



## Glossary of CDM terms

**Please note this document serves only to indicate the amendments to the glossary of CDM terms pertinent to the small-scale CDM**

**The following glossary of CDM terms explains terms used in the Project Design Document (CDM-PDD), and the Proposed New Baseline and Monitoring Methodologies (CDM-NM). The glossary is to facilitate the completion of the CDM-PDD, CDM-NM by project participants.**

At its first session, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) adopted the ‘*Marrakech Accords*’ as well as all draft decisions recommended by the COP since the “Prompt start of the CDM” in 2001. These decisions include, *inter alia*:

- Modalities and procedures for a clean development mechanism (hereafter referred as “CDM modalities and procedures”, see annex to decision 3/CMP.1);
- Simplified modalities and procedures for small-scale clean development mechanism project activities (hereafter referred as “CDM simplified modalities and procedures”, see decision 4/CMP.1);
- Modalities and procedures for afforestation and reforestation project activities under the CDM (hereafter referred as “CDM A/R modalities and procedures”, see decision 5/CMP.1)
- Modalities and procedures for small-scale afforestation and reforestation project activities under the CDM (hereafter referred as “CDM SSC A/R modalities and procedures”, see decision 6/CMP.1).

The terms listed in the glossary apply to the different type of project activities. If a term only applies to specific types of project activities it is reflected after the title of the term. The acronyms for types of project activities are:

P	= CDM project activities
A/R	= Afforestation and reforestation project activities
SSC	= Small-scale project activities
SSC A/R	= Small-scale afforestation and reforestation project activities

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### Terms in alphabetical order

#### **Actual net greenhouse gas removals by sinks (A/R - SSC A/R)**

“Actual net greenhouse gas (GHG) removals by sinks” is the sum of the verifiable changes in carbon stocks in the carbon pools within the project boundary, minus the increase in emissions of the GHGs measured in CO<sub>2</sub> equivalents by the sources that are increased as a result of the implementation of the afforestation or reforestation (A/R) project activity within the project boundary, attributable to the A/R CDM project activity.

*To be applied mutatis mutandis to SSC A/R - Actual net greenhouse gas removals by sinks.*

#### **Additional (SSC A/R)**

A small-scale afforestation or reforestation project activity under the CDM is additional if the actual net greenhouse gas removals by sinks are increased above the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the registered small-scale afforestation or reforestation project activity under the CDM.

#### **Additionality (SSC)**

*See Attachment A to Appendix B.*

#### **Afforestation (A/R - SSC A/R)**

“Afforestation” is the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forested land through planting, seeding and/or the human-induced promotion of natural seed sources.

*To be applied mutatis mutandis to SSC A/R - Afforestation.*

#### **A/R CDM Project activity (A/R)**

An A/R CDM project activity is an afforestation or reforestation measure, operation or action that aims at achieving net anthropogenic GHG removals by sinks. The Kyoto Protocol and the CDM modalities and procedures use the term “project activity” as opposed to “project”. An A/R CDM project activity could, therefore, be identical with or a component or aspect of a project undertaken or planned.

#### **“Appropriate equivalent of 15 megawatts” (SSC)**

*Please see “Type(I) I project activities”.*

#### **“Appendix A”(SSC - AR SCC)**

Refers to the Appendix A of the simplified modalities and procedures for small-scale CDM project activities which provides for a simplified project design document. The latest form for simplified project design document for small-scale CDM project activities is available in the section ‘**Project design documents/forms**’ of the UNFCCC CDM website: <http://cdm.unfccc.int/Reference/Forms>.

*To be applied mutatis mutandis to AR SSC - Appendix A.*

#### **“Appendix B”(SSC - AR SSC)**

The Appendix B of the simplified modalities and procedures for small-scale CDM project activities corresponds to the indicative list of simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories. This list is updated and modified by decisions by the Executive Board based on inputs by project participants. The latest version of the list is available on the UNFCCC CDM website under the section on approved small-scale methodologies (please refer to <http://cdm.unfccc.int/methodologies>).

*To be applied mutatis mutandis to AR SSC - Appendix B.*

**“Appendix C” (SSC - AR SSC)**

The Appendix C of the simplified modalities and procedures for small-scale CDM project activities corresponds to the procedures for determining the occurrence of debundling.

*To be applied mutatis mutandis to AR SSC - Appendix C.*

*See also “Debundling”.*

**Approval by Parties involved (All types)**

A written approval constitutes the authorization by a designated national authority (DNA) of specific entity(ies)’ participation as project proponents in the specific CDM project activity. The approval covers the requirements of paragraphs 33 and 40 (a) and (f) of the CDM modalities and procedures.

The DNA of a Party involved in a proposed CDM project activity shall issue a statement including the following:

- The Party has ratified the Kyoto Protocol.
- The approval of voluntary participation in the proposed CDM project activity
- In the case of Host Party(ies): statement that the proposed CDM project activity contributes to sustainable development of the host Party(ies).

The written approval shall be unconditional with respect to the above.

Multilateral funds do not necessarily require written approval from each participant’s DNA. However those not providing a written approval may be giving up some of their rights and privileges in terms of being a Party involved in the project.

A written approval from a Party may cover more than one project provided that all projects are clearly listed in the letter.

The Board agreed that the registration of a CDM project activity can take place without an Annex I Party being involved at the stage of registration. Before an Annex I Party acquires certified emission reductions from such a project activity from an account within the CDM Registry, it shall submit a letter of approval to the Board in order for the CDM Registry administrator to be able to forward CERs from the CDM Registry to the national registry of the Annex I Party.

The DOE shall receive documentation of the approval.

*To be applied mutatis mutandis to SSC, A/R and SCC A/R - Approval by Parties involved.*

**“Attachment A to Appendix B” (SSC)**

The attachment A to Appendix B corresponds to list of barriers project participants shall use in order to demonstrate that a small-scale project activity would not have occurred otherwise (i.e. is additional). The latest version of the attachment A to Appendix B can be found on the UNFCCC CDM website under the section on approved small-scale methodologies (please refer to <http://cdm.unfccc.int/methodologies/SSCmethodologies/approved>).

A simplified baseline and monitoring methodology listed in Appendix B to the simplified modalities and procedures for small-scale CDM project activities may be used for a small-scale CDM project activity if the project participants are able to demonstrate to a designated operational entity that the project activity would otherwise not be implemented due to the existence of one or more of the barriers listed in attachment A of appendix B. Where specified in appendix B for a project category, quantitative evidence that the project activity would otherwise not be implemented may be provided instead of a demonstration based on the barriers listed in attachment A to appendix B.

**“Attributable” (All types)**

Please see “measurable and attributable”.

**Authorization of a private and/or public entity to participate in a CDM project activity (All types)**

Please see “Approval by Parties involved”.

**Baseline (All types)**

Please see “baseline scenario”.

**Baseline approach (P - SSC)**

A baseline approach is the basis for a baseline methodology. The Executive Board agreed that the three approaches identified in sub-paragraphs 48 (a) to (c) of the CDM modalities and procedures be the only ones applicable to CDM project activities. They are:

- Existing actual or historical emissions, as applicable; or
- Emissions from a technology that represents an economically attractive course of action, taking into account barriers to investment; or
- The average emissions of similar project activities undertaken in the previous five years, in similar social, economic, environmental and technological circumstances, and whose performance is among the top 20 per cent of their category.

To be applied *mutatis mutandis* to **SSC - Baseline approach**.

**Baseline approach (A/R - SSC A/R)**

Please see “baseline approach for A/R CDM project activities”.

Please see “baseline approach for SSC A/R CDM project activities”.

**Baseline approach for A/R CDM project activities (A/R)**

A baseline approach is the basis for a baseline methodology. The Executive Board agreed that the three approaches identified in sub-paragraphs 22 (a) to (d) of the CDM A/R modalities and procedures shall be the only ones applicable to A/R CDM project activities. These are:

- (a) Existing or historical, as applicable, changes in carbon stocks in the carbon pools within the project boundary;
- (b) Changes in carbon stocks in the carbon pools within the project boundary from a land use that represents an economically attractive course of action, taking into account barriers to investment;
- (c) Changes in carbon stocks in the pools within the project boundary from the most likely land use at the time the project starts.

**Baseline approach for SSC A/R CDM project activities (SSC A/R)**

A baseline approach is the basis for a baseline methodology. The most likely baseline scenario of the small-scale A/R CDM project activity is considered to be the land-use prior to the implementation of the project activity, whichever is the case grasslands or croplands. Project activities implemented on settlements or wetlands are presently not included in SSC-AR-CDM.

