CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD”  
(Version 01.2)

This form should be used only by project participants and other stakeholders for submitting a “Letter to the Board” in accordance with the latest version of the Modalities and procedures for direct communication with stakeholders.

<table>
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<tr>
<th>Name of the stakeholder submitting this form (individual/organization):</th>
<th>Project Developer Forum</th>
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</table>
| Address and contact details of the individual submitting this form: | Address: 100 New Bridge Street, London, EC4V 6JA  
Telephone number: +65 6578 9286  
E-mail address: office@pd-forum.net |
| Title/Subject (give a short title or specify the subject of your submission) | Simplification of PoA Issuance |
| Please mention whether the submitter of the form is: |  
☐ Project participant  
☒ Other stakeholder, please specify PD Forum |
| Specify whether you want the letter to be treated as confidential: |  
☐ To be treated as confidential  
☒ To be publicly available (UNFCCC CDM web site) |

Please choose any of the type(s) below to describe the purpose of this submission.

- ☒ Type I:  
  - ☑ Request for clarification  
  - ☑ Revision of existing rules  
  - ☐ Standards. Please specify reference  
  - ☐ Procedures. Please specify reference  
  - ☐ Guidance. Please specify reference  
  - ☐ Forms. Please specify reference  
  - ☒ Others. Please specify reference PoA Issuance  

- ☐ Type II: Request for Introduction of new rules  
- ☐ Type III: Provision of information and suggestions on policy issues  

Please describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable).

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1. DNAs and DOEs shall use the respective DNA/DOE forms for communication with the Board.
2. As per the applicable modalities and procedures, the Board may make its response publicly available.
To cdm-info@unfccc.int  
From gareth.phillips@pd-forum.net  
Date 29th August 2014  
Subject Proposals to simplify the issuance of CERs from PoAs

Dear Mr. Sealy,

Honorable members of the CDM Executive Board,

The Project Developer Forum (PD Forum) welcomes the continuous efforts of the EB and the Secretariat to simplify the rules and procedures related to issuance of CERs under Programme of Activities.

In line with this effort, the PD Forum would like to present to the Board some suggestions for improvement based on experience on the ground faced by PD Forum members at time of POA verification and request of issuance:

1. **Number of batches per Monitoring Period based on implementer or project participant (PP).**
   At EB 75, the Board approved two monitoring reports (two batches) per monitoring period. Experience on the ground has demonstrated that it would be better to have more than two batches per monitoring period; the number could be according to the number of PPs duly registered or identified by the CME.
   By having the batches based on number of PPs the following problems could be avoided:
   - Delay or hold of verification process due to lack of required documents by one of PP participating in the same batch of a monitoring period;
   - Delay in issuance and forwarding of CERs due to lack of funds by one of the parties to cover its corresponding issuance fee / administrative SOP, which cause delay on delivery of CERs to buyers, and possible cancellation of purchase contracts.
   - Where both the CME and one of the PPs are government agencies, it can become difficult for the CME to enforce CDM rules and CME agreements which can then disadvantage other PPs with a private sector or NGO origin. Having more than 2 batches per monitoring report would help in solving this problem.

2. **Remove current requirement for all CPAs under a POA to be verified, even non-implemented CPAs.**
   This is highly onerous to the PPs as DOE charges for the verification of a non-implemented CPA due to its inclusion in the monitoring and verification reports. Current rule indicates all non-implemented CPAs needs to be listed reporting “zero” volume. PPs are not implementing CPAs included in POAs for the following reasons, *inter alia*:
• When registration of POAs started, PPs processed inclusion of more than one CPA at a time to reduce costs or based on purchase agreements signed or tenders won; unfortunately, the low price of CERs triggered purchase agreement cancelations and as a consequence projects / CPAs implementation is on hold or has been cancelled.
• PPs with CPAs under development or under implementation/construction are carrying an additional burden, which financially penalizes the new CPAs. This is especially damaging for small CPAs as it could significantly increase transaction costs, investment risks and uncertainties for interested parties implementing 1 or 2 CPAs; it also goes directly against one of the main benefits proposed by a PoA.

