



Annex 2

USE OF METHODOLOGIES AND TIMELINES FOR THE PROCESS OF CONSIDERATION OF METHODOLOGY RELATED SUBMISSIONS

PRELIMINARY ASSESSMENT AND PROPOSAL FOR IMPROVEMENT

I. Mandate

1. Following the request by CMP (paragraph 35 of decision 2/CMP.4), the Board, in its forty-seventh meeting, considered a preliminary analysis from the secretariat on the CDM methodologies which have no or low application in the project activities. The Board agreed to continue the consideration of the issue at its forty-ninth meeting, along with the analysis of the secretariat, to be prepared in consultation with the Meth Panel and working groups, including the following:

- (a) Analysis of reasons for delays in consideration process of some of the large scale, small-scale and A/R methodologies;
- (b) Time spent for consideration process by panel and working groups, and the Board;
- (c) Broad assessment of potential impact of approved methodologies on emission reductions based on registered project activities and project activities under validation;
- (d) Identification of priority sectors and types of project activities for which no or very few methodologies are available taking into account the regional distribution;
- (e) Concrete actions for the improvement in the process of methodology consideration and for prioritizing the work of the panel and working groups.
- (f) The Board also provided the mandate to the secretariat to launch a public call for inputs to analyze the reasons for low/no usage of the approved methodologies.

II. Synthesis of the analysis

2. The timelines for the consideration of methodologies related submissions are not always met. The main reason is the increasing complexity of the methodologies and the very specific issues they raise, which results in requiring inputs from highly specialized external experts. It is very often challenging for the Panel/WGs to find a suitable consultant with expert knowledge on the very specific issues; since the expertise and interests of such persons often lie outside the core issues of CDM, the secretariat has to reach beyond the roster of experts. For some cases, the expert cannot be contracted as an individual, but only through his organization. Other challenges include potential conflict of interest. In number of cases where delays were observed, guidance from the Board was awaited.

3. The grid connected electricity generation related methodologies (such as ACM0002, AM0029), the industrial gas destruction methodologies (such as AM0001, AM0021, AM0034, AM0028), the methane emission avoidance methodologies related to waste (landfill, waste water treatment) or coal mine operations (such as ACM0008) or oil and gas sector (such as AM0009), the waste energy recovery methodologies (such as ACM0004 and ACM0012) account for 92% of all the emissions reduction of the registered and under validation projects using AMs or ACMS. 13 methodologies account for 88% of the potential emissions reduction and 10 methodologies are used by 83% of the registered or under validation projects. AMS I. D is used by 54% of the SSC projects registered or under validation and accounts for about 50% of the emissions reduction.



4. The following reasons have been identified as main causes for the low/no use of approved CDM methodologies according to the outcome of the call for public inputs on no/low use of methodologies:

- (a) Constraints resulting from specificity of applicability conditions: The applicability conditions of methodologies are too specific to the underlying projects. The project-specific bottom-up approach to methodologies development narrows the applicability of the methodologies.
- (b) Low usability: The usability of the methodologies is restricted in many cases due to limited interactions or inadequate communication between the Meth Panel and the methodology developers. This is particularly relevant if the Meth Panel has introduced important changes in the methodologies. Compliance to some requirements related to the type and quality of data to be produced is unrealistic because it would be too costly and time consuming. The complexity of the methodologies is also a cause of low usability. There are some errors in some methodologies, making them difficult to understand.
- (c) Low attractiveness: The over conservativeness of some methodologies undermines their attractiveness. Over-conservativeness coupled with other factors such as complex procedures, long time cycle for registration etc. discourages some project participants to develop their project activities for CDM.

The change in small scale threshold, followed by increasingly specialized methodologies which has a very narrow applicability has been also seen as an important reason for no/low use of large scale methodologies.

5. The transport sector, the mining and mineral production sector, the agriculture sector and the construction sector have the lowest number of methodologies. The transport sector has been identified as having a high potential for emissions reduction by IPCC. It appears to be one of the key priority sectors where additional methodologies are to be developed. Energy for households is also a key sub-sector where availability of more methodologies with increased usability could result in both the development of additional CDM projects with a high impact on sustainable development as well as an improvement of the regional distribution of the CDM projects. Agriculture is another priority sector for methodology development.

