

The Chairman and the Members of the CDM Executive Board
c/o UNFCCC Secretariat
P. O. Box 260124
D-53153 Bonn, Germany

Ref: Issues included in the annotated agenda of the sixty-fifth meeting of the CDM Executive Board and its annexes – Standards for Programme of Activities (Annex 5 and 6)

Dear Madam/Sir,

This input in reference to the call for public input for “Issues included in the annotated agenda of the sixty-fifth meeting of the CDM Executive Board and its annexes” I am submitting *on behalf of the members of the PoA Working Group*.

The PoA Working Group was established in October 2011 on the initiative of Perspectives Climate Change with financial support of the Federal German Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the CDM/JI Initiative. The purpose of the Working Group is mainly:

“To provide a forum for dialogue, the exchange of experiences and coordination of support of PoAs through the PoA financing activities of the Working Group members. The central focus for this dialogue is current PoA developments, the existing and remaining barriers for PoA implementation and the development of concrete solutions.”

Invitations to join the Working Group have been extended to key organisations and persons that have been heavily involved in the financing of PoAs since the inception of the market, including: **KfW Bankengruppe, World Bank Carbon Finance Unit and CDC Climat Asset Management**. Invitations will be extended to further organisations shortly.

The PoA Working Group welcomes the opportunity to submit public inputs with regards to the following issues.

Issue 1: Why apply thresholds of small / micro scale to CPAs with multiple units?

Limitation of threshold limits to a CPA rather than the units under a CPA is a reflection of the lack of recognition of the differences between projects with programs. If each unit within the CPA is within the category of SSC or micro scale thresholds then the size of the overall CPA should not be restrained by the thresholds. Under the current rules project developers that want to apply micro-scale additionality guidance have to cluster household/SME/community level activities into CPAs that are below the micro-scale limits.

Recommendation: Apply SSC micro scale thresholds to the technology or units within a CPA and not to the CPA, where household/SME/community level activities can be deemed additional regardless the CPA size. An analogy for such a rule making are the guidelines on debundling (EB54) which specify that, “if each of the independent subsystems/measures

(e.g., biogas digester, solar home system) included in the CPA of a PoA is no larger than 1% of the small-scale thresholds defined by the methodology applied, then that CPA of the PoA is exempted from performing de-bundling check.”

Rational: While keeping the combined mitigation effort in a CPA below the micro scale limits, the mere possibility of having numerous CPAs in a PoA makes the CPA distinction artificial. In the meantime it does increase the administrative burden related to the handling of an inflated number of CPAs.

Issue 2: Project Start date definition

According to current rules, a CPA cannot start prior to the PoA validation start, i.e., publication of the PoA on UNFCCC website. However, rules also require the first specific CPA to be submitted along with the PoA for publication. The nature of PoAs is such that the institutional structuring of PoAs can require more time than is needed to prepare the first CPA. PoA structuring thus substantially delays CPA implementation.

Recommendation: We recommend that the EB considers allowing PoAs to submit a letter to the EB as proof of start date. The CPAs can then be allowed to start following an announcement of the PoA. An analogy for such a rule making are the guidelines on prior consideration (EB62) which specifies that, for proposed project activities with a start date from 2 August 2008 “the project participant must inform a Host Party designated national authority (DNA) and the UNFCCC secretariat in writing of the commencement of the project activity and of their intention to seek CDM status.”

Rational: Many of the PoA projects have very difficult time financing incremental costs for implementation, causing them to wait for PoA publication on the website before projects can start earning, has a negative impact on private sector interest in these projects.

Issue 3: How can procedures be streamlined for small scale/micro?

The current CDM approval process for PoAs involves PoA validation, CPA scrutiny during inclusion and the verification of CPAs. This approach for CPA inclusion into a PoA is currently understood by DOEs as requiring an additionality assessment or check of CPA additionality against the eligibility criteria on the CPA level and monitoring of each CPA. Whilst this is often appropriate for single unit type CPAs, it is not appropriate for dispersed small/microscale CPAs (e.g. cooking stoves).

Recommendation: PoAs for dispersed small micro scale CPA units should be registered on the basis of PoA-DDs not requiring separate CPA-DDs and not requiring the inclusion of CPAs over time as a procedural step prior to verification. The PoA DD would define the eligible types of activities under the PoA that can be added any time by the CME itself. The compliance with the eligibility criteria would be verified within the verification of the achieved emission reductions. Monitoring of the stock of CPAs would be done periodically on the existing stock of included activities via sampling.

Rational: this process would result in PoA validation and then simply verification of the CPAs for eligibility into the PoA.

1. Only PoA PDD (i.e. not CPA-DD) to be prepared for registration. Units /CPAs do not need to be validated at inclusion.
2. PoA PDD validated by DOE. Should contain check list of eligibility requirements and must comply with additionality requirements for micro scale CDM projects
3. Monitoring periodically undertaken for representative sample of all units included in PoA.
4. Verification - DOE ensure units comply with eligibility criteria i.e. verification = "quasi validation". Risk of liability much less than at point of registration.
5. Issuance of CERs with verification report once approved by EB.

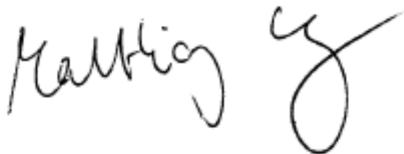
Issue 4: How can CERs from LDCs from multi-country PoAs be identified by their serial number?

In appendix D of the CDM modalities and procedures it is determined that each CER shall have a unique serial number including a country code of the party which hosted the CDM project activity. With regards to multi-country PoAs the question arises how the issue of country code is handled and how the country of origin can be determined on the serial number of a CER from a multi-country PoA? This is especially important for multi-country PoAs which have LoAs from LDCs and non-LDCs as the EU ETS only allows imports of CERs from CDM projects registered after 31.12.2012 that have a LoA from a LDC.

We appreciate, if the EB could initiate the necessary measures to ensure that CERs originating from LDCs from multi-country PoAs could be uniquely identified by their serial number and differentiated from CERs from Non-LDCs from the same multi-country PoA.

Many thanks for your kind consideration on behalf of the members of the PoA Working Group.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Matthias Krey', with a stylized flourish at the end.

Matthias Krey. Chairman of the PoA Working Group