

Comments on “Draft standard for sampling and surveys for CDM project activities and programme of activities” - 17 Oct 2011

Perspectives Climate Change GmbH (Perspectives) appreciates the opportunity to make comments on the *Draft standard for sampling and surveys for CDM project activities and programme of activities (Version 02) (in the following “the draft standard”)*.

With an increase over the last months and years in the number of projects and especially PoAs involving small appliances in a dispersed geographical area the need for simplified sampling requirements is necessary. For project types like efficient cook stoves or LED lighting that take place in underrepresented regions in terms of CDM (e.g. Least Developed Countries), it is important to keep the CDM transaction costs at a reasonable level without jeopardizing the representativeness of the sampling results. One of the key objectives of the PoA concept was to reduce CDM transaction costs for small and micro-scale project activities.

In our opinion one of the primary intended outcomes of implementing the draft standard should be to simplify and further standardize the sampling requirements for PoAs and project types involving micro-scale activities such as that are usually spread across a dispersed area and even a whole country (e.g. efficient cook stoves). PoAs applying technologies that are usually exempted from the debundling rule (e.g. small appliances like cook stoves) would especially have unnecessary high transaction costs, just because they would need to be split artificially into very small separate CPAs (approx. 3500-5000 stoves) only because the micro-scale guidelines require it. Under current rules this would then also require to do sampling during the monitoring per individual CPA (for micro-scale projects a very high number of CPAs can be assumed). The current draft standard does not sufficiently provide clear procedures in this regard for those very common PoA and project types under the CDM.

Are the requirements in “Section IV Sampling Requirements for PoAs” adequate, suitable and practical? Please also comment on the requirements in paragraph 20-23 versus their alternative? Are there other approaches that are more appropriate?

Perspectives is pleased that Section IV of the draft standard appears to be intended to address these issues and to allow for a simplified sampling approach for such projects. However, we are concerned that as it is currently drafted the standard is not very clear and remains open to interpretation. The risk remains that high transaction costs associated with sampling will render such projects unfeasible. This becomes very obvious when starting to design real and practical sampling approaches that are implementable on the ground for a specific PoA/CPA type.

Two possible approaches for justifying the use of the simplified sampling approach for PoAs are outlined in Section IV.

The **first option** outlined in Paragraphs 19-22 requires the project proponent to “demonstrate” that the PoA is homogenous, making reference to the examples and approach outlined in Appendix 5. The Appendix lists project types such as efficient cook stoves, efficient lighting and solar hot water systems, and the parameters that would tend to be highly standardized for such projects. However, it is not clear if by appearing on this list such projects would automatically be considered homogenous. The standard should clearly state that Appendix 5 provides a list of PoAs that are automatically

considered to be homogenous, and that the project proponent does not have to undertake any further work or incur any further costs (eg. commissioning independent studies) to demonstrate homogeneity. The difficulty maybe that otherwise per CPA homogeneity would need to be proven without having a clear definition of what homogeneity is.

In addition we propose that whenever the PoA is considered as homogeneous, the determination of a random sample can be limited to a certain geographical area. This would drastically reduce the costs of sampling. In case the CPA boundary is to be chosen nation wide, annual post registration samples (e.g. continuous operation and use of efficient cook stoves) can be performed within a limited number of villages and not over the whole country.

Paragraph 22 also requires the project proponent to a) “demonstrate that values of parameters of interest will not change significantly over the time period specified” or b) to start CPAs around the same time if parameters are expected to change, and c) to employ a high level of precision (95/10 or 95/5). A footnote provides examples of parameters that are unlikely to change significantly over the short to medium term, however, it is not clear what the proponent is required to do to demonstrate that parameters will not change significantly. The Standard should provide a clear (positive list) of project types/parameters for which it is considered that certain parameters of interest will not be expected to change, so as to remove any ambiguity.

For the purposes of meeting condition (b) in Paragraph 22, Perspectives expects that a flexible approach will be needed for the definition of “around the same time”. For some project types and parameters, it might be sufficient for CPAs to commence within a relatively broad timeframe (e.g. within 6 months or even a year of each other), whereas in other cases a shorter timeframe might be more appropriate. For example, while the efficiency of an appliance may be expected to fall somewhat over time, the PoA could take a conservative approach by assuming a limited lifetime of each unit – for example, 3 years, and allow for a certain conservative decline in efficiency over the specified lifetime in emissions reduction calculations. In that case, for sampling purposes it should not matter if CPAs commence further apart, since units that have exceeded the specific lifetime would be excluded from the monitoring plan and emissions reduction calculations.

The **second option** outlined in the “Alternative paragraph for 20-23” on page 4 is somewhat confusing. It appears to actually be a replacement for paragraphs 19-22. Assuming this was the intention, this approach would appear to avoid the need to demonstrate homogeneity in the way that the first option does. The simplified approach can be used provided that the methodologies involved in the PoA are all small scale (or if large scale then individual CPAs comply with micro scale thresholds) and the sampling complies with the conditions outlined in Paragraph 22 for the first option (conditions a or b, and c).