**Baseline methodology (P - SSC)**

A methodology is an application of an approach as defined in paragraph 48 of the CDM modalities and procedures, to an individual project activity, reflecting aspects such as sector and region. No methodology is excluded a priori so that project participants have the opportunity to propose any methodology. In considering paragraph 48, the Executive Board agreed that, in the two cases below, the following applies:



- (a) Case of a new methodology: In developing a baseline methodology, the first step is to identify the most appropriate approach for the project activity and then an applicable methodology;
- (b) Case of an approved methodology: In opting for an approved methodology, project participants have implicitly chosen an approach.
- To be applied mutatis mutandis to SSC - Baseline methodology.*

#### **Baseline methodology (A/R)**

A methodology is an application of an approach as defined in paragraph 22 of the CDM A/R modalities and procedures, to an individual A/R CDM project activity, for the determination of the baseline scenario. A baseline methodology should reflect aspects such as environmental conditions and past land uses and land use changes. No methodology is excluded a priori so that project participants have the opportunity to propose a methodology. In considering paragraph 22, the Executive Board agreed that, the following cases apply:

- (a) Case of a new methodology: In developing a baseline methodology, the first step is to identify the most appropriate approach for the proposed A/R CDM project activity and then an applicable methodology;
- (b) Case of an approved methodology: In opting for an approved methodology, project participants have implicitly chosen an approach.

#### **Baseline and monitoring methodology (SSC A/R)**

A methodology is an application of a baseline approach. The most likely baseline scenario of the small-scale A/R CDM project activity is considered to be the land-use prior to the implementation of the project activity, whichever is the case grasslands or croplands. Project activities implemented on settlements or wetlands are presently not included in SSC-A/R-CDM.

A "simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation CDM project activities categories" is publicly available on the UNFCCC CDM website (<http://unfccc.int/cdm>). Project participants may use the methodology for project categories, which fall under the applicability conditions of the methodology.

A baseline methodology should reflect aspects such as environmental conditions and past land uses and land use changes.

#### **Baseline - approved methodology (P - A/R)**

A baseline methodology approved by the Executive Board is publicly available along with relevant guidance on the UNFCCC CDM website (<http://unfccc.int/cdm>) or through a written request sent to [cdm-info@unfccc.int](mailto:cdm-info@unfccc.int) or Fax: (49-228) 815-1999.

*To be applied mutatis mutandis to A/R - Baseline - approved methodology.*

#### **Baseline for small-scale CDM project activities - approved methodology (SSC)**

A baseline methodology approved by the Executive Board is included in an indicative list of simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories (contained in the Appendix B to the simplified modalities and procedures for small-scale CDM project activities) and is publicly available along with relevant guidance on the UNFCCC CDM website (<http://cdm.unfccc.int/methodologies/SSCmethodologies/approved>) or **it can be obtained** through a **written** request sent to [cdm-info@unfccc.int](mailto:cdm-info@unfccc.int) or Fax: (49-228) 815-1999.

#### **Baseline and monitoring - simplified A/R approved methodology (SSC A/R)**

A simplified baseline and monitoring methodology approved by the Executive Board for selected small-scale afforestation and reforestation (A/R) CDM project activity categories is publicly available on the



UNFCCC CDM website (<http://unfccc.int/cdm>) or through a written request sent to [cdm-info@unfccc.int](mailto:cdm-info@unfccc.int) or Fax: (49-228) 815-1999.

#### **Baseline net greenhouse gas removals by sinks (A/R - SSC A/R)**

“Baseline net GHG removals by sinks” is the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the A/R CDM project activity.  
*To be applied mutatis mutandis to SSC A/R - Baseline net greenhouse gas removals by sinks.*

#### **Baseline - new methodology (P - A/R)**

Project participants may propose a new baseline methodology established in a transparent and conservative manner. In developing a new baseline methodology, the first step is to identify the most appropriate approach for the project activity and then an applicable methodology. Project participants shall submit a proposal for a new methodology to a designated operational entity by forwarding a completed “Proposed New Baseline and Monitoring Methodologies (CDM-NM)” and the Project Design Document (CDM-PDD) with sections A to C, including relevant annexes, completed in order to demonstrate the application of the proposed new methodology to a proposed project activity.

The proposed new methodology will be treated as follows: If the designated operational entity determines that it is a new methodology, it will forward, without further analysis, the documentation to the Executive Board. The Executive Board shall expeditiously, if possible at its next meeting but not later than four months review the proposed methodology. Once approved by the Executive Board it shall make the approved methodology publicly available along with any relevant guidance and the designated operational entity may proceed with the validation of the project activity (applying the approved methodology) and submit the project design document for registration. In the event that the COP/MOP requests the revision of an approved methodology, no CDM project activity may use this methodology. The project participants shall revise the methodology, as appropriate, taking into consideration any guidance received.

*To be applied mutatis mutandis to A/R - Baseline new methodology.*

#### **Baseline for small-scale CDM project activities - new methodology (SSC)**

Project participants may propose a new baseline methodology established in a transparent and conservative manner.

In accordance with paragraphs 15 and 16 of the simplified modalities and procedures for small-scale CDM project activities, project participants may propose changes to the simplified baseline and monitoring methodologies or propose additional project categories for consideration by the Executive Board. Project participants who wish to submit a new small-scale project activity category or revisions to a methodology shall make a request in writing to be considered by the Executive Board through the Working Group to assist the Executive Board using a downloadable form ‘F-CDM-SSC-Subm’ (please refer to <http://cdm.unfccc.int/methodologies/SSCmethodologies/Clarifications>) and proposals on how a simplified baseline and monitoring methodology would be applied to this category. The Board may draw on expertise, as appropriate, in considering new project categories and/or revisions of and amendments to simplified methodologies. The Executive Board shall expeditiously, if possible at its next meeting, review the proposed methodology. Once approved, the Executive Board shall amend the indicative list of simplified baseline and monitoring methodologies contained in Appendix B.

#### **Baseline and monitoring - new methodology (SSC A/R)**

Project participants may propose a new baseline and monitoring methodology established in a transparent and conservative manner. Project activities that are very specific and have not been addressed by the selected small-scale A/R CDM project activities (as contained Appendix B of as “CDM-SSC-A/R



modalities and procedures” of decision 6/CMP.1), project participants in accordance with decision 6/CMP.1, may propose new simplified methodologies or amendments to these simplified baseline and monitoring methodologies for project activities that would not fall under the applicability conditions of these baseline and monitoring methodology. Such proposed new methodologies would be subject to the consideration of the CDM Executive Board.

Where project participants willing to submit a new type of small-scale afforestation or reforestation project activity under the CDM or revisions to a baseline and monitoring methodology shall make a request in writing in form **F-CDM- SSC-A/R-Subm**, to the Executive Board providing information about the activity and proposals on how a simplified baseline and monitoring methodology would be applied to this type. The Board may draw on expertise, as appropriate, in considering new project types and/or revisions of and amendments to simplified methodologies. The Executive Board shall expeditiously, if possible at its next meeting review the proposed methodology. Once it is approved, the Executive Board shall amend appendix B (of decision 6/CMP.1).

#### **Baseline scenario (P - SSC)**

The baseline for a CDM project activity is the scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases (GHG) that would occur in the absence of the proposed project activity. A baseline shall cover emissions from all gases, sectors and source categories listed in Annex A (of the Kyoto Protocol) within the project boundary. A baseline shall be deemed to reasonably represent the anthropogenic emissions by sources that would occur in the absence of the proposed project activity if it is derived using a baseline methodology referred to in paragraphs 37 and 38 of the CDM modalities and procedures.

Different scenarios may be elaborated as potential evolutions of the situation existing before the proposed CDM project activity. The continuation of a current activity could be one of them; implementing the proposed project activity may be another; and many others could be envisaged. Baseline methodologies shall require a narrative description of all reasonable baseline scenarios.

To elaborate the different scenarios, different elements shall be taken into consideration, including related guidance issued by the Executive Board. For instance, the project participants shall take into account national / sectoral policies and circumstances, ongoing technological improvements, investment barriers, etc. (see Appendix C paragraph b (vii) and paragraphs 45 (e), 46, 48 (b) of decision 3/CMP.1).

*To be applied mutatis mutandis to **SSC - Baseline scenario**.*

#### **Baseline scenario for A/R CDM project activities (A/R)**

The baseline scenario for an A/R CDM project activity is the scenario that reasonably represents the sum of the changes in carbon stocks in the carbon pools within the project boundary that would occur in the absence of the A/R CDM project activity. A baseline scenario shall be derived using a baseline methodology referred to in paragraphs 12 and 13 of the CDM A/R modalities and procedures.

