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Affiliated organization of the submitter (if any): Designated Operational Entities and Independent Entities Association (D.I.A.)

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Inputs on general questions:

| Questions | | Level of agreement | | | | | Comments |
|-----------|--|--------------------|----------|---------|-------|----------------|----------|
| | | Strongly disagree | Disagree | Neutral | Agree | Strongly agree | |
| 1 | The guidelines are structured and organized in a logical manner | | | | | X | |
| 2 | The guidelines are understandable and clearly written (what is recommended to do is clear) | | | | | X | |
| 3 | The guidelines are implementable (the guidelines can be applied to verification activities) | | | | | X | |
| 4 | The guidelines are useful and effective in bringing consistency in the application of materiality in verifications | | | | X | | |

Inputs on general issues:

We would like to emphasize that the implementation of the guidelines requires an immediate transfer into internal guidance of the regulatory body (EB, UNFCCC secretariat, RIT members, AT members) in order to ensure a consistent understanding and approach of the concept of materiality. Only by applying the concept under the same conditions can it be assured that there are no distortions during completeness checks, information and reporting checks or requests for review.

Inputs on specific issues:

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| # | Para No./ Annex / Figure / Table | Line Number | Type of input ge = general te = technical ed = editorial | Comment (including justification for change) | Proposed change (including proposed text) | Assessment of comment (to be completed by UNFCCC secretariat) |
| 1 | 6 | | te | <p>We suggest that the application of the guidelines should not be limited to the verification of CDM projects only. It should encompass every kind of data verification performed in</p> <ul style="list-style-type: none"> - verification of CDM activities including PoA - data verification along validation activities - data verification when assessing changes of a CDM activity or a monitoring plan <p>It should be recognised that the concept, which is an audit principle, has always been applied by DOEs whether regulated or not by a procedure. It has relevance for all kinds of data verification, not only to the verification of standard CDM projects as set by the draft.</p> <p>We would like to draw your attention to the following text:</p> <p><i>“Pursuant to paragraph 20 of decision 7/CMP.1 project activities under a programme of activities (PoA) can be registered as a single clean development mechanism project activity”</i> (Paragraph 1 of the Procedure for Registration of PoA)</p> <p>The narrow interpretation provided by the draft guidelines is in contradiction with the above text and would therefore create an inconsistency within the regulatory framework.</p> | <p>These guidelines are applicable to DOEs for data verification of any type of assessment of CDM project activities.</p> | |
| 2 | 7 | | te | <p>The adjacent proposed text eliminates some of the restrictions.</p> | <p>They are not applicable to:</p> <ul style="list-style-type: none"> (a) Uncertainties related to measurement; and (b) Temporary deviations and permanent changes from the registered monitoring plan or applied methodology, regardless of whether corresponding emission reductions or removals are above or below materiality thresholds. | |

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| 3 | 10 | | ed | Typo | (c) 2 per cent of the emission reductions or removals for large-scale project activities achieving a total emission reduction or removal of 300,000 tonnes of carbon dioxide equivalent per year or less; | |
| 4 | 13 | | ed | Typo | Recognizing that circumstances may exist that could cause the information reported by project participants to be materially misstated, DOEs should plan and perform verifications with an attitude of professional scepticism and rely on their professional judgment while applying the concept of materiality. | |
| 5 | New 32 | | te | <p>We provided three further examples which are deemed necessary to ensure a harmonized understanding and application of the concept. They have already been provided by the DIA working group at an earlier stage.</p> <p>The first one demonstrates how materiality is applied when planning the verification of emissions of minor sources.</p> | <p>Example #5- Setting of a cut-off point in verification activities of minor sources</p> <p>The project is a large-scale project achieving total emission reductions of >500,000 tonnes of CO2e, per annum, as such a 0.5% materiality level is applied.</p> <p>The project includes the operation of a back-up generator powered by fossil fuel which contributes to 2 % of the project emissions. Fuel consumption of the generator is monitored by a fuel balance comprising the determination of the fuel stock at the beginning and the end of the monitoring period and the determination of all fuel purchases during that period. The maximum fuel stock is equivalent to an amount of 0.1 % of the project emissions.</p> <p>While it could be confirmed that there is no material misstatement within all other data required for the calculation of the emission reduction as well as regarding the completeness, consistency and plausibility of fuel purchase data, the record for the fuel stock at the end of the monitoring period was taken manually by a single person without any corroborating evidence. The reading for the fuel stock at the beginning of the monitoring period is consistent with the one at the end of the previous period.</p> <p>When planning the verification activities for this emission source the DOE would focus on the completeness, consistency and plausibility of fuel purchase data. No specific efforts would be given to the fuel stock as even in the worst case any misstatement would result in a</p> | |

