establishment of the Forum which provides for an enhanced dialogue between the Board and the DOEs.

#### **Agenda sub-item 5 (e): Relationship with stakeholders, intergovernmental and non-governmental organizations (registered accredited observers)**

87. The Board met with registered observers for informal briefings on 1 November 2006 and agreed to continue with such meetings in the afternoon of the last day of its future meetings, unless otherwise indicated. These meetings are available on webcast.

88. The Board further agreed to continue to meet with the same type of arrangement at its twenty-eight meeting, with space being made available for 70 observers, and to reconsider the issue when necessary. Observers to the twenty-eight meeting of the Executive Board shall have registered with the secretariat by **21 November 2006, no later than 17:00 GMT**. In order to ensure proper security and logistical arrangements, the Board emphasized that this deadline will be strictly enforced by the secretariat.

89. The Board acknowledged the unsolicited submissions received and recognized that due to time constraints and its current workload was not able to respond to them.

#### **Agenda sub-item 5 (f): Other business**

90. The Board agreed on the provisional agenda for its twenty-eight meeting (12 - 15 December 2006) as contained in [annex 20](#) to this report, with the open session on 14 and 15 December in order to facilitate observers attendance.

#### **Agenda item 6. Conclusion of the meeting**

91. The Chair summarized the main conclusions.

#### **Agenda sub-item 6 (a): Summary of decisions**

92. Any decisions taken by the Board shall be made publicly available in accordance with paragraph 17 of the CDM modalities and procedures and with rule 31 of the rules of procedure of the Executive Board.

#### **Agenda sub-item 6 (b): Closure**

93. The Chair closed the meeting.



## Annexes to the report

### Accreditation

Annex 1 - Revised procedures for accreditation

### Methodologies

- Annex 2 - Approved baseline and monitoring methodology AM0041 (based on the case NM0110-rev)
- Annex 3 - Approved baseline and monitoring methodology AM0042 (based on the case NM0133-rev)
- Annex 4 - Approved baseline and monitoring methodology AM0043 (based on the case NM0151-rev)
- Annex 5 - Revision of the approved methodology AM0034
- Annex 6 - Revision of the approved methodology ACM0006
- Annex 7 - Revision of the approved methodology AM0025
- Annex 8 - Revision of the approved methodology AM0028
- Annex 9 - Combined tool to identify the baseline scenario and demonstrate additionality
- Annex 10 - Guidance on criteria for consolidations and revisions of methodologies

### Matters relating to the registration of CDM project activities

- Annex 11 - Scope of review related to project 454 (registration)
- Annex 12 - Scope of review related to project 499 (registration)
- Annex 13 - Scope of review related to project 522 (registration)
- Annex 14 - Scope of review related to project 530 (registration)
- Annex 15 - Clarifications on procedures for review under paragraph 41 of the CDM modalities and procedures (version 5)

### Matters relating to the issuance of CERs and the CDM Registry

- Annex 16 - Clarifications on procedures for review under paragraph 65 of the CDM modalities and procedures (version 2)

### Resources

- Annex 17 - Revised management plan (MAP)
- Annex 18 - Status of pledges to support 2006 CDM activities

### Other business

- Annex 19 - Regional distribution of clean development mechanism project activities
- Annex 20 - Provisional agenda for EB28