A baseline shall cover all carbon pools within the project boundary but project participants may choose not to account for one or more carbon pools if they provide transparent and verifiable information indicating that the choice will not increase the expected net anthropogenic GHG removals by sinks.

Different baseline scenarios may be elaborated as potential projections of the situation existing before the proposed A/R CDM project activity. The continuation of an existing activity could be one of them; the implementation of the proposed A/R CDM project activity may be another; and many others could be envisaged. Baseline methodologies shall require a narrative description of all reasonable baseline scenarios.



To elaborate the different scenarios, different elements shall be taken into consideration, including related guidance issued by the Executive Board. For instance, the project participants shall take into account national / sectoral policies and circumstances, ongoing technological improvements, past land uses and land-use changes, investment barriers, etc. (see paragraph b (vii) of Appendix C to decision 3/CMP.1 and paragraphs 20 (e) and 22 of decision 5/CMP.1).

#### **Baseline scenario for SSC A/R CDM project activities (SSC A/R)**

The baseline for a proposed small-scale afforestation or reforestation project activity under the CDM is the scenario that reasonably represents the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the proposed project activity. A baseline shall be deemed to reasonably represent the sum of the changes in carbon stocks in the carbon pools within the project boundary that would occur in the absence of the proposed small-scale afforestation or reforestation project activity under the CDM if it is derived using a baseline methodology referred to in Appendix B of as “CDM-SSC-A/R modalities and procedures” of decision 6/CMP.1.

A baseline shall cover all carbon pools as considered for small scale A/R CDM project activities within the project boundary.

#### **Biomass (All types)**

Biomass means non-fossilized and biodegradable organic material originating from plants, animals and micro-organisms. This shall also include products, by-products, residues and waste from agriculture, forestry and related industries as well as the non-fossilized and biodegradable organic fractions of industrial and municipal wastes. Biomass also includes gases and liquids recovered from the decomposition of non-fossilized and biodegradable organic material.

Biomass residues means biomass by-products, residues and waste streams from agriculture, forestry and related industries.

#### **Bundle (SSC)**

Bringing together of several small-scale CDM project activities, to form a single CDM project activity or portfolio without the loss of distinctive characteristics of each project activity. Project activities within a bundle can be arranged in one or more sub-bundles, with each project activity retaining its distinctive characteristics. Such characteristics include its: technology/measure; location; and application of simplified baseline methodology. Project activities within a sub-bundle belong to the same type. The sum of the output capacity of projects within a sub-bundle must not be more than the maximum output capacity limit for its type.

#### **Bundle (SSC A/R)**

Bringing together of several small-scale CDM project activities, to form a single CDM project activity or portfolio without the loss of distinctive characteristics of each component project activity and with the total bundle not exceeding the limits stipulated in paragraph 6(c) of decision 17/CP.7 with the aim of lowering transaction costs per unit.

A bundle of small-scale afforestation and reforestation project activities satisfies the conditions for bundling and the overall monitoring plan for the bundled small-scale afforestation and reforestation project activities is appropriate

#### **Bundled project activities (SSC)**

*Please See “Bundle”.*



**Carbon pools (A/R - SSC A/R)**

Carbon pools<sup>1</sup> are: above-ground biomass, belowground biomass, litter, dead wood and soil organic carbon. Project participants may choose not to account for one or more carbon pools if they provide transparent and verifiable information that indicates that the choice will not increase the expected net anthropogenic GHG removals by sinks.

*To be applied mutatis mutandis to **SSC A/R - Carbon pools**.*

**Categories of small-scale CDM project activities (SSC)**

*Please See “ **Small-scale CDM project activity categories**”.*

**Certification (P - SSC)**

Certification is the written assurance by the designated operational entity that, during a specified time period, a project activity achieved the reductions in anthropogenic emissions by sources of greenhouse gases (GHG) as verified.

*To be applied mutatis mutandis to **SSC -Certification**.*

**Certification (A/R - SSC A/R)**

Certification is the written assurance by the designated operational entity that an A/R CDM project activity achieved the net anthropogenic GHG removals by sinks since the start of the project, as verified.

*To be applied mutatis mutandis to **SSC A/R - Certification**.*

**Certified emission reductions (CERs) (All types)**

A certified emission reduction or CER is a unit issued pursuant to Article 12 and requirements there under, as well as the relevant provisions in the CDM modalities and procedures, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol.

**Clean development mechanism (CDM) (All types)**

Article 12 of the Kyoto Protocol defines the clean development mechanism. “The purpose of the clean development mechanism shall be to assist Parties<sup>2</sup> not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under article 3”.

**Confidential/proprietary information (All types)**

In accordance with paragraph 6 of the CDM modalities and procedures, information obtained from CDM project participants marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law. Information used to determine additionality, to describe the baseline methodology and its application, and to support an environmental impact assessment shall not be considered as proprietary or confidential.

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<sup>1</sup> For more information on the definition for each carbon pool, you may refer to the Intergovernmental Panel on Climate Change Good Practice Guidance for Land Use, Land-Use Change and Forestry, table 3.2.1 on page 3.15. See <http://www.ipcc-nggip.iges.or.jp/public/gpplulucf/gpplulucf.htm>.

<sup>2</sup> In this glossary, the term “Party” is used as defined in the Kyoto Protocol: “Party” means, unless the context otherwise indicates, a Party to the Protocol. “Party included in Annex I”(also Annex I Party) means a Party included in Annex I to the Convention, as may be amended, or a Party which has made a notification under Article 4, paragraph 2(g), of the Convention, and which has ratified the Protocol.



The Board agreed that detailed information on the demonstration of additionality and the determination of baselines, including related calculations, be either integrated in PDDs or submitted as annexes to PDDs.

Bearing in mind paragraph 6 of CDM M&P, project participants shall submit documentation that contains confidential and proprietary information in two versions:

- One marked up version where all confidential/proprietary parts shall be made illegible by the project participants (e.g. by covering those parts with black ink) so that this can be made publicly available;
- A second version containing all information which shall be treated as strictly confidential by all handling this documentation (DOEs/AEs, Board members and alternates, panel/committee and working group members, external experts requested to consider such documents in support of work for the Board, and the secretariat).

*To be applied mutatis mutandis to **SSC, A/R and SSC A/R** - Confidential/proprietary information.*

### **Conservative (All types)**

*Please see “Transparent and conservative”.*

### **Crediting period (P - SSC)**

The crediting period for a CDM project activity is the period for which reductions from the baseline are verified and certified by a designated operational entity for the purpose of issuance of certified emission reductions (CERs). Project participants shall choose the starting date of a crediting period to be after the date the first emission reductions are generated by the CDM project activity. A crediting period shall not extend beyond the operational lifetime of the project activity.

The crediting period may only start after the date of registration of the proposed activity as a CDM project activity. In exceptional cases, for project activities starting between 1 January 2000 and the date of the registration of a first clean development mechanism project, the starting date of the crediting period may be prior to the date of registration of the project activity if the project activity is submitted for registration before 31 December 2005 (please refer to paragraphs 12 and 13 of decision 17/CP.7, paragraph 1 (c) of decision 18/CP.9 and clarifications by the Executive Board, available on the UNFCCC CDM website).

The project participants may choose between two options for the length of a crediting period: (i) fixed crediting period or (ii) renewable crediting period, as defined in paragraph 49 (a) and (b) of the CDM M & P.

*To be applied mutatis mutandis to **SSC** - Crediting period.*

*Please also see “crediting period for A/R CDM project activities”.*

*Please also see “crediting period for SSC A/R CDM project activities”.*

### **Crediting period for A/R CDM project activities (A/R)**

The crediting period for an A/R CDM project activity is the period for which net anthropogenic GHG removals by sinks are verified and certified by a designated operational entity for the purpose of issuance of long-term certified emission reductions (ICERs) or of temporary certified emission reductions (tCERs). The crediting period shall begin at the starting date of the A/R CDM project activity. A crediting period shall not extend beyond the operational lifetime of the A/R CDM project activity.

The Board, at its twenty-first meeting, clarified that provisions of paragraphs 12 and 13 of decision 17/CP.7 do not apply to CDM afforestation and reforestation project activities. A CDM afforestation and reforestation project activity starting after 1 January 2000 can also be validated and registered after 31 December 2005 as long as the first verification of the project activity occurs after the date of



registration of this project activity. Given that the crediting period starts at the same date as the starting date of the project activity, the projects starting 2000 onwards can accrue tCERs/ICERs as of the starting date.

