



RE: Call for Public Comments on Draft Procedures for Requests for Registration of a Proposed CDM Project Activity

Dear Members of the CDM Executive Board,

We are grateful to the Executive Board for initiating this discussion on the new draft guidance, and would like to submit our comment. In particular, we are concerned that the DOE is to pay any required registration fees and there is no mention of a timeframe for the secretariat to undertake the completeness check.

1. Payment of Registration Fee

Paragraph 7 indicates that the DOE shall pay any required registration fees. While we appreciate the intention to streamline the payment process, the current payment system does not seem to us overly burdensome for the parties involved. There seems to be no strong reason to shift responsibility here to DOEs. This suggestion seems unrealistic and cumbersome, for a number of reasons as outlined below:

- i. The accounting departments of DOEs may not have the infrastructure to deal with such treasury services, particularly when the amount handled could be in excess of USD 100k.
- ii. In order to facilitate the payment of fees directly to the DOE, some PPs may require a credit check to be performed on the DOE. Fulfilling the requirements of a potential credit assessment may impose an additional burden on DOEs and add unnecessary time to the registration process.
- iii. In view of the above issues, it will seem reasonable for DOEs to increase their fees for validation, which will create a further burden and barrier for smaller project developers and developers from poorer countries.
- iv. It will create an unnecessary delay, because the DOE will not agree to pay the registration fee until the payment has been received from the project participant. This will add further days to the already lengthy CDM process.
- v. DOEs are already under heavy pressure from both the project participants and from the UNFCCC and this will only slow down their work further.

If Paragraph 7 is maintained it should specify clearly exactly which deadlines prescribed in the latest version of the “Procedures for the Revision of an Approved Baseline or Monitoring Methodology” are applicable. Also, the procedures differ for small scale and afforestation and reforestation projects and these should also be referred to in order to avoid any confusion. Finally, the definition of “suspended” should include the sub term “on hold” (i.e. suspended (put “on hold”)) for the sake of clarity.



2. Completeness Check Timeframe

Paragraphs 13 and 14 give clear timelines for the Request for Registration process after publication of the request on the UNFCCC website. However paragraph 10 gives no timeline for the Secretariat's completeness check. The referred "Guidelines on Completeness Check of Requests for Registration" also make no mention of a timeline for the completeness check. Paragraph 18 (b) of Decision 2/CMP.4 requests the EB to "...take the necessary action to ensure the efficient and timely consideration of requests for registration...". While the priority order of requests is determined by the date of submission or receipt of payment on a "first-come first served basis", there is no clear indication of how long it will take the secretariat to process the request or to work through the list of requests for registration awaiting completeness check.

It is strange that this critical phase of the process does not have a clear timeline. When the time currently needed for the secretariat completeness check is taken into account, the total time from payment of registration fee to registration (assuming the first application is accepted) will be more than nine months. This seems an unreasonably long period of time for projects that have already been validated by an accredited DOE (that process in itself often taking an inordinately long time). The length of time taken by the overall process is a significant factor in discouraging potential PPs with newer technology or operating in less secure investment environments. Investment opportunities in more challenging areas usually have a certain window of opportunity. The fact that the CDM element of the process takes so long to be decided must be seen as a significant negative factor. It is disappointing that the new draft procedures do not provide any hope that this lead time will decrease.

Given the significant resources the EB now has at its disposal, much of which comes from payments received from project participants, it seems reasonable to expect the secretariat to be staffed in a manner that can ensure that completeness checks are carried out in a timely manner.

On the other hand, the timescale for registration following a request for registration being made publicly available is indicated in paragraph 14 as 28 calendar days for a large-scale proposed activity and 21 days for a small-scale project activity. Given the length of time currently required for the secretariat's completeness check, it is welcome that the request for registration period has decreased.

Thank you for your consideration.

Sincerely yours,

Hajime Watanabe
Chairman
Clean Energy Finance Committee
Mitsubishi UFJ Securities Co., Ltd.



RE: Call for Public Comments on Draft Procedures for Review for Requests for Registration

Dear Members of the CDM Executive Board,

We are grateful to the Executive Board for initiating this discussion on the new draft guidance. In particular, we are concerned that the provisions for communication between the EB / Secretariat and PPs / DOEs are still too weak; and that the RIT's role as an independent assessor is too limited.

1. Communication between the EB / Secretariat and PPs / DOEs

Paragraph 12 allows for the secretariat to contact PPs / DOEs directly when clarification or discussion is needed. The potential for greater communication between PP / DOE and the Secretariat is welcomed. Such initiatives from the SSCWG and Meth Panel in the past have been very helpful in clarifying key issues for both sides.

Paragraph 13 allows for the PPs or DOEs to further communicate with the secretariat following a request for clarification or additional information however no clear guidance is given on how this communication will be addressed in paragraph 14. It is hoped that exercising the option of written and/or telephone communication can be available to PPs and DOEs and not just the choice of the secretariat.

