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**From** [rachel.child@pd-forum.net](mailto:rachel.child@pd-forum.net)  
**Date** 30 April 2012  
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**Subject** **Call for input on "Issues included in the annotated agenda of the sixty-seventh meeting of the CDM Executive Board and its annexes"**

Honorable Members of the CDM Executive Board,  
Dear Mr. Duan,

We welcome the publication of the annotated agenda for EB67 and would like to provide input on a number of items on the annotated agenda, as outlined below.

***Para 12 of the annotated agenda & Annex 2 para 9 and para 10 (e)***

Both regulatory decisions and operational decisions are taken by the Board while providing the required background, guidance etc. Rulings on projects, however, are made at a Board meeting, with no justification provided until weeks or months after the ruling has been made. The PD Forum believes that a ruling can only be made by the Board if the reason for the ruling is agreed. Therefore, we suggest that the notes relating to rulings need to be published at the same time as the EB meeting report in which the ruling is made. Without the rationale for a ruling, we believe that the ruling cannot be considered valid. Additionally, PPs/DOEs need the rationale of the rulings, for example in order to request for resubmission within 60 days of the ruling.

***Para 22/ 56 of the annotated agenda***

Annexes 8 and 9 to the Meth Panel report recommend changes to ACM0001 and ACM0002. The changes introduced are a concern in the PoA section of each methodology. The Meth Panel has introduced a requirement that eligibility criteria relating to financial information must be updated every 2 years. This is not a cost-effective way of assessing additionality and will add unnecessarily burdensome transaction costs for project developers.

Additionally, the distinction of "different types of CPAs" for ACM0001 landflaring projects is confusing and could well result in a requirement to generate a generic CPA template for CPAs that use gas slightly differently, are located in a region with slightly different legal requirements (i.e. in Brazil different regions have different laws for gas flaring). etc. This could become very cumbersome.

***Para 30 / 65 / 66 of the annotated agenda & Annexes 7 & 8***

The PD Forum agrees that the positive list of technologies that are automatically defined as additional should be expanded and we support the SSC proposed list in Annex 7 para 7 for off-grid technologies. However, we suggest that the unit size limits and aggregate limit may be too small. With each individual unit being automatically additional, there is no rationale, in our view, for limiting the aggregate capacity: the 16th MW is just as additional as the first.

This issue is further addressed in Annex 8 para 9. The PD Forum believes that both options 1 and 2 would improve the current situation, but that option 2 would bring the greatest benefit and greatest reduction in transaction costs for automatically additional projects.

The PD Forum has submitted a separate letter to the EB regarding the expansion of the positive list, some of which has been addressed in these documents of the SSC, but which gives further suggestions for the expansion of this list.

Regarding the definition of Special Underdeveloped Zones, the PD Forum would like to again emphasise (as in our earlier submission on this topic<sup>1</sup>) that paucity in data at the sub-national level would severely restrict the use of this option and/ or increase transaction costs. We therefore urge the EB to keep the existing qualitative definition of Special Underdeveloped Zones.

***Para 31 of the annotated agenda***

More than ten DNAs have submitted their recommendations of microscale renewable energy technologies for automatic additionality under criteria 2 (d) of the "Guidelines for the demonstration of additionality of microscale project activities". Several submissions were assessed and accepted by SSC 32, 33 and 34 (Jun, Aug and Oct 2011, respectively). However, as the EB retrospectively demanded the application of additional requirements of the assessment by the DNAs in their submission (EB65 Annex 33, Nov 2011), this is only the second official acceptance of a DNA proposal. The confused situation with regards to the submitted DNA proposals and the long delays since their submissions is not, in our view, satisfactory. The PD Forum suggests that the previous submissions should be accepted without delay and without the retrospective application of these new requirements.

***Para 51 of the annotated agenda & Annexes 4 & 5***

The PD Forum disagrees with the assertion that more complicated samples are better samples. Samples that are more complicated than needed face unnecessarily high transaction costs and, therefore, will lead to fewer projects being implemented. This will thus negatively affect the environmental effectiveness of the mechanism and should be avoided. For the same reason, the PD Forum believes that pilot samples and multiple sample size calculations etc. should not be required, as this all adds unnecessarily to the transaction costs associated with the project. By complicating the sampling procedure, and rejecting projects on that basis, the benefit of sampling to reduce transaction costs is eroded.

***Para 64 of the annotated agenda***

The PD Forum agrees that default values for fNRB which have been agreed with the DNA would be a useful simplification for AMS-I.E and AMS-II.G and therefore supports the approval of this simplification.

