

Comments on "Guidelines for demonstrating additionality of renewable energy projects = < 5 MW and energy efficiency projects with energy savings <= 20 GWH per year" (EB 54, annex 15)

- **2:** The 5 megawatt limit should be increased to 10, or defined in terms of actual generation, which would support a scale which may still require CDM to reach commercial viability but which is more appropriate for RE projects that seek to connect to the grid (would justify transmission connection, could support the transaction costs, and would attract a critical mass of developer interest).
- **2:** Specifically, 5 MW capacity for a renewable energy project is still commercially very small, but is not directly comparable with conventional generation sources. (i.e., even a 'good' hydro would have a capacity factor of about 50%, a 'good' wind resource might only make for a capacity factor of 35%, so compared to a diesel genset with a capfac of 80%, the hydro would only provide 63% of the actual generation and the wind 43%. The 5 MW limit is thus arbitrary and does not account for the different performance characteristics of renewable against the sources that the CDM is seeking to displace.
- **2-A:** The Guidelines should be accompanied with an Annex of the countries/zones that have already been defined (as May 2010 date has already expired, possible participants/project sponsors have no prospects to influence the list; if the list already exists it should be disclosed. Alternatively, in most developing countries there are national and regional statistics about poverty and even ranking and maps of poor zones in order to plan social investment, but there is not a title as "Special undeveloped zone identified by the government". On the other hand, a zone not being located at the poorest zone of a developing country does not mean that is not an extreme poverty area. In several developing countries, only few regions can be considered not under developed zones and most rural areas are extremely poor. Besides, we have to consider that income inequity is extreme in developing countries, for example countries as Brazil have areas rich as Europe and other poor as LDCs.

To simplify access to small scale modalities, we propose to use in addition to the criteria already proposed, the alternative of using international or national standards to define underdeveloped zones. The idea is to compare official national statistics against these standards. Those areas below the standards should be eligible to this simplified modalities. It should be a very simple standard in order to guarantee the access to several extremely poor areas in developing countries. For these standards we can use indicators such as Millennium Development goals such as:

-Target 1.1: Proportion of population below \$1 per day

-Target 7.8: Proportion of population using an improved drinking water source

These statistics on MDG goals are readily available and would be easy to make reference to without having to provide more sources. Another standard could be the low income criterion used in identification of the LDCs. This criterion consists of three-year average estimate of the gross national/zone income (GNI) per capita under \$750. The GNI per capita statistics are available for most areas and communities in developing countries and therefore could be used broadly. A more complex criterion needs data that probably are available at national level but not to regional, provincial, district or community level. This would allow poor areas similar to the LDCs to have access to these simplified modalities.

- **2-D: The guidance should be clear that other renewable sources that are CDM projects are not counted in this 5% national annual generation.**
- **2-D: The guidance should clarify projects fitting the characteristics defined on an individual basis may be bundled.**