

***DOE / AIE Forum input to the call for public comments on the review of the  
registration and issuance process***

Friday 5<sup>th</sup> March 2010

This paper has been prepared in response to the call for public inputs regarding the review of the registration and issuance process initiated at the Executive Board's 52<sup>nd</sup> Meeting. The call for public inputs relates to the following documents:

- Draft "Procedures for Requests for Registration of a proposed CDM Project Activity"
- Draft "Procedures for review for requests for registration"
- Draft "Procedures for Requests for Issuance of Certified Emission Reductions"
- Draft "Procedures for review for requests for issuance"

Through the DOE Forum, all forum members were invited to contribute to this response, and the following DOEs made written submissions to the Chair of the Forum and have together contributed to the suggestions and proposals set out in this paper:

- Det Norske Veritas Certification AS (DNV),
- ERM Certification and Verification Services Ltd.,

We would like to thank the Board for the opportunity to provide public comments. The DOEs welcome the move to revise the procedures, and hope that the revised procedures can enhance communication and interaction with the DOEs and PPs during the request for review and review process, provide real independent assessment of cases, and provide sufficient time for DOEs and PPs to respond to issues raised.

### **General comments**

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The process of completeness check, request for reviews, reviews and appeals to review decisions should be considered holistically as they are all elements of the CDM Executive Board's (EB) process to assess requests for registration and requests for issuance. As such, the procedures for the CDM registration and issuance process should also include provisions for appeal.

The pressure to reduce timelines for the registration process is in many instances a result of the fact that the crediting period of a CDM project may only start with the date of registration at the earliest. For projects which are already implemented at the time of requesting registration a delay in the registration process results in a delay in the project's ability to generate CER revenues in a timely manner. Hence, allowing, as applicable, that the registration date is the date a request for registration has been made instead of the actual date of registration, would remove part of the pressure to reduce timelines for the registration process and would result in project participants accepting that adequate time is spent on resolving potential issues being raised by the Secretariat's and EB's process of assessing requests for registrations.

We note that the conference of the parties serving as the meeting of the parties at its fifth session requested the EB to 'include an independent technical assessment of the analysis conducted by the secretariat'. In our view the mandate from the CMP can be best fulfilled by establishing an independent project assessment committee/panel (PAC), as was proposed in the original draft of the procedures for review for requests for registration and issuance in the annotated agenda of EB 52. The draft of the procedures circulated for public comments provides for such assessment to be carried out only by the Registration and Issuance team, however this is very similar to the current process and does not result in the significant reform of the current system that was envisaged in the COP/MOP request.

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The PAC could also speed up the process: In the current procedures the consideration and placement of the recommendation to the Executive Board is dependent on the receipt of the assessment by the RIT (para 19, Procedures for review for requests for registration). This might result into delays because of delays in RIT assessments. An independent project assessment committee would increase institutional capacity in the process and speed up the consideration of individual cases.

The PAC would provide a more robustly independent assessment than the RIT: The current version (06) of the Terms of Reference for the RIT is not applicable for undertaking the independent technical assessment of the secretariat's recommendation. If RIT experts for the case are selected by the secretariat to assess its own recommendation (para 15, Procedures for review for requests for registration), it's not entirely in accordance with the independence principle. An independent committee would reduce the burden of case by case decision making on the Board, whilst still allowing the Board the opportunity to review any decisions it feels are not sufficiently justified. The independence of the committee would be well established and would improve stakeholder confidence in the process. Such a committee could be made up of experts who are technically qualified to make decisions on complex project cases.

We welcome the fact that the procedures encourage the use of telephone conferences and more frequent interactions between the Secretariat and the DOE and project participants. We propose that the procedures should further elaborate in which situations telephone conferences should be scheduled and carried out. For a transparent decision making process, written communications are likely to be the most effective means of communication. However, telephone conferences should be used for the purpose of clarifying statements made in written communications. Telephone conferences should be scheduled in case the DOE or the project participants express the desire to discuss and better understand the rationale for any issue raised by the Secretariat, or in case the Secretariat does not fully understand the responses provided by the DOE or the project participants.

