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CDM Executive Board

Att.: UNFCCC Secretariat

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Call for public inputs on Programme of Activities (PoA)

Dear Mr. Hession,

I would like to thank you for the opportunity to provide input with respect to Programmes of Activities (PoAs). Please find the views of Bridge Builders on alternative concepts to PoAs and the barriers in the current rules attached to this letter.

Additionally, I would like to express my interest to participate in the upcoming workshop on PoA. As a PoA practitioner since 2007 I have been responsible for the development of one of the registered PoAs (Ref. 3562). Furthermore, with Bridge Builders I am currently engaged in a number of PoAs at various stages. I would feel honoured to be given the chance to exchange views and practical experiences with the secretariat and other stakeholders of the sector.

I hope that you find this contribution valuable and look forward to hearing from you. Please send your response to ole@bridge-builders.de.

With kind regards,



Ole Meier-Hahn

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

Issue: Looking at the registered PoAs and those in the validation pipeline we observe that there are two basic categories:

1. PoAs where each CPA represents only one single or a small group (bundle) of installations (e.g. farm level biodigesters, small hydro projects, biomass boilers, waste composting facility)
2. PoAs where each CPA represents a large group of installations (e.g. CFL light bulbs, efficient woodstoves, household biodigesters)

From our point of view the current PoA framework is only fitting to the first of the two categories because the boundaries of CPAs are “natural” and reflect the reality of the program. For these programs the picture of a tree (the PoA) with many fruits of a similar shape (the CPAs) truly applies.

For the second category the picture is different. Here CPAs do not really represent natural units under the program. The natural units are the devices (light bulbs, stoves, etc.). Each CPA then groups a large number of devices itself. So, actually each CPA could be seen as a program of its own.

Consequently, in practice it can be observed that “artificial” definitions of CPAs and their boundaries are applied: i.e. the size of a CPA is openly defined by that number of appliances that just fits under the SSC threshold, or through arbitrary drawing of the geographical boundary of a CPA the same effect is achieved indirectly. But in reality a program like the CUIDEMOS campaign in Mexico does not have “natural” sub-divisions that could serve for the definition of CPAs. Actually, these types of programs normally have a centralistic organizational and/or distribution structure. (A clear indicator for such a structure is that the PoA managing entity is at the same time the implementer of all CPAs.)

This artificial definition of CPAs results in an unnecessary burden: New CPAs have to be validated and included even though they are not new at all! For example in the case of the CUIDEMOS PoA a new CPA will not only be similar to other CPAs of the program – it will effectively be the very same activity, implemented by the same entity. Only for CDM purposes different geographical regions of the program are distinguished in order to define CPA boundaries.

So, although for the second category it is apparently still true that CDM transaction costs per CPA are reduced compared to a series of SSC projects, forcing them to apply the concept of CPAs works in the opposite direction, increasing CDM transaction costs and risks unnecessarily.

Anyways, it is understood that the type of technological measures implemented under the second category of PoAs are clearly wanted and promoted by the EB. It is also understood that PoAs are seen as an opportune means to foster the implementation of these technologies at scale.

If this is the case we believe that there are ways to streamline the PoA scheme further for the particular category of household (and very small business) level appliances. A possible approach is presented below.

Proposed solution: We suggest dividing the PoA scheme in two streams, Track 1 and Track 2. The existing scheme would continue as PoA Track 1. The outline for the new scheme – PoA Track 2 – could be as follows:

Eligibility:

1. “... each of the independent subsystems/measures (e.g., biogas digester, solar home system) included in the ... PoA is no larger than 1% of the small-scale thresholds defined by the methodology applied. ...” (– in accordance with the GUIDANCE FOR DETERMINING THE OCCURRENCE OF DEBUNDLING UNDER A PROGRAMME OF ACTIVITIES)
2. All measures are implemented and centrally managed and monitored by the same entity. (A proper definition of “implementation” that fits to the context will be paramount.)
3. Additionality, baseline, environmental impact and concerns of stakeholders can be argued and applied similarly for all subsystems/measures deployed (i.e. at PoA level in the current terminology).

