

TABLE FOR COMMENTS

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#	Area*	Related CDM regulatory document (if any)	Para no. (if any)	Issue (Description of an issue concerning a specific CDM rule or operation that you consider results in unnecessarily high burdens or transaction costs on stakeholders, together with a description of the observed burdens or costs and their implications)	Proposed change (Description of an idea for simplification/streamlining of a particular CDM rule or operation and expected implications on the efficiency and integrity of the CDM)
1	General	Project Cycle Procedure (PCP) Version 07.0, Project Standard (PS) Version 07.0 and Validation and Verification Standard (VVS) Version 07.0	Overall	<p>1) The Project Cycle Procedure (PCP), Project Standard (PS) and Validation and Verification Standard (VVS) documents have several issues in common and whenever an issue is revised, usually all 3 documents have to be updated to ensure compatibility. In addition, whenever a reader needs to search for a specific topic in order to clarify a particular doubt, it is never clear where (which document) the referred information could be found, thus, making the reader to assess all 3 documents (PCP, PS and VVS) in order to make sure s/he is covering all necessary aspects. Therefore, it doesn't make sense to keep PCP, PS and VVS separated.</p> <p>2) In addition to the identified redundancies, the PCP, PS and VVS frequently refer to each other (e.g. the PS stating that a determined rule shall be in accordance with another process as defined in the PCP or vice-versa). One example of this is the renewal of the crediting period, where complementary information can be found among PCP, PS and VVS.</p> <p>3) The fact that "Amendments" to these documents are often published in separate documents, (e.g. "CDM-EB80-A06-AMEN"), PS (e.g "CDM-EB80-A05-AMEN") and VVS (e.g. "CDM-EB80-A05-AMEN") leads to further confusion and implies the risk that crucial information is being missed or misinterpreted.</p>	<p>1) It is proposed to merge the PCP, PS and VVS into one/single document that could be divided in different sections to address different issues. Proposed name: "Guidelines for CDM Activities". Text repetitions and redundancies would be eliminated to create a single reference document. Such a document can still offer specific information where necessary and applicable for different processes, i.e. for stand-alone CDM project activities and for PoAs/CPAs, for instance.</p> <p>2) All the information related to the same topics should be the simplified, consistent and found centralized in a single document.</p> <p>3) All "Amendments" of each PCP, PS and VVS should be incorporated in the same document rather than in a separate document. In case any such amendments are subject to a grace period, versions and validity dates of the document can be defined. In addition, differences between versions can be highlighted as already applicable for CDM methodologies.</p> <p>We believe that the presented proposal will ensure common understanding of applicable CDM rules for project participants, project developers, stakeholders, reduce risk for misinterpretation and disputes and this increase the efficiency of the process.</p>
2	Methodology development, Methodology revision and Methodology clarification	Development, revision and clarification of baseline and monitoring methodologies and methodological tools	Overall	<p>Requests for clarification, revision, deviation, etc. are taking long and uncertain time to be responded and responses are often vague and inconclusive. One example is the request for clarification sent on 27-Oct-2014, which may receive an answer after MP66, i.e., end of March 2015, almost 5 months (if not postponed), which is not reasonable.</p>	<p>All clarification, revision and deviation requests to the CDM Board, Secretariat or Panels should be subject to a maximum response period of 60 calendar days. In case of additional information or clarification is required by the CDM Executive Board or the Secretariat, applicable requests shall be issued within maximum 30 calendar days of the date of the original request as submitted by the PPs. Once such a request was received by the PP, he shall deliver the additional information or clarification within 15 calendar days (up to day 45 of the process), which allows more 15 days (up to the 60th day) to the CDM Board, the Secretariat or Panels to prepare and submit a final response.</p>

