PROJECT
DEVELOPER
FORUM

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To	cdm-info@unfccc.int
From	office@pd-forum.net
Date	18 March 2011
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Subject	**Call for public inputs on PoAs**

Honorable Members of the CDM Executive Board,
Dear Mr. Hession,

The Project Developer Forum (PD Forum) welcomes the opportunity to provide input to the Executive Board on issues associated with the development and scaling-up of PoAs as a CDM project activity and its difficulties. As requested by the Executive Board, this letter includes comments regarding the implementation of paragraph 4 of decision 3/CMP.6[1], which have been integrated within the three overarching questions raised by the Executive Board.

We would also like to express our interest in attending the workshop on PoAs to be organized by the UNFCCC secretariat. The purpose of attending is to explain, clarify and provide arguments in the workshop discussions in relation to the topics introduced below. Please refer to the contact information in the letterhead for further coordination.

Question (a): What are the possible alternative concepts for a PoA?

In general, the PD Forum believes that the concept of PoAs as a means to "coordinate and implement any policy/measure or stated goal which leads to GHG emission reductions or increases net GHG removals by sinks that are additional to any that would occur in the absence of the PoA, via an unlimited number of CDM program activities" (Annex 38 EB 32) is vital and viable for scaling-up the impact and outreach of CDM while, at the same time, increasing its efficiency. The removal of barriers to PoA implementation by addressing the issues listed under questions (b) and (c) below, should lead to a positive reception of the PoA concept by market participants and a broader application. Therefore, we do not perceive the creation of alternative and potentially completely new concepts as alternative to PoAs as a vital necessity for the future of CDM.

The PD Forum would rather encourage the further development of the PoA concept to meet the needs of carbon markets in a post 2012 environment. In order to achieve scaled-up mitigation actions in developing countries and to ensure the continuity of carbon markets post 2012, we would like to recommend to the CDM EB to examine and provide PoA rules and guidance that regulate the interaction between a PoA approach and nationally appropriate mitigation actions in

[1] http://unfccc.int/files/meetings/cop_16/conference_documents/application/pdf/20101204_cop16_cmp_guidance_cdm.pdf

developing countries (NAMA) that serve a similar purpose.

We believe that there is great potential for scaling-up mitigation actions when addressing some key PoA design issues within the framework of such NAMA. We would like to introduce some of these topics below and we are prepared to make more concrete submissions if the concept of using a PoA to support the implementation of a NAMA takes hold in the work program of the CDM EB. Such integration is also likely to contribute towards the CDM EB's work on standardized baselines and benchmarks.

The PD Forum would also like to propose to introduce the topic of PoA integration into NAMA design as a point for discussion/presentation at the UNFCCC's first workshop on NAMA, which is to take place in Bangkok on April 4th 2011.

Rationale of this approach and potential contribution to scaling-up mitigation actions:
NAMA can be designed as systems that have a quantified GHG emission limitation and timetable in non-Annex I countries. With the protection of the environmental integrity of this system addressed on the NAMA level under the overall authority of the NAMA host country, the rules and procedures governing a PoA implemented in such systems could be simplified and more flexible, thus creating additional value for developing countries while maintaining the environmental integrity of the overall system. The initial requirements and simplified procedures could be derived from the rules and procedures that were developed under Joint Implementation (Track 1 and Track 2) in Annex I countries. In fact, in the JI context, the rationale for adopting these simplifications is identical here: the management of environmental integrity on the system level.
The governance pre-requisites, in analogy with the rules for the operation of a JI-style baseline-and-credit system in a capped system, could follow similar lines:

- a PoA (to which simplified rules apply) must be a complete sub-set of a NAMA,
- the NAMA itself must meet the following criteria:
    - It is located in a country that is a Party to the Kyoto Protocol (or successor agreement),
    - It has calculated and recorded the amount of appropriate emissions/emission intensity within the NAMA system,
    - It has a system in place for the estimation of GHG emissions in the NAMA system,
    - It has an emissions registry in place for the NAMA system,
    - It has submitted the most recent inventory of emissions that is required,
    - It has submitted its most recent supplementary information on its appropriate amount and implements the accounting of appropriate amounts according to international MRV requirements.

