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Please note that all of IETA's responses are in blue font in the answer slots, below.

Questionnaire for soliciting public inputs on the 'concept note on operationalizing carbon dioxide capture and storage as a CDM project activity'

Background: The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (hereinafter referred to as the CMP) adopted at its seventh session decision 10/CMP.7; "Modalities and procedures for carbon dioxide capture and storage in geological formations as clean development mechanism project activities" (hereinafter referred to as the CCS modalities and procedures).

At its seventy-second meeting, the CDM Executive Board (the Board) approved the 'workplan of the CDM Executive Board for 2013'. In the workplan Board approved to launch a public call for concept note of project 160 'Operationalizing carbon capture storage (CCS)'. The input received from this call for input will be considered in seventy fourth meeting of the Board.

QUESTIONNAIRE

Part I: Overall assessment of the concept note

Please provide general suggestions for improvement and editorial comments on the draft document.

Overall the format of the document is well written and structured in a way that allows readers to provide feedback and is consistent with previous notes. The approach of setting-out exactly what the issue is, providing multiple options and then providing a recommendation is a very helpful approach.

Part II: Input on specific and technical issues

The concept note has discussed the main issues in CCS modalities and procedures which may need clarity for implementation. The inputs are sought on the following:

- a. **Coverage of issues:** Are the issues covered in concept note adequate? Is there any other issue which require further clarification?

There are a number of sections in the concept note which deal only with select requirements set-out in the CCS modalities and procedures. For example, there are a number of requirements set-out in paragraph 10 of the CCS modalities and procedures which are not specified in Section 3.2, paragraph 11 of the concept note.

- b. **Options and recommendations:** Do you propose some other option and recommendation other than mentioned in the concept note?

As a general comment, we suggest that standardization and uniformity across the CCS modalities and procedures be the preferred approach rather than leaving issues to local discretion or interpretation. So whenever possible, **an explicit standard or requirement should be specified**. This should reduce the cost of compliance due to the certainty of the requirement, as well as reduce the time and cost required to comply with it and also the likelihood of one jurisdiction adopting less stringent policies or procedures.

Paragraph 9(a):

- **With respect to timing** of the submission of an expression of agreement, we suggest that the CCS modalities and procedures encourage or require that a host Party provide **such EoA as early as possible**. As pointed out in paragraph 10(a), providing market participants with confirmation that this milestone has been addressed will increase confidence in the host Party's process and encourage project development. Otherwise project developers may hesitate in devoting resources to a project until they are certain this basic requirement has been addressed.
- **With respect to frequency**, we understand that the recommendations in paragraph 10 would not require any updates to an EoA unless a new project activity is adopted, the host Party no longer meets participation requirements or at the time of the three or five year update requirement. Given the obligation to report changes, we agree with this approach rather than an approach that requires the EoA to be refreshed frequently. For this reason we would be in favour of a five-year update requirement unless an additional requirement was added to update the EoA upon the change in any relevant law or regulation. In that case, there would be no need for a five year update requirement.
- **With respect to content** of the EoA, we point out that it may be difficult for a host Party to compile a list of all laws and regulations which could possibly impact a CCS project. In the event that a host Party has any changes to the relevant laws and regulations, we would suggest that this information be communicated openly.
- **With respect to validation and verification** of host Party participation requirements, we submit that compiling a list of all laws and regulations dealing with CCS projects in all host Party jurisdictions would be expensive and time consuming. Similarly, verifying such requirements from time to time will attract cost and expense. An alternate approach for consideration is to impose significant fines and penalties in the event that a host Party fails to report its failure to meet participation requirements; these consequences could be very significant and act as a deterrent to not meeting requirements.

Paragraph 15:

In order to satisfy the equivalency provisions of paragraph 12, 13 and 14, the DOE validation process will attract significant cost. It may also be difficult to determine what legal standard amounts to a level of sufficiency or equivalency (hence the original note above encouraging standardization wherever possible). It's likely most effective for the cost of such analysis to be carried by the host Party.

Paragraph 21:

Provided that the phrases "suitable for potable water supply" includes an assessment of the location of the project, and not just whether the site meets the technical requirements for a CCS storage location, we would support with this approach. Otherwise a site in a very remote location could be disqualified simply because it has the right geological specifications for a CCS site.

Paragraph 25:

The concept of "**significant deviation**" is critical to standardization across multiple host Parties and should be standard to the extent possible. We suggest that all efforts possible to reduce variability across input values and other parameters also be reduced as much as possible.

Paragraph 29:

We suggest that the waiver of share of proceed fee need **not be waived for least developed** parties as accommodation has already been made in the overall framework to provide such parties with allowances.