The project participants may choose between two options for the length of a crediting period: (i) fixed crediting period or (ii) renewable crediting period, as defined in paragraph 23 (a) and (b) of the A/R CDM M & P.

*Please see also "Starting date of an A/R CDM project activity".*

#### **Crediting period for SSC A/R CDM project activities (SSC A/R)**

The crediting period for an SSC A/R CDM project activity is the period for which net anthropogenic GHG removals by sinks are verified and certified by a designated operational entity for the purpose of issuance of long-term certified emission reductions (ICERs) or of temporary certified emission reductions (tCERs). The crediting period shall begin at the start of the small-scale afforestation or reforestation project activity under the CDM. The crediting period for a proposed small-scale afforestation or reforestation project activity under the CDM shall be either of the following:

- (a) A maximum of 20 years which may be renewed at most two times, provided that, for each renewal, a DOE determines and informs the Executive Board that the original project baseline is still valid or has been updated taking account of new data where applicable
- (b) A maximum of 30 years.

A crediting period shall not extend beyond the operational lifetime of the SSC A/R CDM project activity.

The project participants may choose between two options for the length of a crediting period : (i)fixed crediting period or (ii) renewable crediting period, as defined in paragraph 21 (a) and(b) of the "CDM-SSC-A/R modalities and procedures", decision 6/CMP.1.

*Please see also "starting date of an SSC A/R CDM project activity".*

#### **Crediting period – fixed (also fixed crediting period) (P - SSC)**

"Fixed Crediting Period" is one of two options for determining the length of a crediting period. In the case of this option, the length and starting date of the period is determined once for a project activity with no possibility of renewal or extension once the project activity has been registered. The length of the period can be a maximum of ten years for a proposed CDM project activity. (paragraph 49 (b) of CDM modalities and procedures).

*To be applied mutatis mutandis to SSC - Crediting period – fixed (also fixed crediting period).*

#### **Crediting period – fixed (A/R - SSC A/R)**

"Fixed Crediting Period" is one of two options for determining the length of a crediting period. In the case of this option, the length and starting date of the period is determined once for an A/R CDM project activity with no possibility of renewal or extension once the proposed A/R CDM project activity has been registered. The length of the period can be a maximum of thirty years for a proposed A/R CDM project activity (paragraph 23 (b) of CDM A/R modalities and procedures).

*To be applied mutatis mutandis to SSC A/R - Crediting period – fixed.*

#### **Crediting period – renewable (also renewable crediting period) (P - SSC)**

"Renewable crediting period" is one of two options for determining the length of a crediting period. In the case of this option, a single crediting period may be of a maximum of seven years. The crediting period may be renewed at most two times (maximum 21 years), provided that, for each renewal, a designated operational entity determines that the original project baseline is still valid or has been updated

taking account of new data, where applicable, and informs the Executive Board accordingly (paragraph 49 (a) of the CDM modalities and procedures). The starting date and length of the first crediting period has to be determined before registration.

*To be applied mutatis mutandis to SSC - Crediting period – renewable.*

#### **Crediting period – renewable (A/R - SSC A/R)**

“Renewable crediting period” is one of two options for determining the length of a crediting period. In the case of this option, a single crediting period may be of a maximum of twenty years. The crediting period may be renewed at most two times (maximum 60 years), provided that, for each renewal, a designated operational entity determines that the original project baseline is still valid or has been updated taking account of new data, where applicable, and informs the Executive Board accordingly (paragraph 23 (a) of the A/R CDM modalities and procedures). The starting date and length of the first crediting period has to be determined before registration.

*To be applied mutatis mutandis to SSC A/R - Crediting period – renewable.*

#### **De-bundled project activity (SSC - AR SSC)**

*See “Debundling”.*

#### **Debundling (SSC - AR SSC)**

Debundling is defined as the fragmentation of a large **scale** project activity into smaller parts. A small-scale project activity that is part of a large scale project activity is not eligible to use the simplified modalities and procedures for small-scale CDM project activities. **A large scale** project activity or any component of **a large scale** project activity shall follow the regular CDM modalities and procedures.

A proposed small-scale project activity shall be deemed to be a debundled component of a **large scale** project activity if there is a registered small-scale CDM project activity or a request for registration by another small-scale project activity:

- By the same project participants;
- In the same project category and technology/measure; and
- Registered within the previous 2 years; and
- Whose project boundary is within 1 km of the project boundary of the proposed small-scale activity at the closest point.

If a proposed small-scale project activity is deemed to be a debundled component, but the total size of such an activity combined with the previous registered small-scale CDM project activity does not exceed the limits for small-scale CDM project activities as set in paragraph 6 (c) of the decision 7/CP.17, the project activity can qualify to use simplified modalities and procedures for small-scale CDM project activities.

*To be applied mutatis mutandis to AR SSC - Debundling.*

*See also “Project activity”, “**same technology/measure**”.*

#### **Designated operational entity (DOE) (All types)**

An entity designated by the COP/MOP, based on the recommendation by the Executive Board, as qualified to validate proposed CDM project activities as well as verify and certify reductions in anthropogenic emissions by sources of greenhouse gases (GHG) and net anthropogenic GHG removals by sinks. A designated operational entity shall perform validation or verification and certification on the same CDM project activity. Upon request, the Executive Board may however allow a single DOE to perform all these functions within a single CDM project activity. COP at its eight session decided that the Executive Board may designate on a provisional basis operational entities (please refer to decision 21/CP.8).



*To be applied mutatis mutandis to SSC, A/R and SSC A/R - Designated operational entity (DOE).*

**Eligibility of land (A/R)**

Project participants shall follow the latest procedures to define the eligibility of lands, as available at: <http://cdm.unfccc.int/Reference/Procedures>.

**Energy consumption (SSC)**

See “Type ~~(ii)~~ II project activities”.

**Energy efficiency (SSC)**

See “Type ~~(ii)~~ II project activities”.

**Energy efficiency improvement project activities (SSC)**

See “Type ~~(ii)~~ II project activities”.

**Equipment performance (SSC)**

To determine equipment performance, project participants shall use:

- (a) The appropriate value specified in Appendix B for the simplified modalities and procedures for small-scale CDM project activities;
- (b) If the value specified in sub-paragraph (a) is not available, the national standard for the performance of the equipment type (project participants shall identify the standard used);
- (c) If the value specified in sub-paragraph (b) is not available, an international standard for the performance of the equipment type, such as International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) standards (project participants shall identify the standard used);
- (d) If a value specified in sub-paragraph (c) is not available, the manufacturer’s specifications provided that they are tested and certified by national or international certifiers.

Project participants have the option of using performance data from test results conducted by an independent entity for equipment installed under the project activity.

**Fixed Crediting Period (All types)**

Please see “crediting period – fixed”.

**Forest (A/R - SSC A/R)**

“Forest” is a minimum area of land of 0.05-1.0 hectares with tree crown cover (or equivalent stocking level) of more than 10-30 per cent with trees with the potential to reach a minimum height of 2-5 metres at maturity *in situ*. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10-30 per cent or tree height of 2-5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest. A Party not included in Annex I may host an A/R CDM project activity if it has selected and reported to the Executive Board through its designated national authority for the CDM the parameters it has chosen for the definition of “forest” to be used for the purposes of hosting A/R project activities under the CDM.

A Party not included in Annex I may host an A/R CDM project activity if it has selected and reported to the Executive Board through its designated national authority for the CDM:

- (a) A single minimum tree crown cover value between 10 and 30 per cent; and
- (b) A single minimum land area value between 0.05 and 1 hectare; and



- (c) A single minimum tree height value between 2 and 5 metres.

The selected values referred above shall be fixed for all A/R CDM project activities registered prior to the end of the first commitment period.

*To be applied mutatis mutandis to SSC A/R - Forest.*

#### **Host Party (All types)**

A Party not included in Annex I to the Convention on whose territory the CDM project activity is physically located. A project activity located in several countries has several host Parties. At the time of registration, a Host Party shall meet the requirements for participation as defined in paragraphs 28 to 30 of the CDM modalities and procedures.

*To be applied mutatis mutandis to SSC, A/R and SSC A/R - Host Party.*

#### **Issuance of certified emission reductions (CERs) (P - SSC)**

Issuance of CERs refers to the instruction by the Executive Board to the CDM registry administrator to issue a specified quantity of CERs for a project activity into the pending account of the Executive Board in the CDM registry, in accordance with paragraph 66 and Appendix D of the CDM modalities and procedures.