Please note that all of these requirements need to be met on the NAMA-level, not country level. However, NAMA-level communication (incl. GHG inventories) will be closely linked to National Communications.

When these JI-style pre-conditions are met, rules and procedures for the implementation of PoAs that are integrated into a NAMA could be simplified and allow for greater authority and flexibility to regulators in host-countries, which is also in-line with paragraphs 9 and 10 of decision 2 CMP 5[2].

Simplifications could be made along the following lines (in relation to paragraph 4 decision 3 CMP 6[3]):

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[2] http://unfccc.int/resource/docs/2009/cmp5/eng/21a01.pdf
[3] http://unfccc.int/files/meetings/cop_16/conference_documents/application/pdf/20101204_cop16_cmp_guidance_cdm.pdf

- **Additionality:** the additionality of an activity would be related and could be derived from the NAMA target. The host country has defined its emission target through the NAMA target and emission reductions that are surplus to this target could be deemed additional.
- **Standardized baselines and benchmarks**: a NAMA implementing country could define and use standardized baselines and benchmarks to allocate and enforce the contribution of individual entities (or sub-sectors) to NAMA target compliance.
- **Leakage**: by introducing mandatory GHG reporting requirements on the NAMA level, many sources of project-level leakage could be captured and controlled, thus easing the monitoring burden on the project level.
- **De-centralization of work-load and enforcement**: by shifting the authority for baseline setting, additionality testing and overall NAMA compliance enforcement to national authorities in developing countries, the work load on the CDM EB would be greatly relieved and allow it to focus on high level issues while capacitating and strengthening the authority of national authorities in scaling-up of mitigation actions.

Questions (b) and (c)

The next two sections cover several barriers faced by project proponents in the use of the PoA approach and provide constructive suggestions on how best to resolve these. The PD Forum has informed the EB about these challenges in several previous submissions[4] and acknowledges that progress has been made in some of these areas over the last 12 months. Nevertheless, the PD Forum perceives the remaining barriers presented below as a major challenge for a successful and meaningful breakthrough of the PoA concept as such. These barriers hamper the development and implementation of PoAs, due to uncertainties and gaps within the existing regulatory framework and unnecessary complexity – leading to increased transaction costs and a high risk perception, limiting the vast potential of emission reductions under PoA schemes, especially in sectors and countries currently underrepresented in the CDM.

Apart from previous PD Forum submissions and constant feedback from our members, these barriers are also expressed by the fact that some project proponents are pursuing a standard project-based approach using a large- or small-scale methodology rather than a PoA approach to bundle the type of activities that a PoA should be able to cover most efficiently (e.g. decentralised energy efficiency measures such as energy efficient lighting programs at household level or efficient cook-stove dissemination programs).

Question (b): What are the barriers in the current rules?

(b).i. DOE liability and definition of an erroneous CPA inclusion

The current rules regarding DOE liabilities for traditional stand-alone CDM projects and PoAs are inconsistent in a number of important areas. In the case of traditional CDM projects, DOEs are liable for CERs that result from the erroneous verification of emission reductions provided that “significant deficiencies” are identified. DOEs are required to transfer CERs only when the DOE is suspended and the amount of CERs transferred should be equal to the excess CERs issued. In the case of PoAs, DOEs

[4] http://www.pd-forum.net/files/09b708e08d19a4bc2fef6190b8e7b356.pdf
http://www.pd-forum.net/files/b5c59c6acfa68bb5fddc61b83e19c7b3.pdf
http://www.pd-forum.net/files/799df0e67cceffbd9d3e37dff66841a9.pdf
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http://www.pd-forum.net/files/d31585dc8d835aea7ef18c252af9d79d.pdf

become liable for the full number of CERs that have been issued on the basis of an erroneous inclusion of a CPA.