Basic approach:

1. Under a registered Track 2 PoA the managing entity is allowed to implement an indefinite number of the subsystems/measures defined in the PoA DD.
2. The concept of CPAs does not apply to Track 2 PoAs. No additional validations for the inclusion of subsystems/measures to the PoA are necessary.
3. The crediting period of a Track 2 PoA is 28 years.
4. The persistence of the additionality and baseline situation shall be re-validated for the entire Track 2 PoA every 7 years.
5. Track 2 PoAs may apply SSC methodologies although the total size of a PoA surpasses the applicable SSC thresholds. (see argumentation and catch below)
6. Each subsystem/measure of a Track 2 PoA may generate CERs for the lower of a period of 10 years or its lifetime (as monitored).
7. In a detailed monitoring plan the Track 2 PoA outlines the sampling approach that will be used to determine the number of operational appliances and all other necessary parameters as demanded by the applied methodology. A robust and meaningful sampling approach for monitoring will be the centrepiece of any Track 2 PoA. The accuracy and relevance of the sampling approach will be safeguarded through the following measures:

- a. Extensive, explicit, scientifically sound and practical sampling guidelines for Track 2 PoAs have to be provided by the EB.
- b. Methodology specific sampling provisions may be amended in the PoA paragraphs of the respective SSC methodologies.
- c. Particular attention shall be paid to the design of strata (homogenous sub-populations), clusters (for multi-stage sampling) and to the age representativeness of samples.
- d. The applicable SSC threshold shall define the maximum sub-population (stratum) of units that may be represented by a single sample.

In conclusion, a Track 2 PoA would be an SSC project of very small subsystems/measures that is allowed to grow beyond SSC thresholds if it applies extensive and robust sampling in monitoring where each of the sampled sub-populations does not surpass the SSC thresholds.

Some reasons why the concept of CPAs does not fit to programs that promote household level or smallest business appliances have been given above. Additionally, one has to bear in mind that the Track 2 PoAs as outlined are centrally implemented and managed and that the subsystems/measures and the circumstances under which they are deployed are absolutely similar. Therefore, issues like additionality, baseline, environmental impact and stakeholder concerns can be conveniently checked at PoA level during validation of the Track 2 PoA and reconfirmed for the entire PoA every 7 years. Further breakdown of the program into artificial groups (CPAs) for which the aforementioned features are to be validated separately is not necessary.

On the other hand Track 2 PoAs would emphasize on the single most important issue of programs that deploy vast numbers of very similar subsystems/measures: sample monitoring. The existing CDM and PoA rules still come short on this matter. Sampling amongst CPAs of PoAs is not specified at all. The GENERAL GUIDELINES FOR SAMPLING AND SURVEYS FOR SMALL-SCALE CDM PROJECT ACTIVITIES are by far too generic, non-binding and contain substantial gaps, e.g. with regard to the distribution functions that must be used, the design of strata and clusters and the drawing of samples.

Finally, the use of SSC methodologies for large programs/projects that appears to be a contradiction at first sight is not as cumbersome as it might seem. Actually, the technologies that are apt for Track 2 PoAs are very basic and do not demand a most elaborate monitoring or baseline and project emissions calculation at the unit level. The methodological challenge with respect to these technologies lies within the sheer number of appliances. In other words, it is not a complex task to determine the baseline emissions of one particular cookstove or to monitor its functioning. But it is indeed complex to approximate the average baseline emissions and to monitor the functioning of hundreds of thousands of these appliances.

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

Issue: Under the current rules a multi-country PoA has to obtain letters of approval (LoAs) from all host countries covered by the PoA in order to request registration. Nevertheless, by definition PoAs are initiatives that start small and grow bigger over time. In the context of multi-country PoAs this means that such programs will start the distribution of the respective technology (e.g. efficient woodstoves, PV lighting, CFL lamps, household biodigesters) in one country and expand country by country later on.

Furthermore, multi-country PoAs are most likely to emerge in Africa where the potential for the above mentioned base-of-the-pyramid technologies is high, countries' populations are comparatively small and neighbouring countries often have similar socio-economic and environmental conditions. This is also confirmed by the fact that the only two multi-country PoAs under validation are located in Africa. Unfortunately, the procedures and criteria for obtaining an LoA in quite a few African countries (especially in LDCs and therefore in those countries where hopes are high that PoAs can increase their participation in the CDM) are not clearly defined, DNAs' resources are scarce, processing timelines are long and uncertain and the final outcome of the host country approval process can be unforeseeable.

Therefore, obtaining all LoAs for a multi-country PoA by the time of finishing validation and requesting registration is an extreme challenge. Especially for initially small PoAs that intend to start their operations in one country and to expand the model to other countries gradually the organizational and financial burden of processing LoAs for all potential expansion countries beforehand may be unbearable. Also, the risk that because of a delay in the DNA approval of only one country the whole PoA gets delayed is substantial.

Proposed solution: A simple and effective solution would be to allow for submission of LoAs **after** registration of a multi-country PoA but **before** the inclusion of any CPA to be implemented in the respective country. The project participants would still have to define the host countries of the PoA beforehand in the PoA DD but would be allowed to submit the respective LoA only once the implementation of the program actually commences in a country.