The generic completeness check checklists, summary notes and the assessment reports by the Secretariat should be made available to the DOE that has performed the validation or verification of a project in question. The assessment by the Secretariat is an assessment of the DOE's performance. Allowing the DOE to review the assessments made will enable DOEs to improve their performance as the assessments will indicate when a DOE's work and reporting is considered adequate and will highlight areas where the DOE will have to improve.

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Para 7: The statement that "the DOE shall pay any required registration fee" appears to be an editorial error. We see no reasons to revise the current well established process in which the DOE communicates the details for the payment of the registration fee to the project participants and the project participants directly transfer the registration fee to the account of the UNFCCC. Having payments of registration fees going through the DOE would cause an unnecessary delay in the payment process and result in unnecessary transaction costs. It is also not within the established role of the DOEs to handle financial transfers directly, and would require a significant investment in additional capacity beyond the current competencies of the DOEs.

Para 10: We very much welcome the opportunity to resolve issues before they get to the request for review stage. However, instead of an enhanced completeness check, we would suggest that the summary note produced by the secretariat could be shared with the DOEs, giving DOEs an opportunity to respond to all issues raised by the secretariat on

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the submission before it reaches the request for review stage. The completeness check could then be reduced to a check of the completeness of the documents. This may speed up the timeline, and if the DOE can fully satisfy the concerns of the secretariat it would reduce the volume of requests for review and free up institutional capacity. If expectations are clearly shared with DOEs, over time the overall quality of submissions will be improved. See comments on paragraph 13 below.

Regardless of the decision on sharing the summary notes with the DOEs, we would suggest that the completeness checklist(s) that are used be made available to the DOEs. The DOEs could then undertake a self-assessment before submitting. This has the potential to reduce the completeness check (and request for review) issues significantly, for example prevent unnecessary procedural problems from arising.

Para 11: It should be clarified that in the context of assessing prevailing requirements, the requirements applicable at the date the registration request was submitted should be considered.

Para 13: To limit the volume of issues having to be considered by the EB (or Project Assessment Committee) for projects requesting registration, we suggest that the summary note could be made available to the DOE. In case the summary note raises any issue, the DOE could have two weeks to comment on the issues raised and submit corrected documents, as applicable. The Secretariat could then have one week to revise the summary note. This approach would increase the timeline for summary notes for registration requests where the Secretariat raises issues, however, this approach would reduce the number of requests for reviews on minor issues that can be easily addressed before a project is submitted for consideration by the EB (or PAC).

Para 14: To reduce the pressure on the completeness check and assessment process by the Secretariat, we propose that, at least in case there is no request for review, the date of registration is the date on which the original request for registration was submitted.

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Para 11: The assessment by the secretariat should be limited to the issues raised at the request for review and responses provided by the project participants and the DOE. The phrase ‘and the CDM requirements’ at the end of this paragraph should be deleted because it could create an open-ended process with new and additional issues raised that the DOE/PPs did not have the opportunity to respond to at the request for review stage.

Para 12: Requests for any additional information should be limited to issues originally raised at the request for review and responses provided by the project participants. Also the meaning of the phrase “*Any information relevant to decision making shall be made available in writing*” is not clear. It is not clear whether this implies decision making on the DOE side or the Executive Board.

Para 13: In order to enhance communication and transparency, we suggest the following text is added to the procedure in this paragraph: “The secretariat shall confirm in writing to the DOE and/or project participants receipt and adequacy of the information and responses provided”.

Para 11-14: The timeframe for the Secretariat to request further clarifications on the response to the request for review provided by the DOE and/or the project participants could possibly be speeded up. The present draft procedure states that further clarifications may be requested no later than five weeks after the notification of the review.

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This could possibly be shortened. Also the final assessment by the Secretariat could be prepared within a shorter timeframe, if this is practical.

