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

Honorable Members of the CDM Executive Board,

The Project Developer Forum (PD Forum) would like to express our welcome to incoming members of the Board and offer our support to the EB in what will be another challenging year for the future of the CDM. We welcome the publication of the annotated agenda for EB77 and would like to provide the following input on the agenda and other issues.

- **Sampling approaches for decentralized energy efficiency projects (Sampling Standard EB 50 Annex 30):**
  The latest version of the sampling standard includes a provision which is causing disproportionate cost to the implementation of decentralized demand side energy efficiency projects (such as cook stoves). We illustrate the issues and propose a solution in Annex 1.

- **Input on Project Standard (Calibration requirements):**
  The calibration requirements in the Project Standard are causing disproportionate effort for immaterial effect on the emission reduction calculations in particular for decentralised energy efficiency POAs using low-tech monitoring equipment. We illustrate the issues and propose a solution in Annex 2.

- **Input on VVS/POAs (Selection of DOEs):**
  While the VVS provides clarity with regards to selecting DOEs for verification activities for CDM project activities (for large-scale projects, the DOE must be different from the DOE that validated the project; for small-scale projects, the DOE may be the same), it provides no such clarity for POAs. This results in uncertainty for project participants when selecting a DOE for verification. We illustrate the issue and propose a number of possible solutions in Annex 3.

- **Roundtables and web-based interactions:**
  Finally, we would like to raise some points regarding the CDM Roundtables and stakeholder interaction. We understand that dates have not been set for CDM Roundtables and we would like to request that dates are set and communicated to stakeholders with a note explaining that, depending on the level of interest, they may be cancelled. We believe it would be easier to plan and then cancel a meeting rather than not plan to hold one and then find that there are issues for further discussion. Furthermore, we would also like to request that the Secretariat considers holding the Roundtables via webex or another web-based conference provider. This would reduce the costs and travel-related impacts of holding the roundtables and possibly make it easier for stakeholders to participate.

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We would also like to request that the EB considers allowing web-based interaction with stakeholders during the observer session either at the end of each EB meeting, as is currently the case, or at the beginning of the meeting, as is the case for interactions between the EB and the DOE Forum and DNA Forum. We propose that this would make it easier for stakeholders to participate and, if at the beginning of the meeting, to make contributions before decisions are made. It would, at the same time, demonstrate the use of technology to reduce GHG emissions.

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,

Rachel Child
Co Vice Chair, Project Developer Forum

Annex 1: Input on sampling approaches for decentralized energy efficiency projects (Sampling Standard EB 50 Annex 30)

In decentralized demand side energy efficiency projects (such as cook stoves projects), sampling is applied for the monitoring of emission reductions. The latest version of the sampling standard includes a provision which is causing issues for the implementation of the project type named above. This is illustrated for the example of a cook stove project below:

For cook stove projects, it is required to monitor stove efficiency, together with stove usage and possible additional parameters such as continued use of baseline stoves. While stove usage and additional parameters (proportional parameters) can generally be assessed by simple on-site checks and questionnaires, efficiency monitoring (mean value parameter) requires sophisticated tests, implying several hours spent in each household by trained and certified experts using calibrated equipment.

Typically monitoring of cook stove projects takes place in vast areas with rudimentary infrastructure; visiting of representative samples of households under such conditions represents a huge effort and often requires many entire days spent travelling. Moreover the monitoring and especially the efficiency tests imply a mayor interruption of the households' daily activities.

It is therefore very helpful and even necessary to monitor both stove efficiency (generally WBT Test), stove usage (survey) and other possible parameters (survey) in a single effort. According to the sampling standard ver. 04.1 (EB 50 Annex 30) however, this would imply to test the stove efficiency in every single household interviewed on stove usage, though the sampling size for this parameter (a mean value parameter) is generally much lower than for proportional parameters such as stove usage.

This is illustrated in the example given in the sampling guidelines version 3, page 59, where minimum sample sizes are 98 for stove usage (here called "retention rate"), 62 for continued use of baseline stoves and 34 for stove efficiency. According to this example and the sampling standard ver. 04.1, efficiency would have to be tested for 98 stoves if a common survey is chosen.

Testing the efficiency of such large numbers of cookstoves is not feasible with reasonable effort. Moreover, such large oversampling for efficiency testing will not lead to any improvement of data and is statistically unnecessary since the 90/10 precision can also be achieved with much lower sample sizes for the efficiency. Moreover, the selection of separate samples for each single parameter would lead to huge, unjustified efforts that can hardly be born under LDC conditions. (98+62+34=194 households to be visited in the case of the example of the sampling guidelines mentioned above).

Footnote 8 is therefore adding an unnecessary burden for the development and issuance of decentralized energy efficiency projects which are one of the main project and PoA types implemented in underrepresented regions, while not adding any quality to the process. We urge the EB to revise the sampling standard to allow sampling of all parameters within one sample as long as the random selection of sub samples can be ensured.

Annex 2: Input on Project Standard (Calibration requirements)

Project Standard version 5 Para 56 (f) states:

> "*Specifications of the calibration frequency for the measuring equipments. In cases where neither the selected methodology, nor the Board's guidance specify any requirements for calibration frequency for measuring equipments, project participants shall ensure that the equipments are calibrated either in accordance with the local/national standards, or as per the manufacturer's specifications. If local/national standards or the manufacturer's specifications are not available, international standards may be used*"

In the case of decentralized energy efficiency PoAs, low tech monitoring equipment (e.g. thermometer and scale) are often used. A high accuracy and frequent calibration for such equipment and tests do not have a material effect on the CER calculation. The lack of standards or national regulations make monitoring unnecessarily complicated and add another unnecessary issuance risk for this project type.