It is not clear from the draft standard whether the project proponent would be able to choose between what we call the first option and the second option above, or if the secretariat intends to choose only one option for the final version of the standard. In addition, because it is not clear which paragraphs the “Alternative paragraph” refers to, it is very difficult to make definite statements about which option is to be preferred. If our understanding of the drafting is correct, the CME would be automatically entitled to use the simplified sampling approach under the second option provided

that the conditions in Paragraph 22 are met. There would be no need to justify homogeneity. It would be helpful for the secretariat to clarify its intention in this respect.

Regardless of which option is included, we think that the standard should clearly state (in a positive list) which values can be considered to not be likely to change “significantly” over “short to medium time periods”. For example, the standard could include an Appendix with a table containing a list of project types, for which the listed parameters can be assumed to not change significantly over the specific time periods:

Table 1

Project type	Parameter	Time period under which no significant change can be assumed
Efficient cook stoves	Baseline consumption of fuel	Up to 7 years
	Retention rate of new stoves	Up to 3 years

Aside from the scenario in which a PoA covers only a very homogenous user group (e.g. domestic) - as outlined in the standard - there are potentially two other types of scenarios which could be considered as being eligible for using a simplified sampling approach.

Firstly, we consider the case in which there are multiple system categories to be replaced in a national PoA. For example, in an efficient cook stove project there could be efficient stoves replacing both existing wood and existing charcoal systems under AMS II.G. In addition it might be that those stoves are replaced for use in domestic and non-domestic applications. In this scenario, the project proponent should be able to conduct one sample per system category (e.g. wood stoves domestic) to be replaced and apply the category specific results to the system category for the whole country covered by the PoA. Using the example above, if there are wood and charcoal systems for domestic and non-domestic use, then this would mean four samples to be taken across the PoA (or at least per country included in the PoA) rather than 4 samples per monitoring period, per individual CPA (each CPA might have multiple stove categories).

Secondly, we consider the case where the population is very large (i.e. several thousands of end users), with CPAs based on geographic area and spread across the entire country. In this case, even though there may be some heterogeneity across the user groups – for example, due to regional differences - it should still be possible to define the sampling frame such that it is reasonably representative of the overall population covered by the PoA (noting that the definition of this representative group may change over time as CPAs are added). It is possible that by sampling only one representative group emissions reductions will be slightly underestimated in some CPAs and overestimated in others, but that the “unders and overs” will also offset each other partially or altogether depending on the extent of the variance. Provided that a conservative approach is taken and the costs of removing the differences between the unders and overs outweigh the benefits of doing so, there should be no reason to restrict the use of the simplified approach for such a scenario. Applying the same principle, an alternative approach shall be allowed for reducing the transaction

costs for sampling in cases or for parameters where appropriate literature data is available. Most literature data provides nation wide values (e.g. fuel amount used for cooking per household). Such literature data shall be allowed to be used in a nation wide PoA even-though one of the participating CPAs may just focus on one region or district.

Are the requirements in “Section V Sampling Requirements for DOEs” suitable, adequate and practical? Are there other approaches that are more appropriate?

In Section V the draft standard is somewhat unclear with respect to the sampling requirements for DOEs due to what appears to be incorrect cross-references between paragraphs 25-27. We outline below our interpretation of the formulation given and provide a proposal how presentation of sampling procedures could be done in this section:

It is described in paragraph 25 that Sampling by a DOEs may fall under one of the below situations¹:

- i)* A DOE draws a sample from the project sample selected by PPs
- ii)* A DOE draws a separate sample which is independent from the project sample selected by PPs;
- iii)* PPs did not apply a sampling approach and monitored all parameter values while a DOE verifies the parameter values based on a sample selected by the DOE.

The information of how the DOE shall make a validation and/or verification assessment provided in paragraph 26 and 27 is a misleading and hence we would suggest to provide the sampling procedures for DOEs to be provided in clear tables as depicted below:

Sample size	units < 25	25 ≥ units < 100	100 ≥ units < 200	200 ≥ units
<i>i) and iii)</i>	All units	25 project units	25% of the units	50 project units
<i>ii)</i>	Independent sample of size 25 project units		Independent sample of size 25% of that of the PPs	Independent sample of size 50 project units

If the assessment referred to above (according to paragraph 26) is deemed not sufficient by the DOE to determine whether the sampling efforts by the PP has been satisfactory, then the DOE according to paragraph 27 should conduct further assessment:

Sample size	units < 25	25 ≥ units < 100	100 ≥ units < 200	200 ≥ units
<i>Situation i)</i>	The DOE shall determine the size of the validation/verification sample to meet 90/10 reliability criteria. This will be <u>based on the project sample size</u> .			
<i>Situation ii)</i>	The DOE shall meet 90/10 reliability criteria to determine the size of its independent sample, <u>based on the population size</u> .			
<i>Situation iii)</i>	The DOE shall determine the size of the validation/verification sample to meet 90/10 reliability criteria. This will be <u>based on the population size</u> .			

¹ Options (i) or (iii) are default choices while (ii) may be chosen under exceptional circumstances with due justification.

It would be very helpful if the secretariat could clarify if our understanding is aligned with the intentions of the draft standard, or if the intention was different to what has been understood.

Perspectives would be happy to provide further input, including a participation in a teleconference as outlined on the UNFCCC website.

Sincerely,



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