

The CDM, in its inception, has been presented with an exceedingly difficult challenge. The task of completely establishing a new market with the corresponding processes, procedures and methodologies under the auspices of a controversial inter-governmental topic were bound to be complex. Add to this the necessity of ensuring at worst a “neutral” outcome has inevitably created a dynamic in which certain problems have necessarily arisen.

Within the context, it can be said that the CDM has some impressive achievements and also a number of lessons learned. The long-term future of the system and its effectiveness and viability will, however, depend upon a system of continuous improvement. Thus, this call for input is to be applauded and the hope that it leads to concrete action very intense.

A criticism of the CDM has been that the majority of projects are concentrated on single sources and have employed only a very limited number of the approved methodologies. This is the case for numerous reasons including the relative simplicity of such systems as well as the significant number of credits that could be generated in a short time frame leading to a clear risk-reward calculation that allowed these project owners to assume the CDM cost would easily be covered by the credit revenue.

Unfortunately in less centralized systems such as domestic households, the very considerable energy-savings potential have not yet been realized. The PoA process is attempting to address this; however the methodological basis is inadequate, leading to a situation that aside from improved cookstoves for the very poor, no domestic appliance credits have ever been generated. The existence of methodologies (AMS II C, AMS III X, AM00070, etc.) that specifically mention appliances and the interest on the part of appliance manufacturers to be involved in the process clearly demonstrates a desire to be innovative. The fact that the above-mentioned methodologies have existed for years and have not led to fruition indicates a fundamental flaw that should be rectified.

Significant amounts of data are available (upon request if desired) to clearly demonstrate the enormous potential the consistent purchase of more efficient appliances would have, both on current and on future electricity and water consumption. The fact that the most efficient technology is also more costly than appliances of lower efficiency is a de facto demonstration of the potential for demonstrating additionality. Economies of scale, market share and other related business issues are present to the extent that a case can be made that even the relatively current low price of carbon need not dissuade the most efficient appliance manufacturers from leveraging the CDM to make their most efficient products more widely available.

In light of this situation the following recommendations should be considered:

- Fast-tracking of the development or adaptation of home appliance-specific methodologies
- Consultation with appliance industry representatives to ensure that methodologies actually allow implementation in various regions and countries (for instance AMS III X is probably only viable in Brazil)
- Adopt flexible, but highly conservative default values especially for domestic or other widely dispersed CDM projects with high potential.
- Create an “appeal” process via which methodology developers and other stakeholders can express concerns

We strongly support this process and wish you success in creating a more efficient and effective CDM.

Best regards,

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