Template for comments

Date:	Document:

TABLE FOR COMMENTS

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0	1	2	3	4	5	6
#	Para No./ Annex / Figure / Table	Line Number	Type of comment **ge** = general **te** = technical **ed** = editorial	Comment (including justification for change)	Proposed change (including proposed text)	Assessment of comment (*to be completed by UNFCCC secretariat*)
				These comments are for Annex 22 of SSCWG 45 and not for Annex 23.		

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1			**ge**	Avoiding “artificial splits of CPAs” is one policy objective, and “optimized CPA structuring” is another policy objective in the information note. It seems worthwhile to consider the two for different PoA types since they do not entirely overlap. The information note states that CMEs structure CPAs for installation date, technology, source of funding and monitoring. The note also stresses that transactions costs should be reduced and other implementation costs as well. Indeed there are closely related. Perhaps not only transaction and other implementation costs but all costs for PoAs should be included in the threshold consideration. In particular economies of scale in production of PV, stoves, SWH are distinct and can force CMEs to increase CPA size and otherwise optimize CPAs. Most importantly for innovation and experimentation, CMEs should be enabled to design CPAs for household classes. For example, one CPA could comprise imported stoves suitable for a certain range of household incomes, while another CPA comprises locally manufactured stoves for a different household income level range. Such customizing of CPAs is evident in a number of stove PoAs that are currently expanding. Recent scientific impact evaluation studies of improved cookstoves have led to contradicting results, and this should be considered as evidence that there is much further insight into stoves’ impacts on household economics that can potentially lead to a refinement of CPA designs. Threshold considerations for CPAs should not hinder such refinements. Potentially customizations of CPAs for household classes can play a role particularly for solar water heaters and for biogas. PoAs and component CPAs have strong principle-agent relations and CPA designs can be shaped by them.		

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2			ge	The SSCWG suggests a preference of option A) over option B). It might be helpful to underline that this choice has different impacts for SWH, biogas and stoves, versus impacts for PV, SHS and wind. Options A) and B) seem similar for SWH, biogas and stoves because funding (subsidies from ODA, utilities or governments) is always the main factor for CPA size. The case of South African SWH PoAs is instructive for the strong link between subsidies and CPA sizes. SWH production has considerable economies of scale but never strong enough to concern additionality. While options A) and B) are not similar for PV, SHS, lighting and wind, not because of economies of scale in production but because of economies of scale in CPA operations. For SHS, "pay-as-you-go" innovations can inform threshold considerations. Possibly 36 months are not enough for a SHS CPA to achieve the number of customers required to make it commercially viable. Economies of scale in operations are decisive. For PV and for wind, the unit threshold of 5% of SSC threshold is unlikely to affect CPA designs significantly, nor will the 36 months limit influence CPAs. The information note states for PV the raised threshold corresponds to 1,000 to 3,250 households. Where units are larger, the additionality analysis reflects the households' payment and there are no new monitoring costs. For lighting, the economies of scale in operations are the strongest of all PoA types and therefore it is unlikely that a 36 months limit would affect operations. If the above considerations are pertinent, then the SSCWG's preference for option A) over option B) appears rather weak.		