Upon issuance of CERs, the CDM registry administrator shall, in accordance with paragraph 66 of CDM modalities and procedures, promptly forward the CERs to the registry accounts of project participants involved, in accordance with their request, having deducted the quantity of CERs corresponding to the share of proceeds to cover administrative expenses for the Executive Board and to assist in meeting costs of adaptation for developing countries vulnerable to adverse impacts of climate change, respectively, in accordance with Article 12, paragraph 8, to the appropriate accounts in the CDM registry for the management of the share of proceeds.

*To be applied mutatis mutandis to SSC - Issuance of certified emission reductions (CERs).*

#### **Issuance of temporary certified emission reductions (tCERs) or of long-term certified emission reductions (lCERs) (A/R)**

Issuance of lCERs or tCERs refers to the instruction by the Executive Board to the CDM registry administrator to issue a specified quantity of lCERs or tCERs for an A/R CDM project activity into the pending account of the Executive Board in the CDM registry, in accordance with paragraph 66 of the CDM modalities and procedures and sections J and K and appendix D of the A/R CDM modalities and procedures.

Upon issuance of tCERs or lCERs, the CDM registry administrator shall, in accordance with paragraph 66 of the CDM modalities and procedures, promptly forward the tCERs or lCERs to the holding accounts of project participants involved, in accordance with their request, having deducted the quantity of tCERs or lCERs corresponding to the share of proceeds to cover administrative expenses for the Executive Board and to assist in meeting costs of adaptation for developing countries vulnerable to adverse impacts of climate change, respectively, in accordance with Article 12, paragraph 8, to the appropriate accounts in the CDM registry for the management of the share of proceeds.

**Issuance of temporary certified emission reductions (tCERs) or of long-term certified emission reductions (ICERs) (SSC A/R)**

Issuance of ICERs or tCERs refers to the instruction by the Executive Board to the CDM registry administrator to issue a specified quantity of ICERs or tCERs for an A/R CDM project activity into the pending account of the Executive Board in the CDM registry, in accordance with paragraph 66 of the CDM modalities and procedures and sections J and K and appendix D of the A/R CDM modalities and procedures.

As per decision 14/CP.10 paragraph 1 (d) and 1 (e) the small-scale afforestation and reforestation project activities under the clean development mechanism shall be:

- (a) exempt from the share of proceeds to be used to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;
- (b) entitled to a reduced level of the non-reimbursable fee for requesting registration and a reduced rate of the share of proceeds to cover administrative expenses of the clean development mechanism.

Upon issuance of tCERs or ICERs, the CDM registry administrator shall, in accordance with paragraph 66 of the CDM modalities and procedures, promptly forward the tCERs or ICERs to the holding accounts of project participants involved, in accordance with their request, having deducted the quantity of tCERs or ICERs corresponding to the share of proceeds to cover administrative expenses for the Executive Board (keeping in view paragraph 'b' above) and to assist in meeting costs of adaptation for developing countries vulnerable to adverse impacts of climate change (keeping in view the paragraph 'a' above), respectively, in accordance with Article 12, paragraph 8, to the appropriate accounts in the CDM registry for the management of the share of proceeds.

**Leakage (P)**

Leakage is defined as the net change of anthropogenic emissions by sources of greenhouse gases (GHG) which occurs outside the project boundary, and which is measurable and attributable to the CDM project activity.

**Leakage (SSC)**

Leakage is defined as the net change of anthropogenic emissions by sources of greenhouse gases (GHG) which occurs outside the project boundary, and which is measurable and attributable to the CDM project activity. Reductions in anthropogenic emissions by sources shall be adjusted for leakage in accordance with the provisions of Appendix B for the relevant project categories. The Executive Board shall consider simplification of the leakage calculation for any other project categories added to Appendix B. *Please see "Appendix B".*

In the cases where leakage is to be considered, it shall be considered only within the boundaries of non-Annex I Parties.

**Leakage (A/R - SSC A/R)**

*Please see "leakage for A/R project activities".*

*Please see "leakage for SSC A/R project activities".*

**Leakage for A/R project activities (A/R - SSC A/R)**

Leakage is the increase in GHG emissions by sources which occurs outside the boundary of an A/R CDM project activity which is measurable and attributable to the A/R CDM project activity;  
*To be applied mutatis mutandis to SSC A/R - Leakage for SSC A/R project activities.*

**Long-term certified emission reductions (ICERs) (A/R - SSC A/R)**

A long-term certified emission reduction or ICER is a unit issued pursuant to Article 12 of the Kyoto Protocol for an A/R CDM project activity, which expires at the end of the crediting period of the A/R CDM project activity under the CDM for which it was issued. It is equal to one metric tonne of carbon dioxide equivalent.

Where project participants have chosen the ICER approach to address non-permanence, a request to the Executive Board has to be made for issuance of ICERs equal to the verified amount of net anthropogenic GHG removals by sinks achieved by the A/R CDM project activity since the previous certification.

*To be applied mutatis mutandis to SSC A/R - Long-term certified emission reductions (ICERs).*

**Measurable and attributable (All types)**

In an operational context, the terms measurable and attributable in paragraph 51 (project boundary) of the CDM modalities and procedures should be read as “which can be measured” and “directly attributable”, respectively.

*To be applied mutatis mutandis to SSC, A/R and SSC A/R - Measurable and attributable.*

**Modalities of communication of project participants with the Executive Board (All types)**

The modalities of communication between project participants and the Executive Board are indicated at the time of registration by submitting a statement signed by all project participants. All official communication from and to project participants, after a request for registration is submitted by a DOE, shall be handled in accordance with these modalities of communication. If these modalities have to be modified, the new statement shall be signed by all project participants and submitted in accordance with the modalities that are to be replaced.

*To be applied mutatis mutandis to SSC, A/R and SSC A/R - Modalities of communication of project participants with the Executive Board.*

**Monitoring of a CDM project activity (P - SSC)**

Monitoring refers to the collection and archiving of all relevant data necessary for determining the baseline, measuring anthropogenic emissions by sources of greenhouse gases (GHG) within the project boundary of a CDM project activity and leakage, as applicable.

*To be applied mutatis mutandis to SSC - Monitoring of a CDM project activity.*

**Monitoring of an A/R CDM project activity (A/R - SSC A/R)**

Monitoring refers to the collection and archiving of all relevant data necessary for estimating or measuring the net anthropogenic GHG removals by sinks during the crediting period. For more information on the monitoring plan, please refer to paragraph 25 of the A/R CDM modalities and procedures.

*To be applied mutatis mutandis to SSC A/R - Monitoring of a CDM project activity.*

**Monitoring methodology (P - A/R - SSC)**

A monitoring methodology refers to the method used by project participants for the collection and archiving of all relevant data necessary for the implementation of the monitoring plan.

*To be applied mutatis mutandis to SSC and A/R - Monitoring methodology.*

**Monitoring methodology (SSC A/R)**

A monitoring methodology refers to the method used by project participants for the collection and archiving of all relevant data necessary for the implementation of the monitoring plan. A "simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation CDM project activities categories" is publicly available at the UNFCCC website ([cdm.unfccc.int](http://cdm.unfccc.int)). Project





participants may use the methodology for project categories, which fall under the applicability conditions of the methodology.

**Monitoring methodology - approved (P - A/R)**

A monitoring methodology approved by the Executive Board and made publicly available along with relevant guidance.

*To be applied mutatis mutandis to A/R - Monitoring methodology.*

**Monitoring methodology for small-scale CDM project activities – approved (SSC)**

A monitoring methodology approved by the Executive Board is included in the indicative list of simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories (contained in the Appendix B to the simplified modalities and procedures for small-scale CDM project activities) and is publicly available along with relevant guidance on the UNFCCC CDM website (<http://cdm.unfccc.int/methodologies/SSCmethodologies/approved>) or can be obtained through a written request sent to [cdm-info@unfccc.int](mailto:cdm-info@unfccc.int) or Fax: (49-228) 815-1999.

**Monitoring methodology - approved (SSC A/R)**

*Please see “Baseline and monitoring - simplified approved methodology”.*

**Monitoring methodology - new (P -A/R)**

Project participants may propose a new monitoring methodology. In developing a monitoring methodology, the first step is to identify the most appropriate methodology bearing in mind good monitoring practice in relevant sectors. Project participants shall submit a proposal for a new methodology to a designated operational entity by forwarding a completed “Proposed New Baseline and Monitoring methodologies (CDM-NM)” and the project design document (CDM-PDD) with sections A to C completed in order to demonstrate the application of the proposed new methodology to a proposed project activity.

