

# PROJECT DEVELOPER FORUM

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

Honourable Members of the CDM Executive Board,

The Project Developer Forum (PD Forum) welcomes the publication of the annotated agenda for EB76. We would like to provide input on the following items as outlined below:

## **Para. 28: Draft package of documents on application of E- policy in investment analysis for additionality demonstration and selection of baseline scenario**

The PD Forum would like to remind the Board of our comments on this topic, submitted to you as part of our response to the call for input on "Issues included in the annotated agenda of the seventy sixth meeting of the CDM Executive Board and its annexes"<sup>1</sup>.

Further background on our position was:

- Provided by letter, dated 8th May 2013<sup>2</sup>
- Made as part of our response to the call for input on "Issues included in the annotated agenda of the seventy fourth meeting of the CDM Executive Board and its Annexes"<sup>3</sup>

## **Annex 8: Draft Standard: Uncertainty of measurements**

The PD Forum notes the preparation of the draft standard on uncertainty measurements and its origin at CMP7. The CMP's guidance to the EB in Durban linked the treatment of uncertainty with the issue of materiality and whilst the PD Forum welcomes progress on both these issues, we would note that the concept of materiality has been applied by DOEs in a way which does not facilitate the application of the materiality thresholds. Therefore it is unclear to us how this draft standard means that "these types of uncertainties do not need to be considered in addressing materiality".

With respect to the standard, we note the following:

Para 4: Is the secretariat able to estimate how many emission reductions are currently issued to projects in this category using methodologies which do not already have uncertainty calculations included? It would be helpful for the EB to understand the impact that this standard may have, and whether that impact would change significantly if the thresholds were changed. This is relevant to the question of whether or not the proposed scope of coverage means that the overall burden of uncertainty is being carried by a selection of projects and technologies whilst others remain un-burdened.

Para 13, which in the event that two instruments are used to measure a single parameter

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<sup>1</sup> <http://www.pd-forum.net/files/9d8c423bb178c92c36dbe22309b4bf0e.pdf>

<sup>2</sup> <http://www.pd-forum.net/files/c5511e7a0cf371cbe8528a91cb7e226d.pdf>

<sup>3</sup> <http://www.pd-forum.net/files/3a547ad841bebe82c719a2cd11ce216b.pdf>

during a monitoring period, requires the application of the lower level of precision for the entire period. We propose that this is un-necessarily strict. Data for both periods would be available and can be used to determine the relevant uncertainty. PPs are unlikely to choose to switch monitoring equipment during a monitoring period voluntarily and enforcing the lower standard penalizes PPs un-necessarily. The guidance is inconsistent with the degree of laxity applied to meters which are beyond the control of the PPs (see Para 15).

Para 21: The PD Forum has previously proposed that the "non-issuance" of CERs to address concerns of uncertainty and conservativeness is made more transparent. By requiring selected projects to deduct emissions via corrections to calculations in the monitoring report, the CDM is missing a very significant opportunity to demonstrate its high standards to stakeholders. Once again, the PD Forum proposes that these deductions are made ex-post, by firstly issuing CERs and then cancelling them, at the point of issuance, into relevant accounts – in this case an "uncertainty cancellation account". If units are cancelled in such a transparent manner, then the CDM EB can transparently demonstrate to stakeholders exactly how the CDM has addressed uncertainty and how many CERs have been held back in the process. Under the current proposals, PPs simply lose CERs via calculation methodologies and gain nothing in return.

#### **Annex 10: Process for dealing with letters from DNAs that withdraw approval/authorization**

The PD Forum's position remains as outlined in our response to the call for input on "Issues included in the annotated agenda of the seventy sixth meeting of the CDM Executive Board and its annexes"<sup>4</sup>, with the following important addition; we propose that Host Parties may withdraw the letter of approval with the written agreement of the project focal point(s), which would be obtained when a project voluntarily closes or after a project completed a host country LoA withdrawal procedure. In this event, a new category of project needs to be created in the CDM Project Cycle so that projects without LoAs are not listed as registered projects in the CDM pipeline and procedures need to be established for the re-issuance of an LoA, re-starting of crediting period etc.

Otherwise, our position remains the same, namely that Host Parties should not be able to use the withdrawal of a letter of approval as a means to stop projects from generating emissions reductions during the current crediting period. Project Participants have applied for and received unconditional Letters of Approval with the intention of generating CERs to supplement the financial income from investments in low carbon technology. Unconditional LoAs have been issued to PPs and PPs and investors have proceeded with the implementation of project activities accordingly.

In the event that a host party wishes to stop a project from claiming CERs, they should rely on their own legislative and regulatory procedures in order to bring about a transparent and justified cessation to the project activities. DOEs are required to verify that the project is compliant with host country regulations prior to requesting issuance. Such requirements provide more than adequate means by which Host Parties can delay or stop existing registered projects from requesting issuance. Failing this, Host Parties may unilaterally raise a request for review at the point of issuance, giving both Parties and PPs a transparent means of justifying their action.

Recognizing that the granting of a host country LoA is solely the responsibility of the Host Country, and that Host Countries are entitled to and indeed encouraged to establish procedures for the granting of such letters, the PD Forum strongly believes that the any steps to cancel or withdraw an LoA should also follow a clearly defined process and that any

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<sup>4</sup> <http://www.pd-forum.net/files/9d8c423bb178c92c36dbe22309b4bf0e.pdf>

communication to the EB should be required to demonstrate that certain minimum standards have been fulfilled, for example, decisions follow a defined process, are based on a transparent, factual assessment with stakeholder consultation and a right of appeal.

As noted in paragraph 3 of the cover note to Annex 17, "Parties may wish to address the issue of a Party withdrawing or suspending a letter of approval for a project activity or a programme of activities as part of the review of the modalities and procedures". We would re-iterate that given the fact that the Parties will discuss the review of the Modalities and Procedures shortly, the Board should delay any decisions on this topic. We therefore again urge the Executive Board to reject the Secretariat's recommendation and await further guidance from the Parties.

#### **Other: Batched Issuance Requests for PoAs**

At EB 75, the EB requested the secretariat to "43. [...] continue working on the issue of batched issuance requests for a monitoring period of a PoA, to explore if and under what conditions a request for issuance for the subsequent monitoring period can be permitted before all the requests for issuance for the previous monitoring period have been submitted [...]".

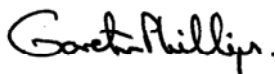
We have noted that this issue was not put on the Agenda for EB 76. We would like to repeat that the PD Forum appreciates the actions to allow a maximum of two requests for issuance for a monitoring period.

However, we would like to reiterate that the current ruling still forces subsequent verifications to be put on hold until all CPAs that were not ready for request for issuance of the first monitoring period are mature enough. Therefore one CPA with problems can still delay the development of the whole PoA. This is especially relevant for multi country PoAs and for PoAs which serve as an umbrella for various actors active in the same field. This ruling also causes legal problems when drafting CPA cooperation contracts between the CME and the CPA implementer since one CPA implementer not related to another CPA implementer will be affected by the underperformance of any CPA implementer of the PoA.

Therefore, we urge the EB to prioritise the work on this issue with the aim of allowing requests for subsequent issuances for CPAs even when not all CPAs of the foregoing Monitoring Period have achieved issuance yet. We would further suggest that this issue is added to the agenda for the first meeting of the EB in 2014, to allow sufficient time for stakeholders' feedback to be collected on this issue.

We thank you for the opportunity to provide our comments on the annotated agenda and annexes and would be very happy to discuss them with you further,

Kind regards,



Gareth Phillips  
Chair, Project Developer Forum