This potential liability poses a significant risk for DOEs to include CPAs under a PoA. Many of the DOEs with whom PD Forum members have spoken have expressed this liability as the biggest barrier to validating PoAs.

With regard to decisions from EB55 on DOE liability, we accept and support that market participants should be held liable for errors they make, and that penalties ought to be high in cases of wilful and serious misconduct or fraud. We also welcome the limitation on erroneous inclusion of a CPA in a PoA as a "CPA not meeting the eligibility criteria defined in the PoA-DD[5]". We are, however, concerned that the trigger point for liability involves a subjective assessment that is subject to change over time and that may be applied retroactively.

In our view, the current rules governing the liability for erroneous inclusion—and by implication the entire PoA modality—are inoperable because of three interrelated reasons:

1. ***(Potentially) Subjective assessment of eligibility criteria:*** Even when linking the definition of erroneous inclusion to CPA eligibility criteria, the trigger point for invoking liability can be based on potentially subjective assessments beyond the control of PoA promoters. For example, the additionality assessment can be challenged by the EB at some point in the future and trigger DOE liability. The definition of eligibility criteria for inclusion of a CPA under the PoA, includes "criteria for demonstration of additionality of the CPA, and the type and/or extent of information (e.g. criteria, indicators, variables, parameters or measurements) that shall be provided by each CPA in order to ensure its eligibility". Despite continuous improvements of the rules and guidance for demonstration of additionality and enormous efforts by all CDM market actors to carry out additionality assessments in the most objective manner, a certain degree of subjectivity cannot be ruled out in such assessments; e.g. when assessing whether the parameters used to establish the financial benchmark in a financial analysis are suitable or not, when determining whether a specific barrier is of prohibitive nature or not, when assessing whether a certain parameter applied in the feasibility study of a CPA prior to the investment decision is appropriate or not. There are precedents for regular CDM activities where the interpretation of guidelines has changed considerably over time. In the case of wind and hydropower projects in China, the EB started to apply default tariffs as reference values for determination of additionality, leading to the rejection of several projects. Beyond any judgement about the applicability of this approach, it is important to note that projects registered prior to application of such reference tariffs, are not re-assessed or disqualified retroactively as per CDM rules. Based on current PoA rules as of EB 55, this could happen to CPAs under a PoA though.

2. ***Trigger that can evolve over time***: The EB is likely to further change the PoA rules at some point in the future and may then apply new standards to the PoA, including but not limited to additionality rules. Since the application of additionality tests by the EB, for example, have undergone significant changes in recent years, further changes in the assessment of additionality are likely. A future revision to the "Guidance on the Assessment of Investment Analysis" for example, might change the outcome of the additionality test for a particular CPA based on the same variables and parameters used to prove the eligibility of the CPA at the time of inclusion. So it is not possible to exclude a scenario where different standards are applied ex-post to the PoA review process, and nothing in the PoA rules precludes such an eventuality.

[5] As per EB 55, Annex 37, Paragraph 4.

3. ***Unquantifiable liabilities***: The liability can be triggered at any point during the lifetime of a PoA. If the programme is large the liability can become vast and impossible to determine ex-ante since volumes may be high and CER prices might increase substantially in the future.

Under the circumstances described above and given the fact that the liability trigger is not limited to fraud and gross wilful misconduct by the DOE or PoA promoters, it is impossible for market participants to bear liabilities derived from erroneous inclusion of CPAs. Hence, market participants can be held liable for all CERs on the basis of different, potentially subjective interpretations of the same guidelines or revisions to such guidelines introduced after inclusion of a CPA. And since recourse mechanisms for market participants have not been implemented and tested yet, they are unable to bear this political risk. Given the potential scale of the liability, this creates an unmanageable risk.

