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September 3, 2008

Mr. Rajesh Kumar Sethi  
Chairman, CDM Executive Board  
UNFCCC Secretariat  
Martin-Luther-King-Str. 8  
D-53153 Bonn  
Germany

**Subject: Call for Input on issues associated with Programme of Activities**

Dear Chairman,

In response to the Executive Board's August 6 2008 until 3 September 2008 call for input on issues associated with the development of the Programme of Activities (PoA) as a CDM Project Activity and difficulties in the validation and submission for registration of a PoA, Mitsui Co. & Ltd. would like to submit the following comments for your coming deliberation:

***Scrutinizing process – issue over inclusion of CPA***

First of all, DOE's scrutinizing a CDM Project Activity (CPA) becomes practically same as validating each usual CDM project. As a result, the inclusion of CPA adds more burden than registration of each usual CDM project. We hope that the guidance around "scrutinizing process" becomes clearer and facilitates simplification in CPA's inclusion, provided that environmental integrity is secured. Such improvement should help the DOE regarding its decision of CPA's inclusion and foster project type disparity mitigated.

As you know, "Guidance on registration of project activities under a programme of activities as a single CDM project activity" (EB32, Annex 38) allows the DOE to include CPA into the PoA after DOE scrutinizes a concerned CPA. We think that this clause intends to simplify validation procedure so that the disparity in project

type can be mitigated. That is, compared with an industrial type of projects, the project types like end-use efficiency improvement (eg. replacement of incandescent lamp into fluorescent lamp) has been relatively dampened to be developed as CDM project partially because of feasibility aroused by validation. The above clause can improve such project type disparity.

However, the other clause in the above Guidance practically hampers to simplify validation and only complicates validation. When the inclusion by the DOE is uncovered as failure which is determined by the Executive Board afterwards, the DOE should replace the equivalent CERs issued to the PoA to a cancellation account. This makes the DOE take much more risk than usual validation. Therefore, the DOE tends to submit further more expensive proposal on PoA validation to a pioneering project owner. This impedes dissemination of PoA.

Considering “learning by doing” nature in CDM, we can understand the above DOE’s behavior. That is, the decision by the Executive Board might be obliged to be changed depending on newly arising issues. Therefore, we wish honorable members in the Board to consider adopting the guidance on “scrutinizing process”.

Suppose replacement of incandescent lamp project i.e. maybe at least several thousands buildings involved in PoA. In such case, it may be practically unfeasible if the DOE is enforced to make a site visit one by one, which the DOE may insist to do in order to avoid “replacement” situation. One potential solution would be any guidance which can allow omitting such site visiting upon inclusion while securing the environmental integrity. For example, if the guidance can specify the required information which allows replacement clause waived (i.e. opening and closing time per building, numbers of lamps per building, etc.), the burden associated with inclusion may become reasonable.

Therefore, we wish the possible guidance to be discussed among experts. This may open doors for the development of end-use energy efficient improvement type of projects.

#### ***Regular scale project – issue over dissemination of PoA***

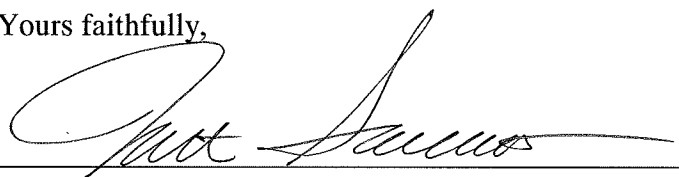
Secondly, the general guidance on modification of regular scale approved methodology is better announced.

While all small scale projects have been modified applicable for PoA, none of regular scale approved methodology is modified applicable for PoA. Further, there is no announcement whether modification of approved methodology is required, while EB33 Annex 41 and 42 shows templates for PoA-DD and CPA-DD in regular scale project.

This causes various interpretations in CDM industry. That is, some interpret that regular scale project can use approved methodology as it is and no modification required while some state contrary. This also dampens the dissemination of PoA. Therefore, we wish the guidance to be announced.

We trust that the above comment will assist the Board in discussing issues over PoA in a manner that will benefit the overall process of the CDM.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Matt Inamuro", written over a horizontal line.

Matt Inamuro

General Manager

Emission Reductions Project Development Department

Environmental Business Division