A new proposed methodology will be treated as follows: If the designated operational entity determines that it is a new methodology, it will forward, without further analysis, the documentation to the Executive Board. The Executive Board shall expeditiously, if possible at its next meeting but not later than four months review the proposed methodology. Once approved by the Executive Board it shall make the approved methodology publicly available along with any relevant guidance and the designated operational entity may proceed with the validation of the project activity (applying the approved methodology) and submit the project design document for registration. In the event that the COP/MOP requests the revision of an approved methodology, no CDM project activity may use this methodology. The project participants shall revise the methodology, as appropriate, taking into consideration any guidance received.

*To be applied mutatis mutandis to A/R - Monitoring methodology new.*

**Monitoring methodology for small-scale CDM project activities – new (SSC)**

In accordance with paragraphs 15 and 16 of the simplified modalities and procedures for small-scale CDM project activities, project participants may propose changes to the simplified baseline and monitoring methodologies or propose additional project categories for consideration by the Executive Board. Project participants who wish to submit a new small-scale project activity category or revisions to a methodology shall make a request in writing to be considered by the Executive Board through the working group to assist the Executive Board using a downloadable form ‘F-CDM-SSC-Subm’ (please refer to <http://cdm.unfccc.int/methodologies/SSCmethodologies/Clarifications>) and proposals on how a simplified baseline and monitoring methodology would be applied to this category. The Board may draw on expertise, as appropriate, in considering new project categories and/or revisions of and amendments to simplified methodologies. The Executive Board shall expeditiously, if possible at its next meeting,



~~review the proposed methodology.~~ Once approved, the Executive Board shall amend the indicative list of simplified baseline and monitoring methodologies contained in Appendix B.

**Monitoring methodology - new (SSC A/R)**

Please see “Baseline and monitoring - new methodology”.

**Monitoring plan (A/R - SSC A/R)**

Please see “Monitoring of an A/R CDM project activity”.

Please see “Monitoring of an SSC A/R CDM project activity”.

**Net anthropogenic greenhouse gas removals by sinks (A/R - SSC A/R)**

“Net anthropogenic GHG removals by sinks” is the actual net GHG removals by sinks minus the baseline net GHG removals by sinks minus leakage.

To be applied *mutatis mutandis* to **SSC A/R - Net anthropogenic greenhouse gas removals by sinks**.

**Operational lifetime of a project activity (All types)**

It is defined as the period during which the project activity is in operation. No crediting period shall end after the end of the operational lifetime (calculated as from starting date).

To be applied *mutatis mutandis* to **SSC, A/R and SSC A/R - Operational lifetime of a project activity**.

**Other project activities (SSC)**

See “Type (iii) **III** project activities”.

**Overall monitoring plan (SSC)**

If project activities are bundled, a separate monitoring plan shall apply for each of the constituent project activities in accordance with paragraphs 32 and 33 of the simplified modalities and procedures, or an overall monitoring plan shall apply for the bundled projects, as determined by the designated operational entity at validation to reflect good monitoring practice appropriate to the bundled project activities and to provide for collection and archiving of the data needed to calculate the emission reductions achieved by the bundled project activities (paragraph 34 of the simplified modalities and procedures).

Only projects within the same category and technology/measure can use an overall monitoring plan, as foreseen in paragraph 34 of the simplified modalities and procedures.

**Party involved (All types)**

A Party involved is a Party that provides a written approval.

Please see “Approval by Parties involved”.

**Portfolio bundling (SSC)**

Refers to bundle of project activities of different categories.

**Project activity (P - SSC)**

A project activity is a measure, operation or an action that aims at reducing greenhouse gases (GHG) emissions. The Kyoto Protocol and the CDM modalities and procedures use the term “project activity” as opposed to “project”. A project activity could, therefore, be identical with or a component or aspect of a project undertaken or planned.

To be applied *mutatis mutandis* to **SSC - Project activity**.

**Project activity (A/R)**

Please see “A/R CDM Project activity”.

**Project activity (SSC A/R)**

Please see “SSC A/R CDM Project activity”.

**Project activity with more than one component (SSC)**

A single project activity composed of two or more distinct project activities being implemented by the same project participant, each applying an approved category/methodology separate from the other. Each component of a project activity should receive or provide an input from/to other components of the project activity.

**Project boundary (P)**

The project boundary shall encompass all anthropogenic emissions by sources of greenhouse gases (GHG) under the control of the project participants that are significant and reasonably attributable to the CDM project activity.

The Panel on methodologies (Meth Panel) shall develop specific proposals for consideration by the Executive Board on how to operationalize the terms “under the control of”, “significant” and “reasonably attributable”, as contained in paragraph 52 and appendix C, paragraphs (a) (iii) and (b) (vi) of the CDM modalities and procedures. Pending decisions by the Executive Board on these terms, project participants are invited to explain their interpretation of such terms when completing and submitting the CDM-NM.

**Project boundary for small-scale CDM project activity (SSC)**

The project boundary shall encompass significant anthropogenic emissions by sources of greenhouse gases under the control of the project participants that are reasonably attributable to the small-scale CDM project activity, in accordance with provisions of Appendix B for the relevant project category.

See also “Appendix B”.

The project boundary shall be limited to the physical project activity. Project activities that displace energy supplied by external sources shall earn certified emission reductions (CERs) for the emission reductions associated with the reduced supply of energy by those external sources.

**Project boundary for A/R project activities (A/R - SSC A/R)**

The “project boundary” geographically delineates the A/R CDM project activity under the control of the project participants. An A/R CDM project activity may contain more than one discrete areas of land. If an A/R CDM project activity contains more than one discrete area of land:

- Each discrete area of land should have a unique geographical identification;
- The boundary should be defined for each discrete area and should not include the areas in between these discrete areas of land.

To be applied *mutatis mutandis* to **SSC A/R** - Project boundary for SSC A/R project activities.

**Project participants (All types)**

In accordance with the use of the term project participant in the CDM modalities and procedures, a project participant is (a) a Party involved, which has indicated to be a project participant, or (b) a private and/or public entity authorized by a Party involved to participate in a CDM project activity.

In accordance with Appendix D of the CDM modalities and procedures, the decision on the distribution of CERs from a CDM project activity shall exclusively be taken by project participants.

Project participants shall communicate with the Executive Board, through the secretariat, in writing in accordance with the “modalities of communication” as indicated at the time of registration or as subsequently altered (see “Modalities of communication ...” above).



If a project participant does not wish to be involved in taking decisions on the distribution of CERs, this shall be communicated to the Executive Board, through the secretariat, at the latest when the request regarding the distribution is made.

*To be applied mutatis mutandis to SSC, A/R and SSC A/R - Project participants.*

*Please see also “Approval by Parties involved”, “Party involved” and “Request for distribution of CERs”*

#### **Reforestation (A/R - SSC)**

“Reforestation” is the direct human-induced conversion of non-forested land to forested land through planting, seeding and/or the human-induced promotion of natural seed sources, on land that was forested but that has been converted to non-forested land. For the first commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989.

*To be applied mutatis mutandis to SSC A/R - Reforestation.*

#### **Registration (All types)**

Registration is the formal acceptance by the Executive Board of a validated project activity as a CDM project activity. Registration is the prerequisite for the verification, certification and issuance of CERs related to that project activity.

*To be applied mutatis mutandis to SSC, A/R and SSC A/R - Registration.*

#### **Renewable crediting period (All types)**

*See “Crediting period - renewable”*

#### **SSC - Renewable energy project activities**

See “Type I project activities”.

#### **Retrofit (SSC)**

To modify existing industrial, commercial and residential facilities, automobiles, energy conversion systems etc. which are already in service using new, improved or more efficient parts and equipment developed or made available after the time of original manufacture or installation of the facility. The retrofit should also be consistent with the current guidance by the Board on the lifetime of plants and equipment.

#### **Request for distribution of CERs (P - SSC)**

The request regarding the distribution of CERs can only be changed if all signatories of the previous instruction have agreed to the change and signed the appropriate document.

A change of project participants shall immediately be communicated to the Executive Board through the secretariat in accordance with the modalities of communication. The indication of change shall be signed by all project participants of the previous communication and by all new and remaining project participants. Each new project participant needs authorization, as required.

*To be applied mutatis mutandis to SSC - Request for distribution of CERs.*

#### **Request for distribution of ICERs or of tCERs (A/R - SSC A/R)**

The request regarding the distribution of ICERs or of tCERs can only be changed if all signatories of the previous instruction have agreed to the change and signed the appropriate document.

