

## DOE/AE Forum

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Date 08 July, 2012  
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Subject **Call for public input on "Issues included in the annotated agenda of the sixty-eighth meeting of the CDM Executive Board and its annexes"**

Honorable Members of the CDM Executive Board,

This input has been prepared by the Chair of the DOE/AIE Forum after inviting all members of the DOE/AIE Forum to provide feedback on their experiences, concerns and to make suggestions for improvement. Once again not less than 22 annexes and references to four panel reports have been published along the annotated agenda while in contrast to this amount of new information only four working days plus two days on a weekend were “granted” for reviewing and commenting all documents. Thus we would like to repeat our concern that such an approach is perceived totally inappropriate for incentivizing stakeholder inputs, and request EB to re-consider this timing and to take action towards the development of an improved process.

The following focusses on those aspects with the annotated agenda with special relevance for the DOEs.

### Management of the Regulatory Framework (Annex 2)

We appreciate this development offering the promise to deliver much more stability to the whole system by introducing an annual cycle for updating the regulatory framework due to the increased maturity of the CDM. We perceive the missing stability as a fundamental cause for inconsistencies and non-conformities in past DOE operations and expect a significant improvement regarding DOE performance indicators as recently defined. It is also important to keep the mentioned flexibility as we still miss practical experiences for some of the recently introduced procedures.

The draft considers effective dates of 01 April of each calendar year. We would like to suggest that this should be reflected in future management plans by scheduling all envisioned DOE trainings to be held annually in the first quarter.

### DOE compliance in Reporting Projected Submissions (Annex 3)

Paragraphs 7 and 8 of the concept note refer to incentives for regularly and accurately reporting of forecast submissions. As presented during one of our previous submissions, there are many possible scenarios that may have an impact on the actual amount of submissions by a DOE, for which information is not available at the time when preparing the forecast. Hence the publication of indicators referring to accuracy – if considered necessary at all - should to be done very carefully in order not to provide misleading information. Especially the one-time occurrence of a large discrepancy between forecast and actual figures should in no way result automatically in a need for any action binding several resources at DOE's, AT's and secretariat's side.

### Voluntary Cancellation (Annex 4)

The suggested design appears rather limited in the options for its application. We request to consider whether this concept could also be used for the following aspects:

- In the context of the procedure on significant deficiencies in part validation, verification and certification reports
- In the context of voluntary action following the detection of erroneous reporting in situations not referring to significant deficiencies

We would appreciate to get clear information whether such objectives are included in the proposed concept.

### Possible Improvements in the Demonstration of Additionality (Annex 6)

We appreciate the ongoing development on this topic and acknowledge the given information under paragraph 9, saying: "*for third parties, such as designated operational entities (DOEs) it may be even more difficult to answer the question (on additionality)*". Regarding the proposed changes/amendments we request a clear definition of effective dates once new procedures will be approved (also in accordance with annex 2 of the annotated agenda) and a consistent reflection within a future revision of the VVS. The given suggestions imply needs for some assessment activities which are not considered at recent validations and hence require training activities and the avoidance of any retroactive application.

### Draft Guideline on Materiality in Verifications (Annex 8)

While the provided draft is considered being ready for approval (besides a mistake in paragraph 14: *...material immaterial errors,...*) from a technical point of view, we would like to express that we narrow applicability as provided by paragraphs 6 and 7 is from our point of view not justified by the wording of Decision 9/CMP.7 and rather opposing guidance given by that document. Decision 9/CMP.7 paragraph 9 requests that the concept of materiality should be applied in a consistent manner under the clean development mechanism and paragraph 4 refers to information related to a clean development mechanism project activity (we understand a PoA also as a CDM project activity). Hence we expect that the guideline should also cover the following aspects in order to ensure compliance with the CMP guidance to EB:

- Verification of PoA activities
- Data verification activities whenever required during validation
- The transparent application of materiality by the regulatory body (as discussed by section B of the cover note)

By the way, the working group on materiality of the Designated Operational Entities and Independent Entities Association (D.I.A.) also provided further demonstrative examples on

verification activities when sampling approaches are applied, thus covering specific aspects frequently seen in PoA activities. Consequently we still see work ahead to be delivered within a relatively short time frame before EB can confirm the full implementation of Decision 9/CMP.7.

#### Uncertainty of Measurements (Annex 10)

While we appreciate the launch of the discussion on the treatment of uncertainty of measurement, we want to express our opinion that the proposed timeline is too optimistic, taking into account experiences from verification in other ghg accounting schemes. We recommend a careful assessment of impacts especially with regard to the fact that required third party calibration services and laboratory services are frequently not available in developing countries. Concentrating a major part of the stakeholder interaction at the coming CDM roundtable in August is perceived inappropriate as it coincides with the summer vacation period in many countries. Thus there is a high risk to miss a lot of valuable stakeholder submissions to this technically challenging topic.

#### Recommendation to draft procedure for addressing significant deficiencies (Annex 19)

We would like to mention that the proposals made under paragraph 3 regarding the limitation of liability are partly outside the potential solutions that have been discussed during the interaction with DOEs and introduce new concepts. We consider it as rather unfortunate to offer something that has not been discussed is partly still not eligible for quantifying the associated risks for DOEs. As promised during the discussion round in June the DOE Forum will submit an alternative draft for the procedure. We do not see the willingness to take anything into account when paragraph 8 (a) only suggests the amendment of the draft procedure with one of the offered options without reference to suggestions coming from the DOE Forum. Furthermore we also would like to mention that the discussion of possible complementary measures is at a very early stage still missing any analysis on its impact on the CDM market. Thus, it appears rather challenging to have such an amendment ready for proposal to adaption by the coming CMP.

#### Strengthening the accreditation system (Annex 20)

We would like to express our concern regarding the wording of paragraph 3 which requests "... to realize significant improvements in the performance of DOEs...". We do not understand why some secretariat members are blaming the whole system as this expression might be interpreted in a manner that the system was not able to realize a reasonable performance by some of their key actors within more than eight years. Such a statement is not justified considering the relatively low amount of requests for review and the published performance indicators. Such statements are also considered counterproductive with regard to recent activities for promoting the success of the CDM and should be reprehended. Notwithstanding this concern we fully support the ongoing work of the accreditation panel. We would appreciate if the analysis of recent system and the development of proposals for further strengthening could be realized by involving DOEs and the DOE Forum and not behind the curtain. We suggest starting with a joint workshop inviting all DOEs to interact with AP, an approach which is not yet considered in the management plan and the presented time schedule.

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Voluntary Tool for Highlighting SD Benefits (Annex 21)

Paragraph 20 offers project participants to have an independent Third Party verifying the claims made in the SD declaration. We acknowledge the value of such independent assessment, which will deliver more trust in the robustness of declarations. The DOE Forum recommends setting some kind of standard regarding this verification activity in order to get comparable statements. We would appreciate if the work on such a standard (e.g. an amendment to the VVS) would be supported/managed by the support structure of the CDM (the secretariat).

More details on the addressed annexes/topics will be provided and hopefully discussed during the regular interaction.

Kind regards,

A handwritten signature in black ink, appearing to be 'Werner Betzenbichler', written over a light grey circular stamp or watermark.

Werner Betzenbichler  
Chair of the DOE/AIE Forum