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| | | | | | significantly lower over-estimation of emission reductions compared to the materiality threshold and would result in an equivalent under-estimation in the following period. | |
| 6 | New 33 | | te | A further example already provided by the DIA working group demonstrating how materiality is applied in case of data resulting from a survey. | <p>Example #6 - Setting of a cut-off point in verification activities for data obtained by survey</p> <p>The project is a small-scale project achieving total emission reductions of <30,000 tonnes of CO2e, per annum, as such a 5% materiality level is applied.</p> <p>The project's monitoring plan surveys at a household level involving some thousands of households. Along the audit trail a DOE checks by random sampling following the sampling standard whether the transfer from handwritten survey records to a project data base was performed adequately. The sampling approach by the DOE showed that out of the sample two data transfers have been made erroneously. When extrapolating the resulting error to the whole data set the overestimation at a 95 % confidentiality interval would be less than 0.5 %.</p> <p>The DOE requests the PP to correct the two identified erroneous data transfers and to once more assess the whole data set to check whether similar errors also occurred in the remaining data set not checked by the DOE. If no other risks of material misstatements are identified along the verification process, the DOE confirms that the PP has corrected the identified errors and has performed an assessment of the remaining data set. The DOE can then conclude that the monitoring report is free from material misstatement. The DOE will not verify a further sample.</p> | |
| 7 | New 34 | | te | A further example already provided by the DIA working group demonstrating how materiality is applied in case of data verified by a sampling approach performed by the DOE. | <p>Example 7- Setting of a cut-off point in verification activities applying sampling</p> <p>The project is a large-scale project achieving total emission reductions of 150,000 tonnes of CO2e, per annum, as such a 2% materiality level is applied (3,000 tCO2).</p> <p>One of the parameters used for determining the project's baseline emissions is the measurement of the COD of wastewater, which according to the monitoring plan is performed daily.</p> <p>The monitoring period covers 540 days. The daily COD values are presented for verification in the emission</p> | |

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| | | | | | <p>reduction calculation spreadsheet and records are available for all 540 measurements carried out during the monitoring period. The COD values are manually transferred from the measurement records to the emission reduction calculation spreadsheet.</p> <p>The DOE has assessed the reported data and found that the reported COD values are reasonable and there are no outliers which need further investigation. The DOE thus applies sampling for verifying that the COD values in the emission reduction calculation spreadsheet are consistent with the actual measurement records and selects a random sample. The DOE identifies that for 5 of the records checked an error was made in transferring the data from the measurement record to the emission reduction calculation spreadsheet. The errors (typos of some digits) identified do not represent more than 10% of the reported value. Nonetheless, assuming that the frequency of errors in transferring data may be at least the same in the remaining data set as found in the sample (when applying the %error for the COD value of the records to the total COD value for 540 records the error in the ERs calculation is more than 3,000 tCO₂), the possible error on the total reported emission is therefore material. The Project Participants are thus through a CAR requested to correct the errors identified in the sample and once more check the remaining records and correct any further errors.</p> <p>The Project Participants submit a revised emission reduction calculation spreadsheet in which the 8 errors identified by the DOEs sample were corrected in addition to 15 other values. To further verify the data set, the DOE selects a further random sample from the remaining data set. The DOE identifies that for one of the sampled records, the value was erroneously transferred to the emission reduction calculation spreadsheet. Again, the error (typos of some digits) identified does not represent more than 10% of the reported value. The Project Participants are thus through another CAR requested to correct the error identified in the second sample and once more check the remaining records and correct any further errors. The Project Participants submit a revised emission reduction calculation spreadsheet in which the identified error is corrected and they confirm that no further errors were found. The DOE does not carry out</p> | |

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| | | | | | <p>further verification and does not select another sample. Even if there are possibly further errors in the remaining data set not checked by the DOE, when applying the %error for the COD value identified in the sample of records to the remaining COD value the error in the ERs calculation is less than 3,000 tCO₂. Hence, any possible remaining misstatement in the reported COD values would not have a material impact on reported emission reductions.</p> | |