A change of project participants shall immediately be communicated to the Executive Board through the secretariat. The indication of change shall be signed by all project participants of the previous

communication and by all new and remaining project participants. Each new project participant needs authorization, as required.

*To be applied mutatis mutandis to SSC A/R - Request for distribution of ICERs or of tCERs.*

#### Same technology / measure (SSC)

(a) Two different project activities will be considered to be applying the same technology if they provide the same kind of output and use the same kind of equipment and conversion process.

(b) Two different project activities will be considered to be using the same measure if they constitute the same course of action and result in the same kind of effect (e.g. two projects using the same management practice such as fuel switch).

#### Small-scale CDM project activities (SSC)

*See “Types of small-scale CDM project activities”.*

#### Small-scale A/R CDM Project activity (SSC A/R)

A small scale A/R CDM project activity is an afforestation or reforestation measure, operation or action that aims at achieving net anthropogenic GHG removals by sinks of less than 8 kilotonnes of carbon dioxide per year if the average projected net anthropogenic GHG removals by sinks for each verification period do not exceed 8 kilotonnes of carbon dioxide per year and are developed or implemented by low income communities and individuals as determined by the host Party.

If a small-scale afforestation and reforestation project activity under the clean development mechanism results in net anthropogenic greenhouse gas removals by sinks greater than 8 kilotonnes of carbon dioxide equivalent per year, the excess removals will not be eligible for the issuance of temporary certified emission reductions or long-term certified emission reductions;

The Kyoto Protocol and the CDM modalities and procedures use the term “project activity” as opposed to “project”. A small scale A/R CDM project activity could, therefore, be identical with or a component or aspect of a project undertaken or planned.

#### Small-scale CDM project activity categories (SSC)

Appendix B of the simplified modalities and procedures for small-scale CDM project activities includes simplified baseline and monitoring methodologies for selected CDM small-scale CDM project activity categories. The project participants are allowed to propose new categories for inclusion in Appendix B if their project activity is not covered by existing Appendix B categories.

*See “Baseline for small-scale CDM project activities - new methodology”*

#### Stakeholders (All types)

Stakeholders mean the public, including individuals, groups or communities affected, or likely to be affected, by the proposed CDM project activity or actions leading to the implementation of such an activity.

*To be applied mutatis mutandis to SSC, A/R and SSC A/R - Stakeholders.*

#### Starting date of a CDM project activity (P - SSC)

The starting date of a CDM project activity is the date at which the implementation or construction or real action of a project activity begins. Project activities starting between 1 January 2000 and the date of the registration of a first clean development mechanism project have to provide documentation, at the time of registration, showing that the starting date fell within this period, if the project activity is submitted for registration before 31 December 2005.

*To be applied mutatis mutandis to SSC - Starting date of a CDM project activity.*

**Starting date of an A/R CDM project activity (A/R)**

A CDM afforestation and reforestation project activity starting after 1 January 2000 can also be validated and registered after 31 December 2005 as long as the first verification of the project activity occurs after the date of registration of this project activity. Given that the crediting period starts at the same date as the starting date of the project activity, the projects starting 2000 onwards can accrue tCERs/ICERs as of the starting date. This clarification was provided by the Board in paragraph 64, of its twenty-first meeting report and stipulates that provisions of paragraphs 12 and 13 of decision 17/CP.7 do not apply to CDM afforestation and reforestation project activities.

**Starting date of an SSC A/R CDM project activity (SSC A/R)**

The starting date of an SSC A/R CDM project activity is the date at which the implementation or real action of an SSC A/R CDM project activity begins, resulting in actual net GHG removals by sinks. A CDM afforestation and reforestation project activity starting after 1 January 2000 can also be validated and registered after 31 December 2005 as long as the first verification of the project activity occurs after the date of registration of this project activity. Given that the crediting period starts at the same date as the starting date of the project activity, the projects starting 2000 onwards can accrue tCERs/ICERs as of the starting date. This clarification was provided by the Board in paragraph 64, of its twenty-first meeting report and stipulates that provisions of paragraphs 12 and 13 of decision 17/CP.7 do not apply to CDM afforestation and reforestation project activities.

**Sub bundle (SSC)**

An aggregation of project activities within a bundle having the characteristics that all project activities within a sub-bundle belong to the same type.

See “Bundle”

**Temporary certified emission reductions (tCERs) (A/R - SSC A/R)**

A temporary certified emission reduction or tCER is a unit issued pursuant to Article 12 of the Kyoto Protocol for an A/R CDM project activity under the CDM, which expires at the end of the commitment period following the one during which it was issued. It is equal to one metric tonne of carbon dioxide equivalent.

Where project participants have chosen to issue tCERs to address non-permanence, a request to the Executive Board has to be made for issuance of tCERs equal to the verified amount of net anthropogenic GHG removals by sinks achieved by the A/R CDM project activity under the CDM since the start of the A/R CDM project activity.

*To be applied mutatis mutandis to SSC A/R - Temporary certified emission reductions (tCERs)*

**Transparent and conservative (P - SSC)**

Establishing a baseline in a transparent and conservative manner (paragraph 45 (b) of the CDM modalities and procedures) means that assumptions are made explicitly and choices are substantiated. In case of uncertainty regarding values of variables and parameters, the establishment of a baseline is considered conservative if the resulting projection of the baseline does not lead to an overestimation of emission reductions attributable to a CDM project activity (that is, in the case of doubt, values that generate a lower baseline projection shall be used).

*To be applied mutatis mutandis to SSC - Transparent and conservative*

**Transparent and conservative (A/R - SSC A/R)**

Establishing a baseline in a transparent and conservative manner (paragraph 20 (b) of the CDM A/R modalities and procedures) means that assumptions are made explicitly and choices are substantiated. In



case of uncertainty regarding values of variables and parameters, the establishment of a baseline is considered conservative if the resulting projection of the baseline does not lead to an overestimation of net anthropogenic GHG removals by sinks attributable to an A/R CDM project activity (that is, in the case of doubt, values that generate a higher baseline net GHG removals by sinks shall be used).  
*To be applied mutatis mutandis to SSC A/R - Transparent and conservative*

### Types of small-scale CDM project activities (SSC)

In accordance with decision 17/CP.7 (contained in document FCCC/CP/2001/13/Add.2), paragraph 6 (c), simplified modalities and procedures have been developed for the following types of small-scale CDM project activities the revised definitions of which is provided in paragraph 28 of decision -/CMP.2:

Type (i) I: Renewable energy project activities with a maximum output capacity equivalent to up to 15 megawatts (or an appropriate equivalent);

Type (ii) II: Energy efficiency improvement project activities which reduce energy consumption, on the supply and/or demand side, limited to those with a maximum output of 60 GWh per year (or an appropriate equivalent);

Type (iii) III: Other project activities limited to those that result in emission reductions of less than or equal to 60 kt CO<sub>2</sub> equivalent annually;

The simplified modalities and procedures for small-scale project activities are available in annex II to decision 21/CP.84/CMP.1 contained in document FCCC/KCP/CMP/20052/8/Add.13.

The three types of project activities outlined in decision 17/CP.7, paragraph 6 (c), are mutually exclusive. In a project activity with more than one component that will benefit from simplified CDM modalities and procedures, each component shall meet the threshold criterion of each applicable type, e.g. for a project with both a renewable energy and an energy efficiency component, the renewable energy component shall meet the criterion for “renewable energy” and the energy efficiency component that for “energy efficiency”.

Small-scale CDM project activities shall remain under the limits for small-scale CDM project activities types, as stipulated in paragraph 28 of decision -/CMP.2, every year during each year of the crediting period.

If a project activity goes beyond the limit of its type in any year of the crediting period, the emission reductions that can be claimed by the project during this particular year will be capped at the maximum emission reduction level estimated in the CDM-SSC-PDD by the project participants for that year during the crediting period.

Project participants shall demonstrate in the CDM-SSC-PDD that the project activity characteristics are defined in a way that precludes project activities to go beyond the limits:

- (a) For type I: project participants shall demonstrate that the installed capacity of the proposed project activity will not increase beyond 15 MW;
- (b) For type II: project participants shall demonstrate that the efficiency improvements are below the equivalent of 60 GWh per year every year throughout the crediting period;
- (c) For type III: project participants shall provide an estimation of emission reductions of the project activity over the crediting period and demonstrate that the emission reductions every year will not go beyond the limits of 60 ktCO<sub>2</sub>e over the entire crediting period.

Project activities using a renewable crediting period shall reassess their compliance with the limits at the time when they request renewal of the crediting period.

