

DOE/AE Forum

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Subject **Call for public input on "Issues included in the annotated agenda of the seventy-fourth meeting of the CDM Executive Board and its annexes"**

Honourable 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. The following focuses on those aspects within the annotated agenda with specific relevance for DOEs.

Draft procedure: CDM accreditation procedure (Annex 10)

The revised procedure comprises many improvements. We welcome in particular the proposed reduction in the number of regular surveillances and performance assessments. We also welcome in particular paragraph 89 which introduces the possibility for DOEs to provide clarifications in response to the initial findings by the CDM-AT in performance assessments before the CDM-AT formally raises NCs. This step allows at least some communication between the DOE and the CDM-AT before NCs are raised.

Most comments received from various DOEs elaborate on the implementation of the new procedures and the transition from the recent one, missing answers by the cover note or the procedure itself. These comments address issues like:

- Will the accreditation period of five year only apply after re-accreditation, or new accreditation respectively, or will two years be added automatically to the accreditation period of each entity? In the second case a fair treatment should be found for those who are recently in the re-accreditation process.
- Will regular surveillance audits and performance assessments, that occurred since the start of individual accreditation periods, be accounted within the new regulation or is there any other transition procedure in this context?
- Will there be any retroactive assessment and application of data that might be used in the new procedure (e.g. outcome of performance monitoring, amount of submissions), or will there be a start from zero?

The following provides comments on individual paragraphs where adjustments or further

amendments for clarification have been requested.

1. Paragraph 25

The draft revised CDM accreditation procedure proposes the effective date to be 01 Jan 2014. In that sense it is requested how it will impact the initial accreditation, re-accreditation or extension of scopes that commences before but will not be finished by the effective date of the procedure. Will those assessments be completed on the previous standard or will the process be migrated to the new one? Furthermore it is requested, whether there is a possibility to apply this procedure before the effective date e.g. on voluntary basis.

2. Paragraph 75

Due to the collapse of the carbon market, the number of requests for registration / issuance in the previous 12 months is not representative for today's volume of validation and verifications. Instead, it should be based on the number of validation / verifications that a DOE performs currently, e.g. "one additional performance assessment on verification activities after the DOE submitted 150 or more requests for issuance (counting from the date when the procedure enters into force)". Furthermore, the implementation of this paragraph needs to be clarified, in particular whether recent or past performance assessments within an ongoing accreditation period will be counted against the minimum amount.

The implementation of paragraph 75 c (ii) as given seems to be rather unrealistic considering the time frame of DOE performance monitoring. First an entity would have to "fulfil" the criterion of paragraph 75 c (i) for getting one additional performance assessments during the accreditation period and then it has to remain almost one and a half year in the green zone for getting it discounted again. Most likely the additional performance audit is already finished by that point in time and discounting is not possible any longer. Therefore this discounting process should be triggered only by paragraph 75 c (i), while it is applied then to anyone of the remaining performance audits of an accreditation period with an option to carry over the discount to the subsequent accreditation period. It is even recommended to apply paragraph 75 c (ii) independent from paragraph 75 c (i), thus creating an incentive to remain in the green zone as long as possible. Once four periods have passed a discount is made and the counting of "green zone periods" starts again.

3. Paragraphs 115/116

Paragraph 115 seems to indicate that the maximum number of regular surveillances within a five-year accreditation term is two. Paragraph 116 indicates that the two regular surveillances indicated in paragraph 115 may take place at more than one office. It remains to be clarified that the other offices as mentioned in paragraph 116 refer to "outsourced entities" as defined in paragraph 8 (e). Moreover, the procedure should also provide more details on which basis other offices than the central office may be included in a regular surveillance, i.e. depending on the volume of work of this office and the validation and verification/certification functions allocated to this office.

In order to avoid any overlap of regular surveillance and re-accreditation audits it should be made clear, that under normal conditions the first surveillance audit should be finished latest by end of the second year and the second one by end of the first half of the fourth year, while re-accreditation audits should happen during the second half of the fifth year.

4. Appendix 7, paragraph 12

The procedure needs to define the criteria based on which the CDM-AP shall decide on whether or whether not an independent panel of experts to conduct a review of the

NC needs to be established.

We hope that all open issues can be resolved along EB-74, as we are also interested in getting this topic closed. All DOEs expressed satisfaction with the progress made by this procedure and hope for its early application.

Revision of regulatory documents due to introduction of standardized baselines (Annex 5)

Appendix 2 (amendment of the VVS) of this document misses any provision on the requirements for preparing an assessment report on the quality of the data collection, processing and compilation as requested by paragraph 14 (c) of the procedure for the development, revision, clarification and update of standardized baselines.

Introduction or Changes to Provisions related to PoA (Annex 6)

The DOE Forum welcomes the hard work, the revisions made, and the fact that many stakeholder inputs have been taken into account. The following comments to specific aspects have been provided:

In appendix 2 (amendment of the VVS) it is proposed to add the option to change the design of the PoA due to modification or addition of a technology/measure (see page 15). However the text is contradictory with regard to item (ii), because it sets a requirement that a technology/measure has to be included in the registered PoA-DD, when requesting addition of a technology/measure. This contradictoriness needs to be resolved.

In appendix 3 (proposed amendments to the PCP), at the top of page 17 changes to apply the provisions of the most recent versions of the "Standard for sampling and surveys for CDM project activities and programme of activities" are addressed. It is not clear whether this means the only type of change that will be allowed for PoAs under 130(b)(iii), or only provides an example of a type of change that will definitely be allowed.

In appendix 4 (proposed changes to the PoA standard) significant changes to paragraph 31(d) (see page 23) have been proposed. If CMEs want to include a combination of different technologies in a PoA they will be required to 'demonstrate that the implementation of the activities is integrated through the design of the programme' – and the UNFCCC secretariat proposes a lot of additional text here to show how CMEs can do this. This kind of demonstration is deemed to be very subjective, and may be very difficult to validate. This is adding more to the burden of developing PoAs, and hence to cost and time. This is also relevant to paragraph 34, where similar justifications are required to apply methodologies from different sectors.

Application of E- policy for Additionality Demonstration (Annex 8)

According to paragraph 7 the draft guideline there might be situations during an eight month grace period when this guideline does not apply to investment analysis required for the determination of baseline scenario under step 3 of the "Combined tool to identify the baseline scenario and demonstrate additionality" (version 05.0)", while it is applicable to the additionality assessment. Different approaches in baseline setting vs additionality demonstration create the risk of generating huge inconsistencies and confusion. The two concepts are intrinsically linked, and the approach followed for investment analysis should be the same in each. Furthermore, the document refers several times to 'the Board rule on E-

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policy (-ies)' (e.g. section heading of section 4, on page 7). It should clearly state which rule it is referring to (EB meeting number and paragraph number or annex number)

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 circular scribble.

Werner Betzenbichler
Chair of the DOE/AIE Forum