While the option of communication is initially available, the draft guidelines provide no option for interaction at the later and much more critical stage of an EB Review. When comments or questions from the Secretariat are unclear or open to interpretation, as can easily happen on more complicated issues, it is essential that there is a means for PPs / DOEs to ask for quick clarification at all stages of the decision making process. The procedures therefore fail to fulfill the request of COP/MOP to provide DOEs and PPs with adequate opportunity to address issues raised in reviews (Paragraph 3 (a) of the "Draft Procedures for Review for Requests for Registration").

The details of the scope of any Review, and the final response by PPs / DOEs to a Review are not made publicly available. Also the EB does not make available to PPs a detailed conclusion on the Review, often providing only a fairly generic rationale. This does not appear likely to change under the new draft procedures and greatly hinders any preparation for a re-submission. It also means that other PPs with similar projects are not able to see clearly the way in which projects are being finally analysed by the EB, leading to repetition of the same mistakes in application documents, and preventing PPs and DOEs from improving the overall quality of submissions. Needless to say, this is extremely frustrating for a PP who has usually spent considerable time and money in bringing the project to CDM Request for Registration. In general, CDM is a very transparent process, and it is not clear why this critical final stage of reviews should be kept hidden.

Finally, there is still no provision to allow PPs adequate opportunity to address issues or appeal against a decision to reject registration, despite the COP/MOP's requests to the EB (Paragraph 3 (a) of the "Draft Procedures for Review for Requests for Registration"). The only avenue is to resubmit documents in line with the EB's request, even in cases where the PP disputes the EB's judgement. Rejection means losing all the effort, time and money spent



to bring the project to registration and before rejection there should be a chance for the PP / DOE to communicate, preferably at the EB meeting, while the issue is being discussed.

2. Independent Assessment

Compared with the “Draft Procedures for Review for Requests for Registration” which were posted on the EB52 agenda prior to EB52, the role of the independent assessor seems to be quite limited. In that guidance, a Project Assessment Committee would be formed. This Project Assessment Committee would make a clear recommendation on registration / rejection, and the EB can only ask them to reconsider once. But in the “Draft Procedures for Review for Requests for Registration” made available for public comment on the UNFCCC website, it is the secretariat which makes the main recommendation, with the RIT’s assessment merely sent to the EB. It is not clear which will be given greater weight. Further, it is the EB which makes the final decision on all projects.

In Paragraph 22, if documentation cannot be submitted within 12 weeks, instead of automatically considering a project withdrawn there should be means for a PP / DOE to give a reason why the documentation cannot be submitted (for example, in the case a revised validation report needs to be approved by a DNA and this takes longer than expected).

In Paragraph 23, in the case of a request for registration on the condition that corrections are made to project documentation it is the secretariat in consultation with the Chair of the Executive Board which makes the assessment and there is no further independent technical assessment from the RIT. In our view, this guidance fails to fulfill the intention of the COP/MOP request to include an independent technical assessment of the analysis conducted by the secretariat (Paragraph 3 (b) of the “Draft Procedures for Review for Requests for Registration”). Further, clarification is sought on the timeframe “within three weeks” mentioned in paragraph 23. Does this refer to “within three weeks of receiving the corrected documentation”?

3. Cost of the Review

While we appreciate the intention to encourage DOEs to perform to the highest standards, the reference to potential costs leads to uncertainty in the process. If the EB is likely to charge DOEs following the rejection of projects as highlighted in paragraph 27 this potential cost will inevitably be passed on to PPs in the form of higher fees. Given that PPs are already paying for the EB’s operation in the form of the registration fee, potential penalties for the DOE cannot be welcomed by PPs.

Thank you for your consideration.

Sincerely yours,

Hajime Watanabe
Chairman
Clean Energy Finance Committee
Mitsubishi UFJ Securities Co., Ltd.



Mitsubishi UFJ Securities

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RE: Call for Public Comments on Draft Procedures for Requests for Issuance of Certified Emission Reductions

Dear Members of the CDM Executive Board,

We are grateful to the Executive Board for initiating this discussion on the new draft guidance, and would like to submit our comment.

Paragraphs 11 and 12 give clear timelines for the later stages of the Request for Issuance process. However paragraph 8 gives no timeline for the Secretariat's completeness check. This means that it is essentially impossible for project participants to anticipate with any certainty the date of delivery of CERs. This causes problems for the user of the CERs, who requires delivery to be made within certain deadlines in order to meet compliance criteria of their national government. As we have seen with the Registration process, the time required for the completeness check can fluctuate quite significantly. It would be very helpful to have some kind of time limit for the completeness check. Given the significant resources the EB now has at its disposal, much of which comes from payments received from project participants, it seems reasonable to expect the secretariat to be staffed in a manner that can ensure that completeness checks are carried out in a timely manner.

