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*CDM Executive Board
UNFCCC Secretariat
P.O. Box 260124
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Germany*

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

Dear Sir/Madame,

In response to the request for public inputs on the “Guidelines for demonstrating additionality of renewable energy projects =< 5MW and energy efficiency projects with energy savings <= 20 GWh per year”, please find below Carbon Africa’s comments. We hope our inputs will contribute to the broadening of the above-mentioned guidelines and further simplify the demonstration of additionality for small-scale projects in Africa and other parts of the world.

Kind regards,

Adriaan Tas

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Request for Public Inputs

The Executive Board, at its fifty-ninth meeting, agreed to open a call for public inputs on the "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" (EB 54, annex 15) to facilitate the work on the revision and broadening of these guidelines.

Specific issues to be covered include, but are not limited to:

1. Expansion to Type III projects;
2. Application to programme of activities (PoAs) and bundled projects;
3. Appropriateness of the unit thresholds (e.g.750 kW);
4. Definition of communities and primary technologies;
5. 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.

1. Expansion to Type III projects

Carbon Africa welcomes the initiative to expand the applicability of the simplified modalities to demonstrate additionality to type III projects. In this context, Carbon Africa supports the recommendation made by CMP 6 to expand the applicability to type III projects that reduce emissions by less than 20,000 tonnes of carbon dioxide equivalent per annum. There are two reasons why the threshold is considered appropriate:

- Type III projects include a whole series of activities, ranging from avoidance of HFC emissions, LED lighting systems, energy efficiency in buildings, methane recovery in agricultural activities and efficiency in transport. Establishing separate thresholds for applying the simplified modalities for demonstrating additionality for all those different project activities might be a complicated and cumbersome undertaking. Therefore, one, uniform threshold for all the different types of type III project activities is considered appropriate.
- Furthermore, the threshold of 20,000 CERs per annum seems to be appropriate because that tends to be the level at which the economics of developing the CDM component become less attractive, i.e. experience has shown that the costs involved in developing the carbon credits for a project that generates less than 20,000 CERs per annum tend to exceed the benefits.

2. Application to programme of activities and bundled projects.

It is Carbon Africa's opinion that it will be critical to be able to apply the simplified modalities for demonstrating additionality to Programmes of Activities. Both Programmes of Activities and the simplified modalities to demonstrate additionality have been designed to facilitate and stimulate the implementation of small-scale, distributed project activities and both have already

incentivized a lot of CDM development activity in LDCs and Africa. Not allowing for the application of the simplified modalities to demonstrate additionality to Programmes of Activities would, therefore, undermine their joint purpose and force project developers into an either/or situation: either to develop the project activities as a Programme of Activities or to opt for the simplified modalities to demonstrate additionality, which from a project developer's perspective would not make sense.

To facilitate the application of the simplified modalities for the demonstration of additionality to a PoA, further consideration should also be given to the definition of the start date of a CPA and the requirement that the "start date of the CPA cannot be prior to the commencement of validation of the programme of activities, i.e. the date on which the CDM-POADD is first published for global stakeholder consultation". This requirement can be problematic in itself because of the time it takes to identify and contract a DOE who is available and willing to validate a PoA, especially in LDCs. It is even more problematic for project activities that require relatively little preparation before 'real action' can occur, like the small-scale, distributed project activities that are targeted by the simplified modalities for demonstration of additionality. In fact, given the time it takes to develop the PoA documentation and identify a DOE who is willing to validate a PoA, project proponents could be pushed to delay the implementation of their project activities until after validation has started. This, obviously, does not make sense from a business and project implementation perspective and seems to be adding to the many other challenges that projects in Africa (LDCs in particular) are facing.

Therefore, and for projects that meet the requirements of the simplified modalities for the demonstration of additionality, the EB could consider relaxing the requirement that the start date of a CPA cannot be prior to the commencement of validation. In this context, Carbon Africa proposes the introduction of a prior consideration form for PoAs for projects that meet the requirements of the simplified modalities for the demonstration of additionality. The prior consideration form for PoAs can be substantially similar to the prior consideration form for regular CDM projects and should be submitted the Executive Board and host country DNA(s) before (or within six months) of the start date of the PoA. The start date of the PoA could be defined as the date at which real action occurs with regard to the PoA and could coincide with the start date of the first CPA.

3. Appropriateness of the unit thresholds

Carbon Africa considers the unit thresholds in the existent "Guidelines for demonstrating additionality of renewable energy projects =< 5MW and energy efficiency projects with energy savings <= 20 GWh per year" as appropriate

4. Definition of communities and primary technologies

No inputs

5. Application of criteria implied in paragraph 2(d)

Paragraph 2(d) is important in that it allows for host countries to identify those technologies and measures that are considered important in achieving sustainable development in the country.

Further clarity and guidance will be needed in terms of the procedures that should be followed in making a recommendation to the EB and what criteria the EB will apply to approve the recommendation. The condition in paragraph 2d could also be further clarified and the formulation “The total installed capacity of technology/measure contributes less than or equal to 5% to national annual electricity generation” could be replaced by the following formulation:

- The total installed capacity of technology/measure (MW) is less than or equal to 5% of the total capacity of grid power plants in the electricity system; or
- The total power generation by the technology/measure (in MWh) contributes less than or equal to 5% to national annual electricity generation).

6. Other

Further clarification will be required on how the simplified modalities for the demonstration of additionality will have to be applied in case the project uses more than one methodology, e.g. AMS I.D Grid connected renewable energy generation and AMS III.H Methane recovery in wastewater treatment.