***Para 71 of the annotated agenda***

Insurance products for some CDM-related events are available from a very limited number of insurance companies. However, experience of PD Forum members is that the insurance is generally unaffordable. We would expect the same to be true for DOE insurance. The PD Forum remains concerned about the impact of the introduction of a procedure to address significant deficiencies on the cost of validations, verifications and other services carried out by DOEs. In particular we remain concerned about the disproportional impact on small and microscale projects and projects in LDCs. We would of course be available to provide further input on this issue during the course of the study by the Secretariat.

***Para 73 of the annotated agenda & Annex 13***

The PD Forum has previously made a submission regarding the sustainable development benefits of the CDM, which are significant. While additional measures to highlight such sustainable development benefits may be interesting, assessment of the sustainable development benefits of a project are the Host Party's prerogative, therefore any such measures should be voluntary.

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<sup>1</sup> [http://cdm.unfccc.int/public\\_inputs/2012/eb66\\_03/cfi/5LEUN90B00Y133C4IHBHNN6ZU8JSX4](http://cdm.unfccc.int/public_inputs/2012/eb66_03/cfi/5LEUN90B00Y133C4IHBHNN6ZU8JSX4)

One of the main problems PD Forum members have experienced with highlighting any benefit within CDM documentation is the requirement for validation of any such statement included. As benefits are often qualitative rather than quantitative, not monitored, etc., or simple common sense, DOEs are unlikely to be able to confirm statements on sustainable development to their required level of assurance, and thus PPs have learned not to include any such statements in any documentation (as reflected in Annex 13 paras 12 and 13).

If DOEs are required to validate any statements, the transaction costs/risks associated with this will lead to this effort failing. It is not worth the cost, effort and risk for the PP to make any statement.

Additionally, the PD Forum disagrees with Annex 13 para 10 that additional GHG reductions cannot be regarded as co-benefits. There are many projects which will lead to indirect GHG reductions, which should be considered as such. Investment in renewable energy for example, is likely to lead to a further stimulus of the renewable energy sector and thus to further indirect emission reductions.

The PD Forum would strongly recommend to not include lists such as those from the Gold Standard (and others) in the PDD. Such a detailed assessment would significantly increase transaction costs for PPs. There are only some project types where the added value for PPs outweighs the added costs, thereby limiting the number of CDM projects achieving Gold Standard accreditation.

In our opinion, options 3 and 4 in Annex 13 para 20 go beyond the EB's mandate and infringe on the Host Country's prerogative. While these options may be appropriate for Gold Standard, we suggest that they need to be rejected for the CDM unless it is a host country requirement.

***Para 74 of the annotated agenda & Annexes 14 & 15***

The PD Forum welcomes the further development of the Secretariat's work in including the concept of suppressed demand in large and small scale methodologies. However, we have some concerns about the large scale methodologies selected in the 'shortlist' in paragraph 7. Half of these methodologies shortlisted have just one or even zero registered projects and no CERs issued<sup>2</sup>.

While inclusion of suppressed demand may go some way to increasing usage of these methodologies, we suggest that before time is spent revising these methodologies to include suppressed demand, that serious consideration is given to the reasons why these methodologies are so underused currently (e.g. data availability, monitoring requirements or existence of other (small scale) methodologies that are easier to use) and whether inclusion of suppressed demand at the proposed rather conservative levels will help to overcome this.

***Para 75 of the annotated agenda & Annex 16***

The PD Forum welcomes the publication of the "concept note on the development of guidelines on the application of materiality and level of assurance in verifications" and the timetable for the development of the guidelines. We note that this topic may be covered at future roundtables and via a Webex session. We would welcome the opportunity to participate in such sessions, as the Guidelines are being developed, together with other Stakeholders.

Finally, the PD Forum would like to take this opportunity to thank the EB and the Secretariat for the successful organisation of the first SDM Joint Workshop in Bonn. PD Forum members appreciated the opportunity to discuss key issues currently facing project developers and for the future of the mechanisms.

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<sup>2</sup> AM0046 has 1 registered project but no CERs issued yet, AM0086 has no registered projects and AM0094 has no registered projects. ACM0014 and ACM0016 have just 6 and 4 registered projects respectively.

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**PROJECT  
DEVELOPER  
FORUM**

We thank you for the opportunity to provide our comments on the annotated agenda and annexes and would be very happy to discuss them with you further,

Kind regards,

A handwritten signature in black ink, appearing to read 'Rachel Child', written over a horizontal line.

Rachel Child  
Co Vice Chair, Project Developer Forum