

Annex 21

Issues related to implementing “project activities under a programme of activities”

1. Background

Paragraph 20 of decision 4/CMP.1 states “that a local/regional/national policy or standard cannot be considered as a clean development mechanism project activity, but that project activities under a programme of activities can be registered as a single clean development mechanism project activity provided that approved baseline and monitoring methodologies are used that, inter alia, define the appropriate boundary, avoid double-counting and account for leakage, ensuring that the emission reductions are real, measurable and verifiable, and additional to any that would occur in the absence of the project activity”.

2. General issues raised by this decision

- How should this decision be interpreted? (Different people have different interpretations, for example on the CDM eligibility or otherwise of project activities under a programme of activities where the programme is designed to implement a national policy or standard).
- Should the Board provide explicit guidance, or should “implicit” guidance be set via methodology-by-methodology precedents?
- Does existing EB guidance need to be modified in some areas for “project activities under a programme of activities”?
- Should new EB guidance (e.g. any new combined additionality/baseline scenario tool) distinguish between “regular” CDM and “programmes”?

3. How has the word ‘programme’ been used in the CDM to date?

By early May 2006, there were 27 registered CDM projects that occur on several different sites (up to 100,000) and may also involve more than one sector, e.g. heat production and energy demand, and/or more than one project type, e.g. insulation, efficient lighting, and solar water heaters. About half are small-scale (various sectors/characteristics), the other half are large-scale manure management projects. Some of these CDM project activities describe themselves as a “programme” and some as a “bundle”.

These projects already refer to programmes or bundles of CDM projects, i.e. such as:

- **For small-scale projects** programmes implementing non-binding government policies are eligible (e.g., Nepal biogas programme project);
- **For large-scale projects** a “voluntary programme” by industry in several sites in a particular country can use a methodology developed for single-site projects.

There are more potential types of “project activities under a programme of activities” in the pipeline, including some that are currently undergoing methodology assessment.

4. Definitions for “programme of activities” and “bundles” are needed

“Programme” is currently used to describe many different types of activities (in the CDM context, and outside the CDM context). It would be useful if there was clarity on:

- What a “programme of activities” is. For example:
 - what is the role of the project participant (e.g. to implement the programme and/or the emission-reducing activity?);

- why was the programme initiated? (e.g. to implement a voluntary or non-binding or mandatory policy initiated by government or industry);
- are there any eligibility limits regarding when a programme was initiated (e.g. are project activities initiated in 2005 under a programme that was started before November 2001 (or before December 1997) eligible)?
- How does a “programme of activities” differ from a “policy”?
- What is a large-scale “bundle” of CDM project activities, and how does this differ from and overlap with a CDM “programme”? (NB EB21 definition was for small-scale bundles only). Should/how should guidance on “programmes” and “bundles” differ? If so, when should a particular grouping of projects apply guidance for “bundles” and when for “programmes”?

⇒ The Meth Panel suggests that it would be useful to define “programme of activities”. The Meth Panel further suggests that it would be useful to define large-scale bundles, and when a grouping of project activities is a “programme” and when it is a “bundle”.

5. Guidance/methodologies specific to CDM “programmes” are also needed

Since CDM “programmes” have some characteristics that are different from “regular” CDM activities, EB guidance may also need to be different. The following issues (see table below) are an initial list that could benefit from policy-level as well as methodological guidance on “project activities under a programme of activities”.

Table 1: Issues relating to CDM “programmes” for which guidance is requested

Issue	Policy-level guidance	Methodological guidance
Additionality i)	Is this determined for a “programme of activities” or a sample/all underlying project activities?	If determined at the programme level, what is the risk of significant levels of free riders? How/if should this be addressed?
Additionality ii)	Is a programme that implements a mandatory policy/standard eligible under the CDM?	If so, how could the additionality either of the programme, or of the underlying project activities, be established? If such a programme/underlying project activities were assessed as additional, how long could a crediting period be (e.g. same as for other CDM project activities? Until a particular level of technology penetration has been reached? For one non-renewable crediting period only?)
Determining baseline scenario	Is this determined for a “programme of activities” or a sample/all underlying project activities?	If determined at the programme level, what is the risk of significant levels of free riders? How/if should this be addressed?
General methodology use	Do project activities under a programme of activities need to use methods developed for a programme, or can they use a method developed for a single-site project?	If CDM programmes can use methods developed for a single-site project, do all components of the methodology (e.g. monitoring) need to be carried out for all underlying project activities?
Double counting/unique identification of project activities	Do CDM programmes need to provide a unique identification of the location of its underlying project activities at the time of submitting the project for validation or can the actual sites be identified in the final PDD submitted with the request for registration ?	If CDM programmes do not need to provide a unique identification of underlying project activities up-front (NB, not all registered CDM projects have done this, e.g. Moldova energy efficiency), how can double-counting be avoided?.
Monitoring	None identified.	What proportion of project activities need to be monitored under a programme? Some already-registered CDM project activities monitor a very low proportion of total systems installed, e.g. the

Issue	Policy-level guidance	Methodological guidance
		Kuyasa project (SSC, South Africa) monitors <1.5%. Should this be different for small/large-scale projects?
Crediting period	Do the underlying project activities need to have the same start/end date of crediting period?	If not, will this complicate validation/verification/issuance?

⇒The Meth panel requests guidance on the policy-related issues from the Board or whether more methodological input is needed by the Board before providing guidance.