By changing CDM rules to leave the non-implemented CPAs out of the monitoring report, the cost of verification could be substantially reduced.

3. **Withdrawal of CPAs**
   To ensure efficient crediting from the very beginning of technical operation of CPAs, it is necessary to initiate the CDM planning and inclusion into the PoA well ahead of the finalization of technical planning of CPAs. Despite careful planning and evaluation CPAs can face administrative or technical issues during the design and construction phase, that effectively prevent their implementation. It would therefore be helpful to developers, also in consideration of the implications of item 2 above, to allow a voluntary and permanent exclusion of CPAs from a PoA. This could remove the unnecessary administrative burden and costs for failed CPAs that have no prospects of ever producing emission reductions.

4. **IT issue: transparency in POA registration and verification process.**
   Currently the systems do not allow PPs and buyers to follow the progress of the verification process inside the CDM. The status of verification is only visible when the Request for Issuance is made public and goes to the EB.
   By updating the IT system, PPs and buyers would be able to follow the approval process which would provide confidence that CERs will be delivered on time or if delayed would shed light on the reason for such delay.

5. **Same DOE for all batches.**
   As of June 25, each batch can continue verification without the need to wait for the other batch to achieve issuance, but as the DOE has to be the same for both batches, CME needs to get agreement from all interested parties participating in a POA (including the ones behind schedule and participating in a separate batch) to be able to approve the contract with the DOE before start of first or subsequent verification. This can result in those PPs who wish to proceed with verification being held hostage by other PPs.
   Furthermore, contracting of different DOEs for different batches and monitoring periods, would allow competition among DOEs and pricing of services based on best performance and qualities.

6. **DOE to process registration and inclusion, as well as in verification of the same POA.**
   For small-scale CDM projects or bundles of small scale projects (4/CMP.1, Annex, paragraph 20), the same DOE is allowed to perform validation as well as verification and certification. If most of the POAs are a series of small scale projects, we would like to ask for this rule to be also applicable to POAs with small-scale CPAs.
   Furthermore, not all DOEs are willing or able to work in certain countries due to unrest or other conditions. Hence, if a PP already knows and had worked successfully to secure registration of the project, and is willing to return to the country to perform verification (as registration happened) with a DOE willing to visit the country, it would be helpful if they could be permitted to perform all DOE functions.
   PD Forum has been informed that a concept note on this respect is under development by the Secretariat would wait for its publication to provide further comments.

7. **Reviews at Reporting and Information check.**
Currently for projects and POAs, when a request for review at R&I Check is issued, the PP’s response is treated as a new submission for request for issuance and as consequence it has to start the process all over again. We would suggest of a change in the procedures that would make the process more efficient:

- PP to submit a response within 14 days of the request for review – the response will not be treated as a new submission, but continue its process; if the response is not presented within 14 days, it will be treated as new submission.
- Same CDM staff that issued the first request for review to handle the review of the response – this would avoid a second request for review for other issues (different form the first ones raised) if different CDM staff handle the response.

8. Duration of EB Review

Different from the verification of CDM projects, the review of a POA by the EB takes 42 days. Based on the monitoring report template provided by the CDM (which allows the CDM reviewers to handle it more efficiently) and the reduction in the number of CPAs per monitoring report (due to batches structure), the review of the documents should be faster and more efficient; therefore, the suggestion is to reduce the duration of EB review to 28 days, similar to other CDM projects.

We would be available to discuss further any of the above suggestions if the EB or the Secretariat requires.

Kind regards,

Gareth Phillips
Chair, Project Developer Forum

Please provide any specific suggestions or further information which would address the issue raised in the previous section, including the exact reference source and version (if applicable).

>>Suggestions are included in the text above, with reference to each specific issue.

If necessary, list attached files containing relevant information (if any)

Section below to be filled in by UNFCCC secretariat

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