**Types of small-scale CDM project activities – new types (SSC)**

In accordance with paragraphs 15 and 16 of the simplified modalities and procedures for small-scale CDM project activities, project participants may propose changes to the simplified baseline and monitoring methodologies or propose additional project categories for consideration by the Executive Board. Project participants willing to submit a new small-scale project activity category or revisions to a methodology shall make a request in writing to the Board providing information about the technology/activity and proposals on how a simplified baseline and monitoring methodology would be applied to this category. The Board may draw on expertise, as appropriate, in considering new project categories and/or revisions of and amendments to simplified methodologies. The Executive Board shall expeditiously, if possible at its next meeting, review the proposed methodology. Once approved, the Executive Board shall amend the indicative list of simplified baseline and monitoring methodologies contained in Appendix B.

**Type I project activities (SSC)**

Renewable energy project activities with a maximum output capacity equivalent to up to 15 megawatts (or an appropriate equivalent).

Small-scale “renewable energy” project activities may use an indicative list of simplified methodologies for energy sources/eligible small-scale project activities<sup>3</sup>. In developing such a list, the Executive Board shall consider recognized classifications of renewable energy technologies/sources and take into account experience based on completed or ongoing small-scale projects in relevant fields. Following the “bottom-up” project cycle approach of the CDM, this list shall evolve and be further elaborated over time as new project activities are proposed and registered;

Maximum “output” is defined as installed/rated capacity, as indicated by the manufacturer of the equipment or plant, disregarding the actual load factor of the plant.

–“Appropriate equivalent” of 15 megawatts: whereas decision 17/CP.7, paragraph 6 (c) (i), refers to megawatts (MW), project proposals may refer to MW(p), MW(e) or MW(th)<sup>4</sup>. As MW(e) is the most common denomination, and MW(th) only refers to the production of heat which can also be derived from MW(e), the Board agreed to define MW as MW(e) and otherwise to apply an appropriate conversion factor.

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<sup>3</sup> Project activities referring to the burning of peat and non-biogenic waste should not be included in the indicative list. See “Appendix B” for list of methodologies and project categories.

<sup>4</sup> Where (p) stands for peak, (e) stands for electric and (th) stands for thermal.



**Type II project activities (SSC)**

Energy efficiency improvement project activities which reduce energy consumption, on the supply and/or demand side, limited to those with a maximum output of 60 GWh per year as illustrated by figure 1 (or an appropriate equivalent) (decision -/CMP.2, paragraph 28 (b)) where:

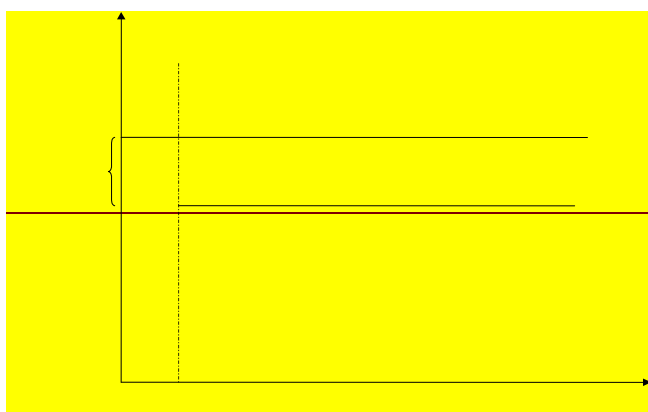
Energy efficiency improvement project activities may use an approved methodology from an indicative list of simplified methodologies for energy sources/eligible small scale project activities<sup>5</sup>. In drawing up such a list, the Board shall consider recognized classifications of energy efficiency and take into account experience based on completed or ongoing small scale projects in relevant fields. Following the CDM “bottom-up” approach, this list shall evolve and be further elaborated over time as new project activities are proposed and registered;

– Energy efficiency is the improvement in the service provided per unit power, that is, project activities which increase unit output of traction, work, electricity, heat, light (or fuel) per MW input are energy efficiency project activities;

– Energy consumption is the consumption reduced and measured in watt hours with reference to an approved baseline. Lower consumption as a result of lower activity shall not be taken into consideration;

- Demand side, as well as supply side, projects shall be taken into consideration, provided that a project activity results in a reduction of maximum 60 gigawatt hours (GWh). A total saving of 60 GWh is equivalent to 4000 hours of operation of a 15 MW plant or  $60 \times 3.6 \text{ TJ} = 216 \text{ TJ}$ , where TJ stands for terajoules.

Figure 1: eligibility for type (ii) project activities

**Type III project activities (SSC)**

Are other project activities limited to those that result in emission reductions of less than or equal to 60 kt CO<sub>2</sub> equivalent annually (decision -/CMP.2, paragraph 28 (b)) where:

– Other project activities may use an indicative list of simplified methodologies for energy sources/eligible small scale project activities<sup>6</sup>. Type (iii) CDM project activities could include agricultural projects, fuel switching, industrial processes and waste management. Possible examples in the agricultural sector include improved manure management, reduction of enteric fermentation, improved fertilizer usage or improved water management in rice cultivation. Other project activities that

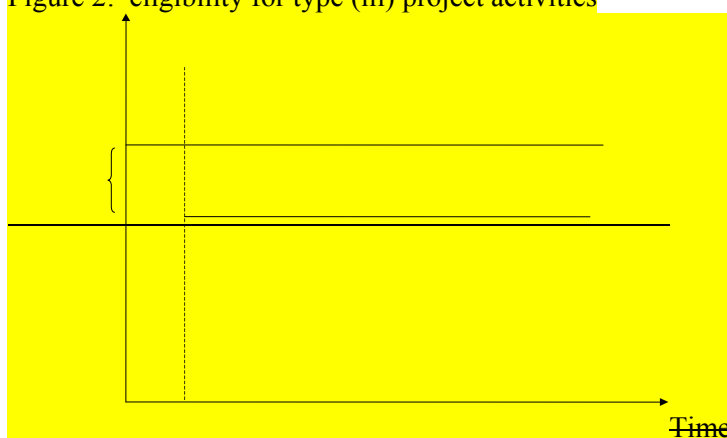
<sup>5</sup> See “Appendix B” for list of methodologies and project categories.

<sup>6</sup> See “Appendix B” for list of methodologies and project categories.

could qualify include CO<sub>2</sub> recycling, carbon electrodes, adipic acid production and the use of hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>) making reference to the emission reductions generated by such projects expressed in CO<sub>2</sub> equivalent. In order for these to be calculated in a consistent and transparent manner, appropriate baseline methodologies need to be developed. Following the CDM “bottom-up” approach, this list shall evolve and be further elaborated over time as new project activities are proposed and registered.

As figure 2 illustrates, type (iii) projects are limited to those that result in emission reductions of less than or equal to 60 kt CO<sub>2</sub> equivalent annually;

Figure 2: eligibility for type (iii) project activities



### Validation (P - A/R)

Validation is the process of independent evaluation of a project activity by a designated operational entity against the requirements of the CDM as set out in decision 3/CMP.1 its annex and relevant decisions of the COP/MOP, on the basis of the project design document (CDM-PDD).

*To be applied mutatis mutandis to A/R - Validation.*

### Validation (SSC -SSC A/R)

Validation is the process of independent evaluation of a proposed SSC / SSC A/R CDM project activity under the CDM by a designated operational entity (DOE) against the requirements of small-scale / small-scale afforestation and reforestation project activities under the CDM as set out in decision 3/CMP.1, 4/CMP.1, 5/CMP.1 and 6/CMP.1, its annex and relevant decisions of the COP/MOP, on the basis of the project design document. A single designated operational entity (DOE) may perform validation as well as verification and certification for a small-scale / small-scale afforestation or reforestation project activity under the CDM or for bundled small-scale / small-scale afforestation and reforestation project activities under the CDM.

*To be applied mutatis mutandis to SSC and SSC A/R - Validation.*

### Verification (P - SSC)

Verification is the periodic independent review and ex post determination by a designated operational entity of monitored reductions in anthropogenic emissions by sources of greenhouse gases (GHG) that have occurred as a result of a registered CDM project activity during the verification period. There is no prescribed length of the verification period. It shall, however, not be longer than the crediting period.

*To be applied mutatis mutandis to SSC - Verification.*



**Verification (A/R -SSC A/R)**

Verification is the periodic independent review and ex post determination by the DOE of the net anthropogenic GHG removals by sinks achieved, since the start of the project, by an A/R CDM project activity under the CDM. Certification is the written assurance by a DOE that an A/R CDM project activity under the CDM achieved the net anthropogenic GHG removals by sinks since the start of the project, as verified.

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