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3	Registration & Issuance	Project Cycle Procedure (PCP) Version 07.0	66 - 77, 198 – 207.	The requests for registration and issuance processes are too long, complex and costly.	In order to reduce costs and enhance its efficiency, we propose that the registration and issuance processes should be simplified and streamlined in the following way: By eliminating the “completeness check” and “information and reporting check” phases or replacing them by a single “pre-assessment” phase, but which shall be incorporated in the already existing “request for registration” or “request for issuance” period, respectively. Therefore, the whole request for registration or issuance process, including the suggested “pre-assessment” phase should not take more than 28 days after its commencement.
4	Issuance	Project Cycle Procedure (PCP) Version 07.0	185, 194	The necessity to specify the start and end dates of the monitoring period covered by the monitoring report should be waived.	Project participants should have the option to update and therefore extend or alter the monitoring period under verification after the publication of the Monitoring Report and prior to the conclusion of the Verification Report. This will allow PPs to adjust its issuance strategy in relation to market conditions.
5	Registration & Issuance	Project Cycle Procedure (PCP) Version 07.0	62 - 65, Appendix 1. Fee schedule	Transaction costs have to be reduced to account for the new market situation and to ensure that the CDM can play its role as a domestic carbon market instrument in Non Annex I parties. High registration and issuance fees are not in proportion to the effective administrative costs of the CDM and under current market circumstances prohibitive, especially for developing countries: <ol style="list-style-type: none"> 1) For most projects, registration and issuance costs exceed the cost of validation and it seems unreasonable that the UNFCCC Secretariat and the CDM Executive Board would spend more time and resources for project assessment than the DOE. 2) We understand and recognize that the valuable work that the UNFCCC undertakes to warrant the reform and the future of the CDM will also need to be financed, but we also recognize that past revenues have generated financial reserves that will allow to sustain the operations of the CDM for another 4 years, without taking additional revenues into account (2014 Annual Report of the CDM-EB to the CMP). 3) Though many project developers are preparing for increasing carbon prices in the future, the current price depression makes it difficult to justify such early action; especially of the transaction costs surpass the current market value of the expected CERs. 4) Many developing countries are interested in using the CDM as domestic offset mechanism, but due to high transaction costs they tend to develop alternative schemes or use the 	To address the problem of disproportional transaction costs and ensure the use of the CDM also for domestic mitigation policies we propose reduced and differentiated registration and issuance fees. <ol style="list-style-type: none"> 1) Registration and issuance fees for all kind of projects in Least Developed Countries (LDCs) shall be waived. 2) For all other countries registration fee and issuance fees (Administration Share of Proceeds) shall be reduced, at least for a transitional until 2020 as follows: <ol style="list-style-type: none"> a. For small scale projects a general fee of USD 0.05 (five dollar cents) shall apply. b. For large scale projects a general fee of USD 0.10 (ten dollar cents) shall apply. c. In relation to the registration fee we propose to cap the fee at 30.000 USD maximum as very high values at this stage are impeditive to project registration. d. In relation to the issuance fee we propose a unique fee for all CERs issue, regardless of the volume being above or below 15.000 CERs. 3) The issuance fee should not be applicable or required to be paid for the 2% of the CERs that goes to the UNFCCC, which is the current practice. To pay for a CER that will not be owned by the PPs of a CDM project activity, this sounds neither reasonable nor appropriate. 4) For issuance of CERs where project participants indicate

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				<p>CDM without the UNFCCC infrastructure. Both options compromise comparability and fungibility of the mitigation results and prevent the development of a global carbon market.</p>	<p>that CERs will be used to facilitate mitigation in Non-Annex I countries no issuance fees (Administration Share of Proceeds) shall be charged to promote the use of the CDM to facilitate domestic mitigation, as well as South South cooperation.</p> <p>Therefore, only CERs to be used for compliance by UNFCCC Annex I countries shall be subject to the Administration Share of Proceeds.</p> <p>The effective destination of CERs can be controlled by the UNFCCC based on the procedures of forwarding CERs from the pending account of the CDM Registry to a holding account in the respective national registry. In response to this incentive it is expected that NON-Annex I countries that are interested to use the CDM as domestic flexibility mechanism will put the adequate registry infrastructure in place.</p> <p>We believe that the proposed measures will allow project participants to continue the use of the CDM to support and document their early actions based on the CDMs unique capability to ensure MRV and fungibility. Moreover Non Annex I countries will be attracted to use the CDM as a domestic flexibility tool, thus ensuring global comparability of their mitigation results. Moreover, the increased usage of the CDM will lead to increased revenues and financial sustainability of the CDM Executive board and its infrastructure, in spite of lower fees.</p>
6	Post-registration changes	<p>Project Cycle Procedure (PCP) Version 07.0, Project Standard (PS) Version 07.0, Validation and Verification Standard (VVS) Version 07.0 and “Guideline on the application of materiality in verifications” (Version 01.0)</p>	<p>PCP: 136 - 142, 144 - 148, 153, 159, 160; PS: 199 (b), 228, 249, 265, 280 - 283, 299 and Appendix 1. Changes that do not require prior approval by the board. VVS: 271, 286, 292 – 295, 310 – 321, 323 – 328 and 349.</p>	<p>Minor changes in the project design (after its implementation) compared to the registered PDD (e.g. small differences in the nominal installed capacities) result in significant delays in the verification and issuance processes, besides additional costs. Those small changes are beyond PPs control and may happen due to suppliers' manufacturing process or limitations, but not originated by the project owners.</p> <p>Due to such small differences, DOEs and PPs spend a disproportionately large amount of time and resources to address these small changes that will not affect baseline emissions, project emissions, emission reductions or even the additionality. For those cases, the post-registration changes should be not necessary.</p> <p>Therefore, revision in the PCP, PS and VVS are required in order to enhance efficiency of the verification process, but it should be also in line with the materiality concept.</p>	<p>To establish that minor changes or changes that do not affect baseline emissions, project emissions and/or emission reductions up to 3% should be neglected (i.e. if the installed capacity verified in a power generation unit of a power plant is not higher or lower than 3%, this should not result in a request for changes in the PDD). This issue should be simply identified and reported in the verification report without requesting an approval by the CDM-EB.</p> <p>The recommendation suggested above would definitely reduce costs due to the current time and resources spent by project participants, developers, DOEs, UNFCCC Secretariat, RIT and CDM-EB to solve these requests for approval.</p>

