

Dear Members of the CDM Executive Board,

We are grateful to the Executive Board for initiating this discussion on Programme of Activities.

At present the rules given the “Procedures for the Registration of a Programme of Activities as a Single CDM Project Activity and Issuance of Certified Emission Reductions for a Programme of Activities” are unclear when trying to design a PoA. Coordinators of the PoA and Project Participants may find the rules too complicated and so are discouraged from using the PoA system. The ideal scenario would be to have guidelines for completing PoA design documents similar to the ones provided for CDM-PDDs and for F-CDM-SSC -BUNDLES. But, to address issues relating to development of the PoA as a CDM Project activity, we would like to raise the following points:

1 PoA revisions

We need to know when exactly to make a new version of the PoA. According to the “Procedures for registration...” we have the following conditions:

- 1.1 every seven years (Par. 29)
- 1.2 an approved methodology is put on hold or withdrawn and is subsequently revised or replaced by inclusion in a consolidated methodology (Par. 26)

We would like to confirm that the PoA does not change even if the methodology undergoes revision but is not put on hold nor withdrawn.

2 Crediting period renewal conditions for a CPA

- 2.1 There is ambiguity in the requirement for a “new completed CDM-POA-DD” over a “revised version of the CDM-PDD”. We would appreciate further guidance explaining the nuances of each.
- 2.2 Paragraph 29 of the “Procedures for Registration...” contains a clause, “unless modified through the provisions below”, which we believe are alternatives to applying the “Procedures for Renewal of a Crediting Period of a Registered CDM project activity”. However we cannot decipher which provisions are being referred to in this case.
- 2.3 We would like some clarification on what happens to the already included CPAs and CDM-CPA -DDs once a new completed CDM-POA-DD and new version of PoA specific CDM-CPA-DD is in place.

3 Monitoring

Taking into account the propensity of continually revising and updating methodologies, and the fact that any subsequent CPA should be consistent with the latest CDM-POA-DD, which in turn applies the latest version of a methodology, there is the possibility that the same CPAs under one registered PoA would be applying different versions of the monitoring procedures. While this variation in and of itself should not be an issue, the EB should consider applying a simple rule to prevent possible confusion that may arise among project coordinators and DOEs in preparing the monitoring report across the CPAs of one PoA.

4 Proving additionality

Hitherto in the case of Small Scale projects, the procedures for establishing additionality were simple, and even investment analysis was optional. Recently however, DOEs begin to insist on financial analysis as part of proving additionality. Whilst we recognize that additionality is a fundamental concept which constitutes the CDM ethos, this trend for increased severity in proving additionality, especially at the CPA level, may eventually run counter to the primordial objectives of PoA, which is to distribute the benefits of the CDM amongst many small participants. Public lighting projects are a case in point. Providing detailed financial analysis for very small appliances dispersed over a large area involving thousands of users would be difficult, as it would have to rely more on sampling and surveys than on raw data.

We believe that PoAs should be excluded from this severity in applying financial analysis. Since the one of the roles of additionality is to prevent free-riders to the PoA, perhaps it would be helpful to limit the applicability of PoA from micro to small-sized units, projects that otherwise could not even be bundled.

5 Editorial suggestions

- 5.1 The current nomenclature as “PoA specific CDM-CPA-DD” is unavoidably misunderstood as a “*specific* CDM-CPA-DD”, as if it were pertaining to the real case CPA. Also, “completed CDM-CPA-DD” does not provide a straightforward reference to the real case, further leading to confusion.
- 5.2 There is ambiguity whether the mention of “PoA” in the “Procedures for the Registration of a Programme of Activities as a Single CDM Project Activity and Issuance of Certified Emission Reductions for a Programme of Activities” actually refers to the CDM-POA-DD. These can be found in Paragraphs 26 and 30 (“new version of PoA”).

We hope that the Executive Board will give consideration to these comments and make amendments that will enhance the overall effectiveness of the PoA, benefiting us all and securing the continual evolution of the CDM.

Thank you for your consideration.

Sincerely yours,

Hajime Watanabe

Chairman

Clean Energy Finance Committee

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