

	CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD” (Version 01.2)
	<p style="text-align: center;">This form should be used only by project participants and other stakeholders for submitting a “Letter to the Board” in accordance with the latest version of the <i>Modalities and procedures for direct communication with stakeholders</i></p>
<i>Name of the stakeholder¹ submitting this form (individual/organization):</i>	Carbon Finance Unit, The World Bank
<i>Address and contact details of the individual submitting this form:</i>	Rama Chandra Reddy Address: 1818 H Street NW, Washington DC 20433 Telephone number: +1 202 458 4695 E-mail address: rreddy1@worldbank.org
<i>Title/Subject (give a short title or specify the subject of your submission)</i>	Inputs to the annotated EB 68 agenda and annexes
<i>Please mention whether the submitter of the form is:</i>	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other stakeholder, please specify Multilateral Organisation
<i>Specify whether you want the letter to be treated as confidential²:</i>	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
<i>Please choose any of the type(s) below³ to describe the purpose of this submission.</i>	
<p><input type="checkbox"/> Type I:</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <input type="checkbox"/> Request for clarification <ul style="list-style-type: none"> <input type="checkbox"/> Standards. Please specify reference <input type="checkbox"/> Procedures. Please specify reference <input type="checkbox"/> Guidance. Please specify reference <input type="checkbox"/> Forms. Please specify reference <input type="checkbox"/> Others. Please specify reference </div> <div style="text-align: center;"> <input type="checkbox"/> Revision of existing rules </div> </div> <p><input type="checkbox"/> Type II: Request for Introduction of new rules</p> <p><input checked="" type="checkbox"/> Type III: Provision of information and suggestions on policy issues</p>	
<i>Please describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable).</i>	

¹ DNAs and DOEs shall use the respective DNA/DOE forms for communication with the Board.

² As per the applicable modalities and procedures, the Board may make its response publicly available.

³ Latest CDM regulatory documents and information are available at: <http://cdm.unfccc.int/Reference/index.html> .

The inputs on the annexes to the annotated agenda of EB 68 meeting are noted below:

Annex 2: Concept note: Management of the regulatory framework

- **Issue:** The paragraph 11 outlines effectiveness date for new and revised provisions to be **4 months**, which is a 50% decrease in the existing grace period of 8 months.
- **Suggestion:** As effectiveness date of provisions could affect projects and programs in different stages of project cycle, it is suggested that the effectiveness period adopted is reasonable and not affect the projects and programs that are in regulatory process. In this context, it is suggested that the effectiveness date for provisions **other than** the approval and revisions of CDM baseline and monitoring methodologies and methodological tools be **6 months**. The effectiveness period of **6 months** could be applicable to revision of documents that occur on an **annual cycle** so that there are no more than two revisions to documents during a calendar year. This will reduce the burden of document revisions on the Secretariat and of compliance on project participants and DOEs.

The effectiveness date for approval and revisions of all CDM baseline and methodologies and methodological tools could be increased from 8 months to **18 months** as approved by EB for **afforestation and reforestation methodologies**. This will ensure predictability for projects and programs seeking registration and verification and enable them to comply with the respective methodologies and methodological tools.

Annex 6: Concept note: Possible improvements in the demonstration of additionality

- **Issue:** In the paragraph 27(b), it is suggested to monitor the actual costs, revenues and key operational parameters of the project activity (e.g. capital costs, O&M costs, fuel/feedstock price or PLF) and compare these values with the ones used in the investment analysis in the CDM-PDD. If there is a significant deviation between the input values used in the CDM-PDD and the actual values, then the Board may require the DOE to request for approval of a change in the implementation of the project activity.
- **Suggestion:** The investment analysis of additionality assessment provides for sensitivity analysis, which requests the project participants to conduct sensitivity analysis of +10/-10% changes in the costs and revenues of variables that contribute at least 20% to the costs and revenues of projects to demonstrate additionality prior to the registration of projects and programs. Therefore, additionality assessment with regard to the likely changes in costs and revenues are reviewed as part of validation. The changes that occur in costs and revenues of a project or program during implementation are not under the control of project participants and not connected to the project investment decision. Therefore, there is no basis to monitor the costs and revenues of a project activity during implementation as ex-post review on the basis of actual values is not in the spirit of assessing data and information of the investment decision and the additionality of a project or program. Therefore, it is suggested that the improvements to assessment of additionality should focus on simplification and robust criteria and avoid post implementation review of investment analysis as it has large transaction costs and is also cumbersome to project participants and to the regulatory process. With regard to paragraph 31(b), there should not be restrictions on the options of the investment analysis. For example, restriction to use of benchmark analysis only when an investment comparison analysis is not possible limits the choice of investment analysis for project participants.

Annex 10: Concept Note: Uncertainty of measurements in baseline and monitoring methodologies

- **Issue:** Quantification of uncertainty and application of thresholds for adjusting emission reductions
- **Suggestion:** Uncertainty and its treatment has received varied and uneven focus in baseline and monitoring methodologies; methodological tools; guidelines on sampling; and draft guidelines on the application of materiality etc. It is suggested to conduct a holistic review of uncertainty as it relates to the emission reductions of a project and program and how it is addressed under existing guidance in methodologies, sampling (precision and confidence interval), QA/QC procedures (measurement and non-measurement errors) etc., and then outline a decision tree to assess the types of uncertainties and ways in which they are addressed under existing guidance, and the recommended thresholds for addressing measurement and other categories of uncertainty not covered under the existing guidance. It is also suggested to adopt simple approaches for calculating the adjustment factors for emission reduction calculations.

<i>Continued comments on the annotated agenda:</i>	
<u>Annex 19: Draft recommendation in relation to the draft procedure for addressing significant deficiencies in past validation, verification and certification reports.</u>	
<ul style="list-style-type: none"> Issue: Cap on absolute number of CERs (e.g., 500,000 CERs noted in paragraph 3(a) (ii). Suggestion: As the objective is to address significant deficiencies in validation, verification and certification reports, considering the variability of CER price, it is appropriate to consider a financial cap in order to avoid significant penalty to DOEs under absolute cap and high CER prices. 	
<u>Annex 22: - Draft voluntary tool for highlighting sustainable development co-benefits of CDM project activities and programmes of activities</u>	
<ul style="list-style-type: none"> Suggestion: Transparency on the role of CDM projects in sustainable development of a country is welcome. In this context, the criteria included in the SD tool could be assessed with the information presented in PDDs of a sample of registered projects covering different sector scopes and geographic regions and also seek inputs and feedback from DNAs and other stakeholders prior to approval of SD tool so as to enhance the relevance and effectiveness of criteria included in the SD tool. 	
<i>Please provide any specific suggestions or further information which would address the issue raised in the previous section, including the exact reference source and version (if applicable).</i>	
<i>If necessary, list attached files containing relevant information (if any)</i>	<ul style="list-style-type: none"> [replace this bracket with text, the field will expand automatically with size of text]
Section below to be filled in by UNFCCC secretariat	
Date when the form was received at UNFCCC secretariat	
Reference number	

History of document

Version	Date	Nature of revision
01.2	08 February 2012	Editorial revision.
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
Decision Class: Regulatory Document Type: Form Business Function: Governance		