In an old version of the calibration requirements, the following provision was included: *"(c)Measuring equipment should be certified to national or IEC standards and calibrated according to the national standards and reference points or IEC standards and recalibrated at appropriate intervals according to manufacturer specifications, but at least once in three years"*

This ruling, while not easy to apply, did at least provide planning security for PPs (as every 3 years low tech equipment could be replaced). We therefore urge the EB to revise the project standard to:

- Include exemptions for LDCs and underrepresented countries in regard to the calibration requirements;
- Differentiate the calibration requirements by the possible quantitative impact on CER issuance (e.g. relaxed requirements for micro-scale projects and projects and POAs using decentralised systems);
- Include default requirements for the most commonly used low-tech equipment for calibration frequencies and precision.

Annex 3: Input on VVS/POAs (Selection of DOEs)

The Project Developer Forum (PD Forum) appreciates the continuous effort of the EB and the Secretariat in improving clarity and transparency in the CDM project cycle, including by improvements in the VVS, PS and PCP. The PD Forum aims to encourage this effort by making suggestions to the EB for further improvements based on the experience of our members implementing CDM project activities and POAs.

The VVS provides clarity with regards to selecting DOEs for verification activities for CDM project activities. For large-scale projects, the DOE must be different from the DOE that validated the project. For small-scale projects, the DOE may be the same. However, the VVS provides no such clarity for POAs.

VVS para 208 states that "*a DOE shall not perform verification functions on a project activity for which it has performed the function of validation/registration*", but that the EB may grant an exception. Reasons for granting or rejecting a request for such an exception are not given in the VVS. EB70 para 86 requests DOEs to provide further justification in their request for an exception on
"*inter alia, the following:*
(a) Availability of, and access to, DOEs that are accredited to undertake verification activities in the region;
(b) Impacts of the same DOE undertaking both validation and verification activities on the transaction costs of the PoA;
(c) Measures that the DOE proposes to implement to safeguard impartiality and integrity of the DOE in undertaking such activity;
(d) Total estimated size of the PoA."

Unfortunately, the EB70 request does not provide clarity on the rules applied by the EB in granting or rejecting the request, and suggests a subjective assessment without objective criteria. This results in uncertainty for project participants when selecting a DOE for verification, in particular in countries with few active projects and where availability DOEs may be a problem.

In order to provide project participants with more certainty regarding whether the selected and contracted DOE is eligible for performing verification activities, particularly important in under-represented areas, where few DOEs are available, the PD Forum would welcome an EB decision that either clarifies the rules in the VVS or provides objective criteria for the EB assessments of requests for exceptions.

The PD Forum would like to present a number of specific suggestions, including in light of the possibility of batched issuance of CPAs (EB75 paras 42 and 43), to increase the clarity of the rules, or objectivity of the assessment. As we are comfortable that the strict accreditation standards guarantee impartiality and integrity of DOEs, the PD Forum proposes to allow verification and validation by the same DOE at least under the following objective criteria:

- With regards to scale:
  - As for project activities, a DOE may perform verification functions on any small-scale POAs, including where it already performed the function of validation/registration.
  - In relation to EB70 para 86 (d), a DOE may perform verification functions on any POAs with registered CPAs with an aggregate estimated annual emission reduction of up to 60,000 tonnes at the time of the end of the subject monitoring period, including where it already performed the function of validation/registration.

- With regards to impartiality and integrity:
  - A DOE may perform verification functions on any (batched) CPAs for which it did not perform the function of validation/registration. Therefore, if a DOE has validated/included CPA 1, it may verify CPA 2.

- A DOE may perform verification functions on any POA for which it did not perform the original function of validation/registration, not including the subsequent inclusion action of a CPA. Therefore, if DOE A initially validated the POA, DOE B may verify any CPA, including for CPAs for which it has performed the function of inclusion.

In addition, the EB may consider alternative criteria relating to EB70 para 86 (a) and (b) to expand the flexibility further, such as those listed below. However, these criteria may seem less objective and may require further analysis and discussion. We hope any such further analysis and discussion does not delay agreement on the criteria above.

- Host country is LDC:
  - A DOE may perform verification functions on any POA or CPA located in an LDC, including where it already performed the function of validation/registration.
- Number of registered projects/POAs in the country is less than 10:
  - A DOE may perform verification functions on any POA or CPA located in a host country with less than 10 registered projects or POAs at the time of the end of the subject monitoring period, including where it already performed the function of validation/registration.
- Central or non-central site of a DOE is not available in the country:
  - A DOE may perform verification functions on POA or CPA located in a host country where no alternative DOE has a central or non-central site at the time of the end of the subject monitoring period, including where it already performed the function of validation/registration.
- Report from DOE's Independence Advisory Committee is available:
  - A DOE may perform verification functions on POA or CPA where it already performed the function of validation/ registration if a report from the DOE's Independence Advisory Committee is available confirming the steps taken to ensure that independence and integrity are not compromised.