

QUESTIONS FOR THE CALL FOR PUBLIC INPUTS ON THE USE OF THE FIRST-OF-ITS-KIND BARRIER AND THE ASSESSMENT OF COMMON PRACTICE

I. First-of-its-kind

(a) How would you normally define prevailing practice and what influences the consideration of whether such prevailing practice constitutes a barrier?

Answer (a): A prevailing practice can be defined as any practice which is in existence since a very very long time in a particular region, area or country. It can be related to the culture of the region, or the policies of the local government, or the or specific method of doing a particular task/ work, or there are some practices to which the people are very accustomed to and they do not want to deviate from those practices or it is very difficult for them to deviate from that particular practice or the way of working or the way of living.

In such situations it is very difficult to adopt a new practice of living or adopting a new method to do a particular work or to adopt a particular technology as the prevailing nature/ practice does not allow the new technology / method/ procedure to enter the region and to make safe place for it is very-very difficult. This prevention of the existing prevailing practice constitutes the barrier.

We can consider the following example as the prevailing practices:

1. Like in the state of Gujarat in India, there is policy of the state Government of not to drink liquor and this policy exists there since the independence of India, 1945. So, the prevailing practice in the Gujarat region is 'not to drink liquor'. So, this prevailing practice will act as a barrier for the development of the liquor industries in the state of Gujarat.

(b) In light of the previous answer, in your understanding, is a "first of its kind" project always facing barriers due to prevailing practice?

Answer (b): No, it depends on what kind of that 'first-of-its-kind' project it is. There can be the case when 'first of its kind projects' are well accepted and promoted by the people of the region because of its added benefits, whereas another 'first of its kind' project may face difficulties while creating its place in the market.

(c) Consequently, is there a need for a FOIK concept in the additionality and combined tools or can the normal or further improved - investment analysis or barrier analysis test sufficiently or even better capture the additionality of a project?

Answer (c): As I have responded to above queries, the barrier due to prevailing practice exists and it prevents the induction of a new technology in the market, so the additionality of the CDM project can be demonstrated by the 'barrier due to prevailing practice', but to consider 'FOIK' projects additional without conducting the barrier analysis test would be an injustice to the very objective of the CDM and the projects which are demonstrating the additionality of the project activities through barrier analysis and the investment analysis. Here it must be noted that the CDM funds first need to go to those projects/ those proponents who are really in need of it. There can be many 'FOIK' projects but the projects/ or the proponents are not that much need of or not at all in need of the CDM funds. This will also ensure the judicious distribution of the CDM funds. Thus, I would like to suggest that there is no need for a FOIK concept in the additionality and combined tool but the projects should pass the additionality test through the barrier analysis and this can be covered by the normal or further improved - investment analysis or barrier analysis test sufficiently or even better capture the additionality of a project.

(d) Is it sufficiently clear what constitutes a technology that is FOIK or is additional guidance required (e.g. geographical limitations, methodologies, industry and technology, other differentiating factors...)? How would one define this guidance?

Answer (d): A technology can be said to be 'FOIK' only and only when the technology does not have any match or a similar technology in the region/ country. The survey or the analysis should not be limited to a particular sector or to a particular industry, but the survey analysis should consider all types of the industries and all the sectors because (for example) waste heat recovery technology will be 'FOIK' even if it is implemented in a steel plant or in a chemical industry, the sector or the industries doesn't make a difference to the WHR technology.

(e) Should there be technologies that are automatically deemed FOIK or technologies that are deemed never to be FOIK?

Answer (e): No, there should not be any technology that is automatically deemed 'FOIK' and also there should not be technologies that are deemed never to be 'FOIK'. It should always be assessed for a particular region/ area/ country at that very point of time.

(f) Since FOIK is meant to reflect a barrier due to a very limited and quite unique application of a (new) technology, would it then be necessary to demonstrate how CDM helps to overcome this barrier?

Answer (f): I my understanding it is not good and in the favor of CDM mechanism to consider the projects eligible for CDM benefits only on the basis that the project is 'FOIK'. A project activity must be subjected to the barrier analysis or the investment analysis and it should demonstrate how those particular barriers would be alleviated by the CDM funds. In my opinion 'FOIK' projects should not be eligible for direct CDM benefits.

(g) Should CDM projects (registered or under validation) continue to be excluded from the FOIK test in the long term? What would be a reasonable term?

Answer (g): The 'FOIK' status should be given to those projects which do not have any match (technological) in a defined region/ area/ country. The only parameter to define 'FOIK' should be the use of the 'type of the technology' and not anything else. Thus, it will be wrong to consider a 11th landfill gas recovery projects in a region as 'FOIK' if all the earlier 10 landfill gas recovery projects have got CDM benefits. By any criteria it will be an eleventh project and not a first of its kind project. Thus, there should not be the continuation to exclude the FOIK test in the term. In my opinion, as I have stated above' the 'FOIK' should not be the criteria to get the CDM benefits but there should be barrier analysis. The project proponent must demonstrate what the prevailing practices in the region are which have prevented/ are preventing the implementation of the particular project activity under consideration.

II. Common Practice (CP)

1. In the additionality tool, the generic additionality tests shall be complemented with an analysis of the extent to which the proposed project type (e.g. technology or practice) has already diffused in the relevant sector and region. This test is a credibility check to complement the investment analysis or barrier analysis.

(a) Is there a need for a CP concept in the additionality and combined tools or can the normal or further improved - investment and barrier analysis tests sufficiently capture the additionality of a project?

Answer (a): The common practice analysis is the credibility check to complement the investment analysis or barrier analysis for the large scale CDM project activities. It is essential to continue the common practice test because it is a driving force for the creation of the innovative ideas and the innovative technologies and the development of the technology. Thus, it ensures the continual improvement in the technology and the sustainability through it. It is not applicable for the small scale projects and thus the small projects does not gets affected by this test but the large projects need to be go through this test to ensure the sustainable nature of the technology.

(b) Should this concept be introduced early on in the assessment of additionality or should it continue to be implemented as a final stage of the assessment acting as a credibility check?

Answer (b): It's only a credibility check for the barrier analysis or the investment analysis. Hence, it should be continue to implement it at the final stage of the assessment.

(c) Do you agree with the current approach to determine the CP of an activity?

Answer (c): Yes, the current approach to determine the CP is correct.

(d) Is there a need to better define what constitutes a similar activity and the criteria used to identify essential distinctions (e.g. geographical scope, methodology, industry, technology, size, local circumstances, others criteria including the current criteria in the existing guidance)

Answer (d): A similar activity is that which does not have any match in the defined region/ area or country. The essential distinctions should be only the geographical area, technology and local circumstances. However, the sector, type of industry, size should not be considered as essential distinctions.

(e) Is there any other alternative approach to determine the CP of an activity?

Answer (e): No

(f) Should CDM projects (registered or under validation) continue to be excluded from the CP test in the long term? What would be a reasonable term?

Answer (f): Since, the CP is a credibility check to the barrier analysis or the investment analysis, the current approach of excluding the CDM registered project activities from CP test is correct and should be continue. Again, this is a credibility check to the barriers already demonstrated; I would suggest that all the CDM registered projects should be excluded from this test.

(h) Should there be a list of activities that are exempt from the CP test?

Answer (h): No, there should not be a list of the activities that are exempt from the CP test because it won't be same for a region for all the times. Hence, the CP test should be considered for a defined region at a particular time.