III. Recommendations for actions

Action I: To streamline the process of considering methodologies related submissions

6. To define the timeline for the consideration of new submissions (new methodologies and requests for revision) to a maximum of four MP/WGs meetings and revise the procedure for the submission and consideration of proposed new methodologies accordingly (One possible preliminary recommendation, one meeting for the consideration of the feedback from the methodology developers and proposal of alternative solutions from the Meth Panel, one meeting for the final decision on the case considering the view of the project developers on the changes proposed by the Meth Panel, and one final meeting for the approval of the reformatted version of the methodology after the quality control carried out by an English native scientific editor). The revised procedure will be submitted to EB53.

7. The secretariat shall revise the submission guidance and the form to require the new proposed methodologies submitted to be simplified where relevant by the inclusion of simple and conservative options as alternative to more accurate but complex approaches. The revised form could be submitted to EB51.



8. The secretariat shall revise the procedure for submission and consideration of proposed new methodologies for the purpose of further strengthening the pre-assessment by introducing the following changes:

- (a) The Meth Panel shall conduct a more thorough assessment of the methodology at the stage of pre-assessment as compared to current practice to identify any need of additional information and/or need of input from external consultants and/or whether the methodology submitted belong to a priority sector; for that purpose, two Meth Panel members will be appointed to undertake the pre-assessment instead of one;
- (b) To replace the current grading (1 or 2) by a new grading (grading between 1 to 10, 1 for methodologies of poor quality, 10 for methodologies that comply with all requirements and of high quality). Meth panel would consider the methodology submissions that could get a grade of 8 and above. Methodologies graded below a certain level, e.g. 7 are sent back to the methodology developers for improvement. The same grading will be applied to the methodologies after each of the four stages of consideration.
- (c) To identify the requirement of a consultant during pre-assessment stage itself based on the recommendation by the two panel members identified. The secretariat in consultation with Chair/Vice Chair and relevant Panel/WGs members to take proactive actions for the elaboration of ToR and the appointment of a consultant whenever needed;
- (d) To create a roster of technical experts, comprising sectoral experts for all sectors and using a technical expert from this roster as second desk reviewer for each new proposed methodology and consultant during the assessment whenever needed. one “traditional” meth expert to review the structure, and one “technical” expert to review the technical aspects.

The above procedure for strengthening the pre-assessment process would significantly reduce the potential rejection cases from consideration by the meth panel and thus would increase the time availability for other methodologies. The revised procedure and the ToR for the technical expert could be submitted to EB51.

9. The Panel/WGs shall develop and maintain a catalogue of the potential factors against the environmental integrity for each type of methodologies and ways to address them including simple conservative options. This catalogue will be dynamic, i.e. adjusted according to new experiences. The first version will be based on existing experience. It will be used both for the development and the assessment of proposed new methodologies and will be available to methodology developers. Version 1 of the catalogue could be presented to EB53.

Actions II: To prioritize the work of the Panel/WGs

10. The Board may wish to define the following order of priority in the work of the Meth Panel:
- (a) Development of tools and considerations of cross-cutting issues;
 - (b) Requests for clarification;
 - (c) Requests for revision;
 - (d) New methodologies.



11. The Board may wish to consider the following sectors as priority sectors:
 - (a) Eenergy for households;
 - (b) Transport;
 - (c) Energy efficiency in construction;
 - (d) Agriculture.

12. The Panel/WGs to report to EB on the status of considerations that require more than four meetings, explaining clearly on:
 - (a) The issues that may take long time and delay the consideration process (specific technical issues);
 - (b) How do these issues delay the process (waiting for a consultant input, need of guidance from the Board)?;
 - (c) Why is it relevant to continue considering the methodology (effort already done vs remaining effort, priority,...)?;
 - (d) A possible date of finalization of the consideration process.

The Board will on a case-by-case basis guide the Panel/WGs on whether it should continue the consideration of the matter due to its level of priority or finalize the process at its next meeting. Possible implementation from EB53.

Action III. To increase the usability of methodologies

13. To allow more interaction with the methodology developers at various stages during the process of considering their submissions. Implementation after approval by EB50.

14. The secretariat shall create a permanent system for collecting comments on methodologies in the UNFCCC website to receive comments on each methodology from any stakeholders or public. Critical comments/feedback/suggestions if any would be identified by the secretariat and consider by the meth panel for a short discussion on how to address them. One hour will be dedicated to the discussion of the comments at each Panel/WGs meeting and on how to account for them. Implementation: Available for Meth Panel 43.

15. The Panel/WGs shall develop QA/ QC procedures for reformatting the methodology. The Board shall consider to authorize hiring a native English speaker (editor) with scientific background to improve the drafting of the methodologies.
