

8 March 2011

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

Dear Madam/Sir,

RE: Call for public inputs on the 'Guidelines for demonstrating additionality of renewable energy projects =<5 MW and energy efficiency projects with energy savings <=20 GWh per year.'

We welcome the opportunity to contribute to the efforts made by the Executive Board to promote small renewable energy, energy efficiency and other small scale projects through a simplified procedure. With reference to the call for public input, we would like to recommend the following inputs.

1. **Expansion to Type III projects.** Project activities generating emission reductions of equal or less than 20,000 tCO₂/year (the threshold is in line with the guidance provided by CMP 6) should be deemed additional if any one of the following conditions is satisfied:

- The geographic location of the project activity is in LDCs/SIDs or in a special underdeveloped zone of the host country;
- Measure/technology (e.g., methane avoidance or low carbon transport projects, etc.) that has a market penetration rate of less than a designated percent (for e.g. 50 % in line with AM0025) in the host country. However, in cases where the host country DNA finds this figure inappropriate for a particular sector then they should be allowed to recommend and determine an appropriate figure for approval by CDM Executive Board (EB) but it should be declared one time and not changed subsequently; and/or
- The technology/measure is promoted and recommended by the host country and approved by the EB. The host country will renew the positive list of technologies/measures at pre-defined intervals.

2. **Application to PoA and bundled projects.** The guidelines are applicable at the CPA level as long as each CPA meets the threshold limit and technology criteria in the guidelines as well conforms with all the other eligibility requirements of the PoA. The guideline is applicable to bundled projects, as long as the bundled size meets the threshold criteria specified in the guideline.

3. **Appropriateness of unit Thresholds (e.g 750kW).** For a start, the threshold defined by the EB can be considered but the host countries should be encouraged to propose an alternate value, taking into account the country specific situation and technology/measure. This alternate value should be approved by the EB before it can be applied.

4. **Application of the criteria implied in paragraph 2 (d) of the referred guidelines (EB 54, annex 15) for the host country DNAs and the Board to determine specific renewable energy technologies to be additional in the host country.**

- The limit should be country and sector specific as far as possible and the host countries should be encouraged to propose a value to reflect the appropriateness of their countries/sectors. In case the host country deems a threshold other than 5% (excluding CDM registered projects) as appropriate then they should make a recommendation with sufficient justification and the recommended value can only be applied after approval from the EB.

- The host country DNAs may propose a positive list of measures that they deem additional. However, it is not known how many host countries, so far, have actually identified and recommended such technologies/measures. In that case, where the DNAs have not (or are unable to) provided such a positive list, then, an initial default country-specific non-obligatory best practice list (for non LDCs/SIDs) can be prepared by the EB. DNAs may be requested to provide their inputs.

5. Further, we would also like to propose the following additional inputs for the EB's consideration:

- An option similar to that mentioned in 2(d) for Renewable Energy projects should be made available for energy efficiency measures and type III projects whereby DNAs can provide a positive list of technologies/measures. The DNAs may conduct a market survey and propose similar measures for energy efficiency if they wish to. The recommendation can be applied if approved by the EB.
- For those countries with the grid emission factor less than the least polluting fossil fuel emission factor, we recommend that the EB in consultation with the Host Country provide a default value to calculate emission reductions for type I, II and III projects such as solar, hydro based generation projects, electric vehicles, to name a few. This can be an initial move towards the standardized baseline approach but an early adoption is likely to promote CDM in under-represented countries, where hydro based energy generation may result in zero emission reductions because the baseline is also hydro based or zero emissions. A default value as grid emission factor, (for instance, equivalent to the least polluting fossil fuel emission factor) may be adopted as a value to calculate the emission reductions of renewable energy projects.
- The same approach may be replicated to other projects. For example, clean transport project such as Electric Vehicles will consider the baseline EF of the fossil fuel (for instance, diesel, since it is generally the most commonly used fossil fuel for small motive power or vehicle applications) that will be avoided by the project activity and the project EF will be the national grid emission factor.

We hope these suggestions will be useful during your discussions. We will be glad to provide further clarifications if required.

Sincerely yours,

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