

March 21, 2014

CDM Executive Board
c/o UNFCCC Secretariat
D-53153 Bonn
Germany

Re: Call for input on "Issues included in the annotated agenda of the seventy-eight meeting of the CDM Executive Board and its annexes" (17 to 23 March 2014, 24:00 GMT)

Honorable Members of the CDM Executive Board,

We welcome the opportunity to comment on the elements of the annotated agenda of the 78th CDM Executive Board meeting relating to the Annexes 10-13 regarding Programme of Activities (PoAs) and the work plan for improving the efficiency and environmental integrity of the respective methodologies and standards. The following issues are, in our experience, the most urgent barriers currently impeding PoAs:

1. **Batched issuance under PoAs.** Allowing multiple issuances for a CDM Programme Activity (CPA) within a monitoring period would align the monitoring and verification to the practical implementation realities of individual CPAs, which often have different monitoring and verification schedules. Flexibility that allows the CME to decide when to submit a single or bundle of CPAs for issuance would greatly advance the effective functioning of PoAs without reducing their environmental integrity. Failure to recognize this in the current regulatory framework governing PoAs is impeding investment and the ability for PoAs to fulfil their potential to mitigate GHG reductions.

The Secretariat has raised some concerns relating to leakage from some methodologies in their concept note on the issue of batched issuance. Whilst we appreciate the concern about negative leakage, we suggest alternative approaches be explored for addressing this problem, since Option 1 as proposed is unnecessarily restrictive in cases where CPAs consist of a larger number of unrelated activities limiting the likelihood of "negative ERs" for the CPA as a whole.

2. **Further work on methodologies, tools and standards –**
 - a. It would be useful if regulations allowed developers flexibility to adopt new improved technology/measures or access better alternatives occurring as a result of changing policy/economic conditions during a crediting period. A simple example for this could be to permit a household to change from use of SHS to the grid connection. Clear guidance on the information needed for re-assessment of baseline and probably additionality would be useful for many rural electrification programs.

- b. Improvements to allow smaller random samples within a larger sample could substantially reduce the costs for monitoring without negatively impacting environmental integrity.
 - c. Additionally, simple calibration defaults for commonly used monitoring equipment (e.g. thermometers for water and scales for fuel wood) would avoid situations where projects are required to use high end monitoring equipment since simple technologies have no calibration requirements.
3. **Simplified CPA inclusion for PoAs addressing micro scale activities.** Recognizing that simplification of the PoA procedures lowers transaction costs, promotes efficiency and predictability, it is recommended to establish an **optional simplified CPA inclusion procedure for PoAs addressing micro scale** activities. Under simplified procedures the Coordinating/Managing Entity (CME) would directly include the micro scale CPAs into a PoA that has been registered and validated by the DOE. The CME will only include micro scale CPAs into the validated and registered PoA provided they complied with an EB pre-approved simplified eligibility template.
4. **Address CPA threshold limits** – Applying the micro-scale thresholds at the underlying unit level (instead of the CPA level) can substantially reduce transaction cost in providing more flexibility in grouping individual activities to CPAs. Currently **micro**-scale thresholds are applied at the level of each CPA rather than at the unit level or project activities level. This results in the current practice of artificially grouping project activities (e.g. solar lighting projects) into bundles of activities that meet the threshold.

We look forward to continued co-operation on these issues with both the EB and its secretariat. Should further information be required, please do not hesitate to contact us.

Sincerely,



Klaus Oppermann
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Carbon Finance Unit