Once more, we would like to encourage the following changes to the "PROCEDURES FOR REVIEW OF ERRONEOUS INCLUSION OF A CPA (Version 02)"[6]:

"Paragraph 9.

> *The Board shall decide whether to initiate a review of the inclusion of the CPA and shall decide whether to exclude the CPA from the PoA with immediate effect, if it determines that the CPA does not meet the eligibility criteria specified in PoA DD and was ~~erroneously~~ included with significant deficiencies related to fraud, malfeasance, or incompetence by Project Participants or the DOE into the PoA. Changes to general CDM guidelines or PoA rules, which could have an impact on the assessment of the PoA eligibility criteria as defined in the PoA DD and become effective after the date of inclusion of a CPA, shall not lead to a retroactive determination by the Board of an erroneous inclusion. "*

This will (i) ensure consistency with the rules governing the stand-alone CDM and (ii) provide a clearer definition of an erroneous inclusion, thereby helping to remove concerns that potentially large liabilities can be triggered based on cases elaborated above, which we believe should be avoided.

In addition, we believe that in many cases a document review is sufficient to ensure the CPA can be included and that a site visit or an interview should only be performed in case the DOE has identified clear indications of misconduct or fraud by the Coordinating/Managing Entity.

(b).ii. Debundling under PoAs

The debundling rules under a PoA are more restrictive than for a small-scale stand-alone CDM activity. Under the traditional CDM, two project activities are not considered as de-bundled components of a large-scale activity provided the first has been registered more than 2 years earlier. This exception does not apply to PoAs, as it has been dropped in paragraph 7 of the Guidance for Determining the Occurrence of De-bundling under a Programme of Activities (PoA). We thus propose to establish consistency between stand-alone CDM projects and PoAs by including the 2-year exemption clause in the rules governing the latter.

We suggest following inclusion in the "GUIDELINES ON ASSESSMENT OF DEBUNDLING FOR SSC PROJECT ACTIVITIES (Version 03)[7]":

"Paragraph 4.

> *(c) Registered within the previous 2 years."*

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[6] http://cdm.unfccc.int/Reference/Procedures/PoA_proc02.pdf
[7] http://cdm.unfccc.int/Reference/Guidclarif/ssc/methSSC_guid17.pdf

(b).iii. Start date of a CDM programme activity

According to actual rules, the CPA start date cannot be prior to the PoA validation start. Once more, PoA developers are facing a rule that unnecessarily limits the PoA potential. This is especially true for technologies that do not require substantial pre-project preparation such as “CFL or cook stove PoAs”. Indeed in this case, finding a carbon consultant willing to prepare the PoA documentation and a DOE willing to do the validation could take longer than programme implementation on the ground.

PoA documentation preparation should not be a limitation to programme implementation on the ground. We believe that a CPA should be able to start at any point of time and provided that evidence is available to demonstrate that the CPA was implemented as a result of the PoA.

A fair and simple solution would be to allow CPAs to be included in a PoA if either the global stakeholder consultation of the CDM-PoA-DD has started or the PoA has already been publicly announced (which could be done through submission of notifications to the UNFCCC Secretariat and/or DNAs, just like the “Notification for the prior consideration of the CDM” for regular project activities). If a PoA desires to include CPAs that have a project start date prior to validation start, the list of these CPAs should be indicated in the PoA-DD at time of submission of the PoA for validation.

We suggest amending the “PROCEDURES FOR REGISTRATION OF A PROGRAMME OF ACTIVITIES AS A SINGLE CDM PROJECT ACTIVITY AND ISSUANCE OF CERTIFIED EMISSION REDUCTIONS FOR A PROGRAMME OF ACTIVITIES (Version 04.1)[8]”, as follows:

“Paragraph 7.

