

9 April 2010

The Chairman and the Members of the CDM Executive Board  
c/o UNFCCC Secretariat  
P. O. Box 260124  
D-53153 Bonn  
Germany

Dear Madam/Sir,

**RE: Comments on Simplified modalities for demonstrating additionality of small scale renewable energy and energy efficiency project activities**

We welcome efforts made by the Executive Board to promote small renewable energy projects and energy efficiency projects through a simplified procedure. With reference to this call for public input, the following two concepts are suggested:

- A. The first suggestion is all energy efficiency devices/projects of sizes lower than 20 GWh be automatically considered additional if any of the following conditions is met:
1. The technology/device has less than 25%<sup>1</sup> market penetration by installed capacity within the country or region (in case of large countries) that has similar legal, regulatory and taxation environment;
  2. The technology/device has less than 25% of market share on previous year's sales;
  3. The technology/device has 25% less energy intensity than the largest selling product type providing similar services;
  4. The technology/device has 25% more payback period or 25% less IRR or any other indicative financial parameter;
  5. The technology/device is successfully tested in laboratory and is more than 50% efficient as compared with the largest selling technology/device.

All Renewable energy technologies/projects with capacity less than 5 MW be considered additional automatically if any of the following conditions is met:

1. Technology penetration is lower than in the declared NAMA or goal of the nation (e.g. 20% power generation from renewable sources);
2. All renewable energy power projects that have access to conventional electricity and are still planning to install renewable energy connecting to the grid;
3. The market penetration (of electricity generation) criteria indicated for energy efficiency devices may also be applied to the renewable energy projects.

---

<sup>1</sup> The numbers in the suggestions are indicative. The Executive Board may have its own interpretation on suitability of numbers. The input has been made to recommend the basic concept.

- B. Our second suggestion is that renewable energy projects be assessed on a point-based system. Categories such as “project technology”, “country’s renewable energy share”, to name a few, can be used against which projects will be weighted and scored. A project will get higher score if it, for instance, faces challenges to install and implement a particular technology, say Solar PVs.. Similarly, in the second category the project will score more if the country’s share of solar energy is low.

The following illustration presents the concept. However, more categories/project technologies or parameters can be included based on expert advice and as suggested by the SSC WG. The projects scoring a total of, say 5 or more points, should automatically be considered additional and registered subject to meeting other CDM M&P requirements.

<b>Technology type*</b>	<b>Points</b>
Solar	3.5
Hydro	3
Wind	2.5
Biomass	2

\*More tech types can be added here

<b>Country's renewable** energy share***</b>	<b>Points</b>
0-5%	4
5-10%	3
10-15%	2
15% or more	1

\*\*The tool will clearly define what constitutes renewable energy.

\*\*\* The range is indicative to demonstrate the concept. This could be achieved in a particular technology compared to the total potential from that source in the country.

For instance, in country X, a solar project is being implemented. It gets 3.5 points for 'technology' and 3 points for 'Renewable Energy Share' in case the country's renewable energy share for solar falls, let say between 5-10%. The total score for the project becomes 6.5 which is greater than 5. The project therefore qualifies automatically. If the total score is less than 5, then the project would not qualify for automatic additionality consideration.

Please note that the weights can be fixed for a certain period of time and revisited after fixed intervals to reflect the prevailing scenario. The weights need to be determined by the SSC WG (or for example by bodies such as the DNA, or IPCC in line with their default emission factors) in consultation with technical experts such as energy specialists. The point system can similarly be determined.

In terms of procuring data/information it should not be challenging to access a country’s RE share for the year when the project decision would be taken - as this

information would be publicly available in most cases. Moreover, the data can also be easily validated by the DOE and the EB.

We hope that the EB will consider these inputs while finalizing the Simplified modalities for demonstrating additionality of small scale renewable energy and energy efficiency project activities.

Sincerely yours,

Jiwan Acharya  
Climate Change Specialist (Energy)  
Sustainable Infrastructure Division  
Regional and Sustainable Development Department  
Asian Development Bank  
Tel (632) 632-6207, Fax (632) 636 2198  
[jacharya@adb.org](mailto:jacharya@adb.org)  
[www.adb.org](http://www.adb.org)