

Public input by South Pole Carbon Asset Management on “Draft standardization of the format of the modalities of communications (MoC) between project participants and the Executive Board”

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We welcome the effort of the EB to specify structure, content and definition of terms with regard to MoC. However, from the perspective of an active and innovative market participant we would like to flag two issues which in our view jeopardize the basic requirements of a market driven mechanism like the CDM:

- 1. MoC needs to accommodate flexible solutions to some reasonable degree.** As the CDM is still a evolving and innovating mechanism the current proposal of the F-CDM-Modalities of Communication seems to be too rigid. Market participants need some degree of flexibility to define additional provisions on the UNFCCC level. We therefore suggest accommodating a “Section 3: additional provisions” in the form. In this section UNFCCC shall not provide further restrictions but project participants might accommodate important additional provisions as needed for a smooth and successful implementation and operation of the CDM project.
- 2. Already negotiated and signed MoC shall remain valid.** Several market participants define MoC among themselves in a very early stage of the project in order to ensure a smooth project development process. Typically such agreements are an integrated part of the ERPA. If the EB decides to change the rules for MoC, we strongly recommend to allow projects that already have signed MoC to register with the already agreed MoC. Anything else might raise unnecessary legal issues. The new rules shall only apply to projects that had no signed MoC at the time the new regulation went into force. Therefore, we suggest to change

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(a) New submissions: the F-CDM-MOC form shall be used for any new submission of an MoC statement at both pre- and post-registration stages (see paragraph 12 and 13 above). The form will be made available on the UNFCCC CDM website.”

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(a) New submissions: the F-CDM-MOC form shall be used for new submission of an MoC statement at both pre- and post-registration stages (see paragraph 12 and 13 above). form will be made available on the UNFCCC CDM website. **Projects that can provide evidence in written form that they have agreed on MoC in a written and legally binding form before this guideline came into force are allowed to use their project specific MoC.**”

About South Pole Carbon Asset Management

South Pole is a carbon asset management company with outstanding technical expertise and a reputation for developing innovative and cost-effective emission reduction projects. The company has globally more than 120 CDM projects under contract. It was the first company worldwide that generated issued CERs with the Gold Standard quality label and concluded the first ever international CER transaction. South Pole staff advised successfully registered CDM projects with a forecasted total of more than 100 million t CO₂e.