(d) *Confirmation that the start date of any CPA is not, or will not be, prior to the commencement of validation of the programme of activities, i.e. the date on which the CDM-POA-DD is first published for global stakeholder consultation, or prior to the official public announcement of the PoA in the form of notifications to the UNFCCC Secretariat and/or the host country’s DNA;”*

(b).iv. Definition of PoA start date

The PoA-DD template asks for the starting date of a PoA, which is not clearly defined in the “Glossary of CDM Terms”. In case of additionality demonstration at the PoA level, the PoA start date for prior consideration of CDM is frequently requested by DoEs. In this light and considering the proposal above, we would like to propose a clearer definition of the PoA starting date in the “GLOSSARY OF CDM TERMS (Version 05)[9]”, as follows:

Additional paragraph in page 28:

Starting date of a Programme of Activity (PoA – All types)
The starting date of a Programme of Activity is the earliest date at which either PoA has been first published for global stakeholder consultation, or publicly announced in the form of notifications to the UNFCCC Secretariat and/or the host country’s DNA.

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[8] http://cdm.unfccc.int/Reference/Procedures/PoA_proc01.pdf
[9] http://cdm.unfccc.int/Reference/Guidclarif/glos_CDM.pdf

(b).v Applicability of existing documents to be applied for PoAs

In order to enhance flexibility and further simplification of PoA rules as compared to normal CDM project activities, we suggest that all the approved baseline and monitoring methodologies, standards, guidelines, clarifications and tools can be used for PoAs, unless explicitly excluded.

Therefore we suggest to revise the “PROCEDURES FOR REGISTRATION OF A PROGRAMME OF ACTIVITIES AS A SINGLE CDM PROJECT ACTIVITY AND ISSUANCE OF CERTIFIED EMISSION REDUCTIONS FOR A PROGRAMME OF ACTIVITIES (Version 04.1)[10]”, as follows:

New paragraph after current paragraph 6:

“X. All approved baseline and monitoring methodologies, standards, guidelines, clarifications and tools can be used for the development of a PoA-DD, unless explicitly excluded.”

New paragraph after current paragraph 7:

“X. All approved baseline and monitoring methodologies, standards, guidelines, clarifications and tools can be used for the development of the specific CDM-CPA-DD and template CDM-CPA-DD, unless explicitly excluded.”

(b).vi. International PoAs

Because of its high level of complexity, PoA development costs are far above normal CDM ones. The development of international PoAs offers therefore great potential for small countries and LDCs where project activity density might be very low. However it is still unclear how international PoAs could be set-up and especially if the regional scope of PoAs could be extended after registration of the PoA.

We suggest that the inclusion of new countries should be possible any time during the duration of the PoA.

Consequently, we suggest following amendments to the “PROCEDURES FOR REGISTRATION OF A PROGRAMME OF ACTIVITIES AS A SINGLE CDM PROJECT ACTIVITY AND ISSUANCE OF CERTIFIED EMISSION REDUCTIONS FOR A PROGRAMME OF ACTIVITIES (Version 04.1)[11]”:

“Paragraph 6.

(a) Definition of the boundary for the PoA in terms of a geographical area (e.g., municipality, region within a country, country or several countries) within which all CPAs included in the PoA will be implemented, taking into consideration all applicable national and/or sectoral policies and regulations within that chosen boundary are reflected in the determination of the baseline. New countries can be included at any time during the duration of the PoA, if a Letter of Approval from the Local DNA is presented and no changes other than the location and PoA boundary are to be made in the PoA-DD and generic CDM-CPA-DD;”

We acknowledge that further guidance might be needed in the future in cases where an expansion of the geographic boundary would lead to further implications on the PoA, such as, but not limited to, additionality and baseline determination.

[10] http://cdm.unfccc.int/Reference/Procedures/PoA_proc01.pdf
[11] http://cdm.unfccc.int/Reference/Procedures/PoA_proc01.pdf

Question (c): What are the rules that are not existing or are missing and should be there?