Thank you for your consideration.

Sincerely yours,

Hajime Watanabe
Chairman
Clean Energy Finance Committee
Mitsubishi UFJ Securities Co., Ltd.



RE: Call for Public Comments on Draft Procedures for Review for Requests for Issuance

Dear Members of the CDM Executive Board,

We are grateful to the Executive Board for initiating this discussion on the new draft guidance. In particular, we are concerned that the provisions for communication between the EB / Secretariat and PPs / DOEs are still too weak; and that the RIT's role as an independent assessor is too limited.

1. Communication between the EB / Secretariat and PPs / DOEs

Paragraph 12 allows for the secretariat to contact PPs / DOEs directly when clarification or discussion is needed. The potential for greater communication between PP / DOE and the Secretariat is welcomed. Such initiatives from the SSCWG and Meth Panel in the past have been very helpful in clarifying key issues for both sides.

Paragraph 13 allows for the PPs or DOEs to further communicate with the secretariat following a request for clarification or additional information however no clear guidance is given on how this communication will be addressed in paragraph 14. It is hoped that exercising the option of written and/or telephone communication can be available to PPs and DOEs and not just the choice of the secretariat.

While the option of communication is initially available, the draft guidelines provide no option for interaction at the later and much more critical stage of an EB Review. When comments or questions from the Secretariat are unclear or open to interpretation, as can easily happen on more complicated issues, it is essential that there is a means for PPs / DOEs to ask for quick clarification. The procedures therefore fail to fulfill the request of COP/MOP to provide DOEs and PPs with adequate opportunity to address issues raised in reviews (Paragraph 3 (a) of the "Draft Procedures for Review for Requests for Issuance").

The details of the scope of any Review, and the final response by PPs / DOEs to a Review are not made publicly available. Also the EB does not make available to PPs a detailed conclusion on the Review, often providing only a fairly generic rationale. This does not appear likely to change under the new draft procedures and greatly hinders any preparation for a re-submission. It also means that other PPs with similar projects are not able to see clearly the way in which projects are being finally analysed by the EB, leading to repetition of the same mistakes in application documents, and preventing PPs and DOEs from improving the overall quality of submissions. Needless to say, this is extremely frustrating for a PP who has usually spent considerable time and money in bringing the project to CDM Request for Registration. In general, CDM is a very transparent process, and it is not clear why this critical final stage of reviews should be kept hidden.

Finally, there is still no provision to allow PPs adequate opportunity to address issues or appeal against a decision to reject issuance, despite the COP/MOP's requests to the EB (Paragraph 3 (a) of the "Draft Procedures for Review for Requests for Issuance"). The only avenue is to resubmit documents in line with the EB's request, even in cases where the PP disputes the EB's judgement. Further, in the case of resubmission the draft procedures provide no clarity on the outcomes or timeline of the review.



2. Independent Assessment

Paragraphs 15 to 19 refer to the Registration and Issuance Team (RIT), whereas paragraph 20 refers to a Project Assessment Committee. This may be a typographical error, but the intention here should be clarified. Should this refer to the Executive Board?

Compared with the “Draft Procedures for Review for Requests for Registration” which were posted on the EB52 agenda prior to EB52, the role of the independent assessor seems to be quite limited. In that guidance, a Project Assessment Committee would be formed. This Project Assessment Committee would make a clear recommendation on registration / rejection, and the EB can only ask them to reconsider once. But in the “Draft Procedures for Review for Requests for Issuance”, made available for public comment on the UNFCCC website, it is the secretariat which makes the main recommendation, with the RIT’s assessment merely sent to the EB – it is not clear which will be given greater weight. Further, it is the EB which makes the final decision on all projects.

In the case of a request for issuance on the condition that corrections are made to project documentation or in the case that a rejected request is resubmitted it is the secretariat in consultation with the Chair of the Executive Board which makes the assessment and there is no further independent technical assessment from the RIT. In our view, this guidance fails to fulfill the intention of the COP/MOP request to include an independent technical assessment of the analysis conducted by the secretariat (Paragraph 3 (b) of the “Draft Procedures for Review for Requests for Issuance”). Further, clarification is sought on the timeframe “within three weeks” mentioned in paragraph 23. Does this refer to “within three weeks of receiving the corrected documentation”?

3. Cost of the Review

While we appreciate the intention to encourage DOEs to perform to the highest standards, the reference to potential costs leads to uncertainty in the process. If the EB is likely to charge DOEs following the rejection of projects as highlighted in paragraph 28 this potential cost will inevitably be passed on to PPs in the form of higher fees. Given that PPs are already paying for the EB’s operation in the form of the registration fee, potential penalties for the DOE cannot be welcomed by PPs.

Thank you for your consideration.

Sincerely yours,

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