

The UNFCCC secretariat/ CDM Executive Board,

Bonn, Germany

Dear Sirs,

I would want to appreciate the increased momentum in entertaining public inputs and the enhancement of paths of transparency regarding consultation processes of concerned stakeholders regarding various matters. My public input for the calls regarding the POA is provided below for each section of the three selected areas.

I. Possible alternative concepts for a POA

At this point I may suggest an adjacent rather than an alternative to the POA. The adjacent POA is for the forestry sector (FPOA) for the same and additional reasons to why POA was introduced for other sectors. Forestry CDM is limited by attractiveness of land size. While a forest is the sum of its trees, forestry POA could give options for tree planting individually or massively. This provides opportunity to encourage urban forestry and hedge forestry. Each garden in an urban household or a street side may have opportunity to contribute and gardeners may have new arena. It may be easily understood that a tree may sequester a higher annual GHG than a household CFL program reduces. A registered CPA tree would therefore be better protected since both the household and the nation have stake on it. It is also prestigious for a household/city to harbor a globally recognized tree. Obviously, mainstreaming requires a second definition of national forest and may be called a "POA forest"? The required change in definition might be on area parameter only. Simplistic carbon stock accounting may be standardized for urban "POA forests" and hedge row activities to reduce transaction cost. Most importantly the 1990 base case forest cover condition doesn't make sense and has to be removed for FPOAs.

II. Barriers in the current rules

The introduction of POA certainly makes those commonly small offset yielding activities to make sense when allowing them to conglomerate together at their own maturity time line along a crediting period of any previously approved CPA. We may perceive this as critical from addressing scale issue in view of marginal per capita or household energy consumption of LDC dwellings and therefore in addressing equitable regional penetration of the market mechanism.

The success of a POA in certain host country is dependent on the success of the CPA which in turn depends on how much a certain chosen or available approved methodology or set of methodologies or tools are applicable to a situation in that host country or countries. The one big demand in LDCs that would continue to spiral when addressing both descent service delivery and sustainable development is household and industrial energy. Taking household energy as most straightforward target for a POA, energy service like lighting, mechanical operations of appliances, thermal comfort, cooking and other household/building process energy would be the primary products. However, the success of a POA in these sectors in LDCs depends on either the Grid emissions factor for the urban grid connected dwellers

or the purchasing power of the rural off grid household. Both of these circumstances curtail POAs in many LDCs particularly those with clean grid (>90% clean sources).

The conceptual notion to attach energy baseline emissions to what is in a present grid and requiring every grid connected new generation capacity to be benchmarked with that grid, is absolutely decapitating for energy generation/efficiency related activities, typically when we know that the large majority of the population is either not getting energy at all or gets its energy through other non sustainable means. This approach obscures the general picture that even when clean, such grids may cover only fraction of the total population of that host country and they may not be reliable. This same animal haunts eligibility of POAs in urban grid connected new renewable generations and efficiency measures again. CDM ingenuity advises immediate jump to target off grid localities, by simply accepting the existing tool (tool to calculate the grid emission factor) as an intact scenario applicable eternally. And that option wishes to enjoy a default emissions baseline based on hypothetical fossil use in baseline. However again, meeting a POA commercial feasibility urges considering the actual purchasing power of a rural dweller of a certain renewable or efficient technology. Most of the rural dwellers we happen to encounter would rather prefer to wait for the grid to be extended unless every technology is supplied free of charge, even if it might take decades to wait the grid. So where is the POA?

In this respect an alternative approach could achieve a Weighted average National Emissions Factor EF_w (whether CPAs are grid connected or not) by considering both the existing grid and the hypothetical emission from the population not yet supplied for. This could be introduced for energy generation/efficiency activities eligible for POA as an incentive to categorically address sustainability from directly addressing grass root (household end) energy and service provisions. This would add confidence to off grid investors who would often feel threatened by the potential of being encroached by future likely grid extension to the CPA territory. It also adds fairness to the statuesque theory of taking the grid as absolute representative of baseline emission for energy related activities.

$$EF_w = ((EF_H \times P_{og} \times E_p) + (EF_G \times E_g)) / (P_g + P_{og})$$

Where;

EF_w : Weighted Average National Emission Factor

EF_G : Grid Emission factor of the national power grid calculated based on the existing tool

EF_H : Hypothetical Emission factor of the off grid, benchmarked to the Emission factor of Diesel

E_g : Power generated annually from grid (MWh)

E_p : Annual Per capita energy consumption for descent living (MWh), benchmarked to a certain default value as per Authoritative documents (similar to calorie/day for nutrition)

P_g : Population connected to grid

P_{og} : Population not connected to grid

It might be worth pondering that this weighted average factor EF_w may not have to be applicable for other sectors like transport or industry connected to the grid, in which cases the EF_G should rather be used.

- III. Rules not existing or are missing and should be there
- i. There have been introduced CER types to identify forestry credits from other credits in terms of segregating the factor for “permanence” (i.e tCERs and ICERs). With the same flexibility, we may also have to acknowledge the sustainability of a POA CER by attaching an index to multiply each credit with a certain factor. This would serve as a driver to increase attractiveness and leverage some of the hurdles in clustering CPAs and managing them. In this regard I suggest a number between (1.5 and 2) as an index, which means that each POA CER is worth about twice the CER generated from a CDM project.
 - ii. Success of POAs along the whole value chain (inception, development, registration, implementation, monitoring and CERs distribution) require sound activation of a workable model to allocate tasks and benefits among actors. It is understood that the EB doesn't review commercial agreements between project actors. However this may have to change when it comes particularly to POA's and specifically to whether CPA level actors have received their annual CERs distribution. This seems more critical and worth monitoring when domestic public entities serve as Managing Entities. While the posture of such entities is a positive leverage in enforcing contractual commitments, the downside might happen when the leverage is used negatively or invisibly beyond the voluntary will of a CPA actor. A POA modality might serve the purpose to enforce evidence of annual CERs distribution to CPA actors by Managing Entities within reasonable time after issuance before calling the next verification or any additional CPA registration and would encourage grass root fairness check and balance which would enhance increased participation and sustainability. However this might be waived for all private actors or managing entities given that all such working models could be commercially driven and voluntarily flexible.
 - iii. There is no clarity on how one may establish a standardized approach for specific multi-activity multi-methodology POAs. For instance for a POA on building efficiency, one may address CPAs of fabric retrofit, efficient appliances, renewable appliances and operation efficiency together as POA. Efficiency benefits may come from services of thermal comfort, hot water, lighting and mechanical operation. Addressing efficiency in these services may require fabric retrofit and appliance efficiency depending on the level of indoor energy service anticipated which may vary from how 'ambitious' or 'descent' a dweller wants to live. These emotional or physiological limits vary from nation to nation and across residents of a nation. They may also vary based on function of buildings. This gives a considerable hardship and potential wrangling in approval process when establishing the hypothetical or historic baseline emission for multi activity multi methodology POAs. A certain benchmark/gauge to determine 'ambitious' or 'descent' living in dwellings has to be set at methodological level to allow straightforward application of POAs in households/buildings. Moreover acknowledgement of Authoritative sources of data like Typical Methodological Year (TMY) may be required including an adjustment factor to account for effects of future climate change (within crediting period) on peak hour scenarios.