(c).i. General PoA additionality criteria

We followed the discussions during EB56 regarding the draft guidelines on eligibility criteria. It seems apparent that, guided by personal opinion, each EB member and the Secretariat has his/her own personal vision of what a PoA should be and as a consequence of what PoA additionality should be.

Given the above, the PD Forum is naturally concerned that a subjective and constantly changing vision of PoA, rather than a well-defined one, dominates this debate. PoA is a powerful tool that can be shaped in ways that have not yet been fully explored. From our perspective, many features can influence the way the PoA additionality tool is designed:

- number or CPAs can be known or unknown ex-ante
- precise design of CPAs can be known or unknown ex-ante
- CPAs can have different degrees of standardization (e.g., high for CFL; low for hydro)
- CME can/cannot implement the CPAs
- All CPAs can be implemented at the same time or spread out over many years
- Type of barriers used to demonstrate additionality

It is, therefore, important to design the PoA additionality guidelines in a way that guarantees the environmental integrity of PoAs but puts no limits on PoA application potential.

During EB56 discussion, concerns were raised that it is sometimes difficult to demonstrate PoA additionality at PoA level. EB members identified that the level of standardization of the CPA is the main key to decide whether to put the centre of gravity of the additionality demonstration at the CPA or PoA level. If standardized (CFL type PoA), the additionality can be demonstrated at PoA level and some basic assumptions retested at CPA level. If not standardized (large EE measure PoA type), a full assessment at CPA level is preferred.

On the basis of comments heard during the meeting, we are concerned that the EB links the “level of standardization” to the size of the measure to implement. At first sight it appears to be a simple and fair rule, but we think it is too rigid and simplistic. What is small is not always simple. What is big is not always complicated.

To take one example, small and micro hydropower projects can be very small but are highly site specific, and could require an individual assessment. Demonstrating the additionality of a small or micro hydro project at PoA level might be extremely difficult (or even impossible).

As suggested, it is important to let the PPs decide on the most appropriate additionality demonstration strategy. The PPs should have the choice between a PoA and CPA level approach:

- PoA level additionality: the demonstration of additionality is done for the PoA as a whole as procedures provided in the methodology. At CPA level, the PPs shall test the assumptions formulated in the eligibility criteria for inclusion of CPA in the PoA-DD..
- CPA level additionality: at PoA level, the PPs shall describe the barrier(s) faced by CPAs and should explain how they will be assessed at CPA level. The PPs could propose a generic barrier test adapted to the type of measure supported by the PoA and to its context. At CPA level, the test described in the PoA-DD is performed. For PoAs that demonstrate

additionality through a financial analysis, a pre-defined Excel could be prepared. At CPA level, the PPs would need to fill in the predefined Excel tool.

The PDF welcomes the new provision that allows the retesting of the additionality at CPA level by the mean of a financial analysis.

However it is not clear for us whether this approach is compatible with PoAs supporting measures/technologies that have a low level of standardization (hydropower plants, energy efficiency measures in buildings, biogas projects, etc.) and for which the outcome of the financial analysis depends on many parameters. In this case the PPs should still have the opportunity to perform a full financial analysis of the CPA on the basis of a predefined excel sheet (tailor-made for the PoA and taking into account the type of industry and the host country) validated by the DOE and used consistently for all CPAs.

(c).ii. Application of "VSSC additionality guidelines" under PoA

In addition to the inputs provided under point (c).i. above, the PD Forum supports the application of the "Guidelines for demonstrating additionality of renewable energy projects =<5 MW and energy efficiency projects with energy savings <=20 GWh per year[12]", hereafter referred to as the "very small-scale additionality guidelines" or "VSSC additionality guidelines", to PoAs. Please refer also the recent public input provided by the PD Forum on these guidelines on 8 March 2011.

We strongly support a clarification by the EB stating that in the case of PoAs, if the measures contained in CPAs amount to an installed capacity/ energy savings/ GHG savings less than the threshold presented in the *VSSC additionality guidelines*, then their use should be allowed. We consider it important that this application is made explicit in the Guidelines. At present, the criteria for demonstrating additionality for PoAs are unclear and therefore complex, costly and time consuming, which increases risk for project developers and DOEs.

