

## **Response to call for public inputs on programme of activities (PoA).**

- (a) What are the barriers in the current rules?
- (b) What are the rules that are not existing or are missing and should be there?

The PP has launched a PoA for Solar Power project in India using AMS 1D. The PP intends to demonstrate Additionality for the projects under PoA at a PoA level per EB 47, paragraph 73 guidance “Additionality is to be demonstrated either at the PoA level or at CPA level”. However the same guidance states “it requested the secretariat to prepare a guideline on the demonstration of Additionality in the context of PoAs to be considered at a future meeting”. PP notices that no further guidelines on how to demonstrate Additionality at PoA level has been approved by the EB and is facing barrier in demonstration of Additionality at PoA level in absence of the same.

The PP noted draft guidelines in this context as presented below

EB 51, Proposed Agenda – Annotations Annex 11 (DRAFT GUIDELINES FOR THE DEMONSTRATION OF ADDITIONALITY FOR CDM PROGRAMME OF ACTIVITIES) which states “A PoA is not required to demonstrate Additionality both at PoA level and CPA level” (Para 2). The coordinating/managing entity shall, within the CDM-SSC-POA-DD, apply the Additionality provisions to a typical CPA. The outcome of this assessment shall also specify the precise eligibility criteria that each of the CPA should satisfy to be considered additional (Para 8) and “For small-scale PoAs it is not expected that the eligibility criteria would require CPA specific retesting of either the decisive barrier which is used to demonstrate Additionality or a CPA specific investment analysis” (Para 9).

The PP further noted that after the 52nd Meeting “DRAFT GUIDELINES FOR DETERMINING THE ELIGIBILITY CRITERIA RELATED TO THE INCLUSION OF CPAs IN REGISTERED PROGRAMMES OF ACTIVITIES ” was being considered by the Executive Board. The PP understands that the guideline was issued since “The Executive Board at its forty-seventh meeting in which EB requested the secretariat to prepare a guideline on the demonstration of Additionality in the context of CDM programme of activities, with the purpose of clarifying how the demonstration of Additionality can be spread between the programme of activities (PoA) and CDM programme activity (CPA) levels of the programme”. The PP observed that the guidelines were presented twice more during EB meeting as mentioned below:

1. EB 56, Proposed Agenda – Annotations Annex 3 (DRAFT GUIDELINES FOR DETERMINING THE ELIGIBILITY CRITERIA RELATED TO THE INCLUSION OF CPAs IN REGISTERED PROGRAMMES OF ACTIVITIES) which states “In situations where the Additionality of the PoA has been established by means of performing financial analysis of certain types emission reduction or removal enhancement activities the eligibility criteria [shall] [may] require the CPA to demonstrate that the assumptions underlying the demonstration of additionality for the PoA are applicable to the CPA (e.g. scale, location, and other defining characteristics) (Para 6). And “For registered PoA any CPA that meets the eligibility criteria as mentioned above is additional hence, any provisions aimed at demonstration of additionality as contained in the underlying approved methodology (or combination of approved methodologies) shall not be applied for CPAs (Para 7).

2. EB 57, Proposed Agenda – Annotations Annex 2 DRAFT GUIDELINES FOR DETERMINING THE ELIGIBILITY CRITERIA RELATED TO THE DEMONSTRATION OF ADDITIONALITY FOR INCLUSION OF CPAs IN REGISTERED PROGRAMMES OF ACTIVITIES” Which states “In situations where the Additionality of the PoA has been established by means of performing financial analysis of certain types emission reduction or removal enhancement activities the eligibility criteria [shall] [may] require the CPA to demonstrate that the assumptions underlying the demonstration of Additionality for the PoA are applicable to the CPA (e.g. scale, location, and other defining characteristics) (Para 6), The eligibility criteria for inclusion of a project activity as a CPA under the PoA, shall include, as appropriate, criteria referring to characteristics of CPA (e.g. size, location, characteristic parameters or other as appropriate) in order to ensure that each project activity eligible for inclusion as a CPA under the PoA meets characteristics included in the description of the typical CPA provided in the registered PoA DD and to allow the verification by third parties; (Para 7) and For registered PoA any CPA that meets the eligibility criteria as mentioned above is additional hence, any provisions aimed at demonstration of Additionality as contained in the underlying approved methodology (or combination of approved methodologies) shall not be applied for CPAs. (Para 8).

In light of EB 47 Guidance, the PP intends to demonstrate Additionality at PoA level. The PP intends to do this by including appropriate Additionality criterion in the PoA DD for a CPA to demonstrate Additionality. These would be capacities of the solar power generation unit permitted to be included in the CPA viz a viz the tariff rate below which the operating unit remains additional (Base Rate). The Additionality of the PoA would be established by means of performing financial analysis to determine the Base rate (rate below which operating unit remains additional). The solar power generating units under the PoA are expected to be of varying capacities viz 0.8 MW, 1 MW, 2 MW, 5 MW, 10MW, 15 MW and combination of the above stated capacity upto 15 MW. The capacity of the operating unit would be included in the eligibility criteria of PoA along with prevalent feed in tariff in the region (exclusive of any GHG reduction incentive) at the time of addition of CPA. In the event the prevalent feed in tariff is below the Base rate (Base rate of a given year calculated by escalating Base rate at the time of POA using WPI) the project remains additional and hence serves as an Additionality criterion for subsequent CPA additions.

At PoA level the PP would conduct financial analysis of all the above listed capacities (ie 0.8 MW, 1 MW, 2 MW, 5 MW, 10MW, 15 MW) and demonstrate that the solar power generation units upto 15 MW under any combination henceforth be additional if the prevalent feed in tariff (Without GHG reduction incentives) is below the base rate tariff.

The PP seeks clarification weather the above mentioned approach is correct and wishes to confirm that in the event the above mentioned approach is followed, Additionality will not be required to be demonstrated at CPA level for every addition of CPAs.