Para 15-18: An independent Project Assessment Committee would provide a credible and independent expert assessment of registration and issuance reviews and would be in line with the request from COP/MOP. However if a project assessment committee is *not* instituted, and the RIT continue to be used, we propose that the independent technical assessment by the RIT is only mandated in case the DOE and/or project participant do not agree with the final assessment and recommendation by the Secretariat. If all parties are already in agreement, i.e. the DOE agrees with the request and makes the necessary changes to the submission, a further assessment would not be needed before the request goes to the EB.

Para 22: The EB may consider that the date of registration is the date on which the request for registration was originally submitted by the DOE

Para 24: The EB may consider that also for requests for registration where corrections were necessary, the date of registration is the date the request for registration was originally submitted by the DOE.

Para 27: Further elaborations should be included to define in which circumstances a DOE is considered to repeatedly fail to comply with the requirements of the EB.

### **Draft "Procedures for Requests for Issuance of Certified Emission Reductions"**

Para 8: We very much welcome the opportunity to resolve issues before they get to the request for review stage. However, instead of an enhanced completeness check, we would suggest that the summary note produced by the secretariat could be shared with the DOEs, giving DOEs an opportunity to respond to all issues raised by the secretariat on the submission before it reaches the request for review stage. The completeness check could then be reduced to a check of the completeness of the documents. This may speed up the timeline and if the DOE can fully satisfy the concerns of the secretariat it would reduce the volume of requests for review and free up institutional capacity. If expectations are clearly shared with DOEs, over time the overall quality of submissions will be improved. See comments on paragraph 11 below.

Regardless of the decision on sharing the summary notes with the DOEs, we would suggest that the completeness checklist(s) that are used be made available to the DOEs. The DOEs could then undertake a self-assessment before submitting. This has the potential to reduce the completeness check (and request for review) issues significantly.

Para 9: It should be clarified that in the context of assessing prevailing requirements, the requirements applicable at the date the request for issuance was submitted should be considered.

Para 11: To further limit the issues to be considered by the EB for issuance requests, we suggest that the summary note could be made available to the DOE. In case the summary note raises any issue, the DOE could have two weeks to comment on the issues raised and submit corrected documents, as applicable. The Secretariat could then have one week to revise the summary note. This approach would increase the timeline for summary notes for issuance requests where the Secretariat raises issues, however, this approach would reduce the number of requests for reviews on minor issues that can be easily addressed before a project is submitted for consideration by the EB.

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Para 12: Requests for any additional information should be limited to issues originally raised at the request for review and responses provided by the project participants. Also the meaning of the phrase “Any information relevant to decision making shall be made available in writing” is unclear. It is not clear whether this implies decision making on the DOE side or the Executive Board.

Para 13: In order to enhance communication and transparency, we suggest the following text is added to the procedure in this paragraph: “The secretariat shall confirm in writing to the DOE and/or project participants receipt and adequacy of the information and responses provided”.

Para 11-14: The timeline may be further reduced by requiring the Secretariat to request further clarifications on the response to the request for review provided by the DOE and/or the project participants within a shorter timeframe. The present draft procedure states that further clarifications may be requested no later than five weeks after the notification of the review. This could possibly be shortened. Also the final assessment by the Secretariat may be prepared within a shorter timeframe, if this is practical.

Para 15-18: An independent Project Assessment Committee would provide a credible and independent expert assessment of registration and issuance reviews and would be in line with the request from COP/MOP. However if a project assessment committee is *not* instituted, and the RIT continue to be used, we propose that the independent technical assessment by the RIT is only mandated in case the DOE and/or project participant do not agree with the final assessment and recommendation by the Secretariat. If all parties are already in agreement, i.e. the DOE agrees with the request and makes the necessary changes to the submission, a further assessment would not be needed before the request goes to the EB.

Para 28: Further elaborations should be included to define in which circumstances a DOE is considered to repeatedly fail to comply with the requirements of the EB.

We thank the Board for its kind consideration of these inputs and are happy to provide any further clarifications as requested.

Kind regards,



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