It is our view, that in the spirit of the original intention of using PoAs to encourage small-scale interventions by reducing transaction costs, it is essential that additionality can be demonstrated in an environmentally robust way but in one, which does not place a disproportionate burden on project developers.

(c).iii. Absence of sampling guidelines

Attaining a large economy of scale under a PoA is predicated, in part, on employing sampling procedures during verification. Without sampling procedures, all CPAs have to be visited by the DOE, resulting in enormous verification costs. We believe that the EB should act promptly to solve this issue. Without this rule, economy of scale can only be realized at validation/registration time but not at verification.

In the absence of UNFCCC guidance on sampling, we invite the EB to allow project proponents to use, as a temporary replacement option, JI procedures (paragraph 49 to 52 of "Procedures For Programmes Of Activities Under The Verification Procedure Under The Joint Implementation Supervisory Committee[13]" version 1) or Clause A.2.4.6.4, ISO 14064-3:2006.

Therefore we suggest to amend the "PROCEDURES FOR REGISTRATION OF A PROGRAMME OF ACTIVITIES AS A SINGLE CDM PROJECT ACTIVITY AND ISSUANCE OF CERTIFIED EMISSION REDUCTIONS FOR A PROGRAMME OF ACTIVITIES (Version 04.1)[14]", as follows:

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[12]http://cdm.unfccc.int/Reference/Guidclarif/ssc/methSSC_guid22_v01.pdf
[13] http://ji.unfccc.int/Sup_Committee/Meetings/018/Reports/Annex7.pdf
[14] http://cdm.unfccc.int/Reference/Procedures/PoA_proc01.pdf

"Paragraph 15.

(f) In case sampling of CPAs is chosen to verify the PoA, JI procedures shall be applied as defined in paragraph paragraph 49 to 52 of "Procedures For Programmes Of Activities Under The Verification Procedure Under The Joint Implementation Supervisory Committee"version 1) or Clause A.2.4.6.4, ISO 14064-3:2006."

(c).iv. Absence of clear guidance for validation requirements for the inclusion of CPAs into the PoA

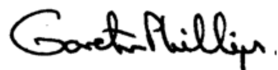
Similarly and in connection with the issues described under additionality, we feel that the lack of guidance for the inclusion CPAs into the PoA (especially with regards to the means of validation by the DOEs) results in an overly cautious approach by the DOEs. In effect CPA inclusions are handled by DOEs like validations of traditional SSC CDM projects. This comes with a similar price tag for the inclusion of CPAs as currently seen for small-scale project validations.

This is driving up transaction costs as the DOEs are now charging three times: 1. for validation and inclusion of the first CPA, 2. for inclusion of each CPA and 3. for verifications.
We believe that for PoAs consisting of homogenous activities, the inclusion of CPAs should be a standardised process like a simple check box approach. In order to facilitate the process we suggest that the secretariat or the SSC WG group should compile a positive list of PoA activities (such as cook stoves or CFLs) for which a check box/desk top validation by the DOE for the inclusion into the PoA is sufficient.

(c).v. Further guidance to DNAs with regards to host country approval of PoAs
Project proponents are very often confronted with the fact that DNAs are not encouraging PoAs. In order to foster the development of PoAs while at the same time expanding the type of activities that CDM covers, we would like to encourage the EB and Secretariat to provide information as well as more guidance and/or best practice examples to DNAs with regards to the benefits of PoAs as ideal tools to help roll out programmes across countries and how best to facilitate and approve PoAs at DNA level.

We hope that these suggestions are useful in your discussions going forward and, as always, we would be more than happy to discuss these and any other issues within the framework of the workshop planned by UNFCCC Secretariat or alternative communication channels.

Kind regards,



Gareth Phillips
Chair of the PD Forum