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Attention: Mr. Rajesh Kumar Sethi
Chair, Executive Board of the Clean Development Mechanism

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Subject: Response to call for public comments on issues associated with the development of "Programmes of Activities (PoA)"

Dear Sirs,

We are writing to you as project developers in response to the above-mentioned call for public comments, launched by the EB at its 41st meeting (EB 41). FutureCamp GmbH welcomes this call for input and we look forward to be working with you and to further improve the guidelines. We would like to bring to your attention the following comments and considerations.

1. General Comments

- 1.1 The programmatic approach is especially suitable to address sectors with mass small scale reduction potential and to promote sustainable development. It is thus an important step from a political point of view. It provides strong incentive for those project activities not covered by the Kyoto mechanisms yet.
- 1.2 In its current form, the approach is quite complex due to formal documentation as well as the validation and verification process. Therefore, the approach risks to dramatically increase transaction costs. In this respect it may restrain project proponents from carrying out project activities with mitigation potential.
- 1.3 The comments are mainly based on our first experiences with JI & PoA (Pilot programmatic Joint Implementation project in North Rhine-Westphalia (JIM.NRW), Germany) carried out on the basis of guidance on programme of activities provided by the Executive Board. In accordance with the German DFP we simplified the implementation regarding some validation and verification requirements to lower the transaction costs. We think the general level of accuracy is not reduced by these simplification and we propose to adapt them to CDM PoA. Suggestions of improvement on some points of the guidelines are provided as follows.

2. Specific Comments

2.1 Inclusion (Section D in EB 32, Annex 39, Vers. 02)

Simplification of the process of inclusion of a CDM programme activity under a registered Programme of Activities (PoA) would be helpful for project participants. As specified in **Section D. 10.** (EB 32, Annex 39, Vers. 02): "[...] *the coordinating/managing entity shall forward, [...] a completed CDM-CPA-DD form to the [...] DOE [...] for consistency checking[...]*. We believe that consistency checking of a DOE when including proposed CPA(s) in a registered Programme of Activities (PoA) is not essential, as this can be done in the course of verification. Therefore, we suggest that the coordinating/managing entity should decide about inclusion of additional CPAs without involving the DOE and the DOE shall check the consistency of new participants during the verification process. The process of consistency check and upload of new CPA-DDs by a DOE as described in D.10 and D.11 implies a very costly and time-consuming approach which could render the whole PoA unfeasible.

In addition to that, we suggest that in case CERs are issued to the PoA due to erroneously inclusion of one CPA, this amount could be set off against further claims for issuance of CERs during the project cycle. This reflects the responsibility of the managing entity, strengthens its motivation to be careful and transparent in its approach to add new CPAs and lowers the (perceived) risks from the DOEs side with respect to their liabilities in case of erroneous inclusion of a CPA.

2.2 Verification (Section E in EB 32, Annex 39, Vers. 02)

We recognise the importance of a monitoring plan according to the methodology applied to the registered PoA-DD in order to ensure accuracy of the achieved emission reductions by each CDM project activity (CPA) under the PoA. Thus, the applicability of an approved baseline and monitoring methodology must be assured for all CPAs. Nevertheless, it would be appropriate to keep the complexity of the process at reasonable levels with regard to the verification procedure. Considering the requirements related to verification, certification and request for issuance, project activities may be expensive in terms of effort and costs. The frequency of requesting issuance by the DOE not lower than every 3 months is outlined in **Section E. 19.** (EB 32, Annex 39, Vers. 02). This does not seem necessary, especially as it is likely to result in unnecessary transaction costs. According to this, we suggest that the required minimum frequency should be lowered to one verification turn per year.

2.3 Methodology

Section 'Project activities under a Programme of activities', 7. (EB 32, Annex 38, Vers. 02.1).

At this stage, the procedures do not allow for the combination of more than one methodology. However, the programmatic CDM is designed to tap the mitigation potential of small- and micro-scale activities. It is not obvious why activities that involve different technologies and use different baseline and monitoring methodologies should not be combined under one Programme. We have good experience with a JI PoA in Germany that involves both efficiency increase and fuel switch at boilers. Therefore, we believe that it would be useful to allow the combination of more than one methodology for one Programme of Activities (PoA).

The more flexible approach is already possible under the Gold Standard Version 2 by allowing for the application of more than one methodology under one PoA.

We strongly believe that it would be very useful for project developers to have the above aspects fully considered. Thank you for your kind consideration.

Yours Sincerely,

A handwritten signature in black ink that reads "Felix Nickel". The signature is written in a cursive style with a large, stylized initial "F".

Felix Nickel
Emissions Trading & Climate Projects
FutureCamp GmbH