

**DRAFT****Annex 5****DRAFT GUIDELINES ON ASSESSMENT OF DIFFERENT TYPES OF CHANGES FROM THE PROJECT ACTIVITY AS DESCRIBED IN THE REGISTERED PDD****A. Background**

1. In accordance with paragraph 62(g) of the CDM Modalities and Procedure, the designated operational entity (DOE) contracted by the project participant to perform verification shall, “Identify and inform the project participants of any concerns related to the conformity of the actual project activity and its operation with the registered project design document. Project participants shall address the concerns and supply relevant additional information;”
2. The Board considers changes that raise concerns as referred to in paragraph 1 above are permanent changes which would impact at least one of the following aspects: additionality, scale of project activity, and the applicability/application of an approved methodology.
3. The purpose of this document is to provide guideline on different situations which may raise concerns as outlined above and how the changes should be assessed by the verifying DOE. The document shall be used in conjunction with the “Procedures for Notifying and Requesting approval of changes from the project activity as described in the registered Project Design Document”.

**B. Changes which may impact the additionality of the project activity**

4. Within this category are the changes which may impact the validity of investment analysis or barrier analysis established at the time of project registration, thus affecting the additionality of the project activity.
5. Such changes may include:
  - (a) Changes in the effective output capacity due to increased installed capacity or increased number of units, or installation of units with lower capacity or units with a technology which is less advanced than that described in the PDD;
  - (b) Addition of component or extension of technology;
  - (c) Removal or addition of one (or more) site of a project activity registered with multiple-sites;
  - (d) Different values of those actual operational parameters relevant to determination of emission reduction which are within the control of project participant and which result in the IRR passing the benchmark as described in the registered PDD.
6. The additionality of the project activity established at the time of registration reflect specific conditions applicable to the project activity (investment/costs variables, barriers, relevant regulations) at the time when the decision to proceed with CDM took place. Therefore when project has not been implemented as described in the PDD, these conditions may change and the additionality of the project activity should be re-assessed.
7. The DOE shall assess how the affected data/information in the registered PDD have been derived, and validate if the assumptions underlying this original data/information is correct.

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8. The re-assessment of additionality shall be based on all original input data, thereby – in case of investment analysis – in principle only modifying the changed key parameters in the original spreadsheet calculations.

9. In the case only barriers have been claimed to demonstrate additionality, it shall be explained why the barriers are still valid under new circumstances.

**C. Changes in the scale of CDM project activity**

10. Within this category are the changes which cause a project activity no longer meeting the criteria for small-scale CDM project activities as established by the CMP, therefore, simplified modalities applicable to small-scale project activities, including the applicability and the application of relevant small-scale baseline methodologies, may no longer be applicable.

11. The assessment of changes in this category shall refer to the types of small-scale project activities as per the CMP decision (Type I, Type II, Type III).

**D. Changes which impact the applicability/application of baseline methodology**

12. Within this category are the changes in the implementation of project activity which result in:

- (a) The original methodology would no longer be applicable; or
- (b) Another methodology would have been applicable; or
- (c) Another baseline scenario would be more appropriate.

13. Paragraph 44 of CDM Modalities and Procedure stipulates that a baseline shall be deemed to reasonably represent the anthropogenic emissions by sources that would occur in the absence of the project activity if it is derived using a baseline methodology approved by the Executive Board. Further, paragraph 45 specifies that a baseline shall be established on a project-specific basis, therefore, when a project activity has not been implemented as described in the PDD, the applicability and application of baseline methodology with which the project has been registered shall be re-assessed.

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