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7	Post-registration changes	Project Standard (PS) Version 07.0	274 – 276	<p>Changes to the start date of the crediting period.</p> <p>Due to the low prices of CERs in the carbon market, the implementation of several CDM projects have been delayed and/or postponed in many Non-Annex I countries. Similar behaviour has been noticed for monitoring and verification activities. Both are a result of uncertainty of future income from the CERs revenues and financial constraints. These projects need the CER prices to become higher in order to overcome financial constraints, as well as to be implemented and to engage monitoring and verification activities. As a result of such circumstances, many registered CDM project activities are delaying and postponing their verification audits, being therefore prejudiced due to the fact that they are “<i>loosing</i>” part of their crediting period as they are not being able to generate and/or quantify their emission reductions.</p> <p>This situation becomes even worse when considering the fact that the EU ETS, which still is one or perhaps the major buyer of CERs, is not accepting CERs from the monitoring periods before 31/12/2012 (KP CP1) anymore.</p> <p>Therefore, the current applicable rule which states that “<i>Project participants of a registered CDM project activity may not request any changes to the start date of the crediting period of more than two years – not more than four years for project activities hosted by a Least Developed Country</i>” should be revised in order to properly address:</p> <ol style="list-style-type: none"> 1) Delays in the projects’ implementation and/or MRV (Monitoring, Reporting and Verification) activities. It is known that many projects registered under the CDM did not start construction yet, while other face financial difficulties in order to implement a proper monitoring plan and/or to start MRV activities; 2) Adjusts the start date of the crediting period of each project in line with each project activity implementation chronogram and its commencement of operation date (COD). Thus, the monitoring period will not cover a period without emission reductions generation; 3) The option to postpone the crediting period start date in order to allow PPs to wait for a price recovery of the CERs in the carbon markets. 	<p>Project participants of a registered CDM project activity, PoA or CPAs, should be allowed and given the option to request changes to the start date of the crediting period for more than two years, upon proper justification, which could be confirmed and validated or verified by an accredited DOE. Therefore, Project Standard (PS) Version 07.0, paragraphs 274 – 276 should be revised accordingly in order to reflect the proposed change.</p> <p>By changing this rule, this would significantly help PPs and their registered projects to <i>properly adjust</i> the start date of the crediting period of each project and, therefore, wait for a price recovery of the CERs in the carbon markets in order to overcome financial constraints for their implementation as well as for engaging MRV activities.</p> <p>In addition, by postponing or “<i>moving</i>” forward the start dates of the crediting period, this would in some cases (where CDM project activities become operational before the new crediting period start date) grant an additional environmental, social and voluntarily co-benefit, as emission reductions would occur as a “<i>surplus</i>” without extra costs, contributing therefore for mitigation and adaptation measures of the whole society against climate change.</p>
8	Accreditation	CDM Accreditation Standard (Version 06.0)	General	<p>We have been noticing that many DOEs have been requesting the withdrawal of their accreditation under the CDM. This represents a significant loss for the CDM in term of qualified personnel and also reduces competitiveness among DOEs. These have been happening</p>	<p>To revise, diminish, reduce and simplify the Accreditation Panel requirements on DOEs in order to grant more flexibility for DOEs to define on their internal processes in a more efficient and less costly way, but without losing on quality of validation and verification</p>

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				mainly because two key reasons: 1) due to the low CER prices, which makes CDM registration and issuances activities less attractive for project participants and developers, consequently diminishing the market demand for validations and verifications services and making DOEs to dismiss their professionals due to the lack of work; and 2) the increasing and excessive level of scrutiny, requirements and bureaucracy inappropriately created and requested by the Accreditation Panel to the DOEs, which makes the whole accreditation process, their internal procedures and control, as well as their qualification standards of their personnel undeniably more complex and expensive. In other words, it just doesn't make sense to create more rules and generate more bureaucracy for DOEs if the demand for validation and verification services is drastically reduced. Otherwise, by keeping and/or increasing the current level of requirements for DOEs, which increases their costs, this will be in some way an "invitation" to the existing DOEs to also withdraw their CDM accreditation status.	services to be provided. A closer approach with all DOEs is strongly recommended in order to get their feedback about what could be done or changed in the Accreditation Standard in order to alleviate unnecessarily high burdens and/or operational costs on DOEs.
9	Registration	PCP, version 9.0	77-89	Excessive additional/redundant reviews at the UNFCCC (CC, I&RC and summary note) take too long and increase costs.	Review stages at the secretariat (CC, I&RC and summary note, taking today around 8 weeks) shall be condensed in a single process to be performed in a much shorter period than today period of no more than 4 weeks. Incompletes (at CC and I&RC) if answered in a short period, for example, one week, will not be kicked out (re-started) of the process.
10	Other specific process	Procedure for DNA Submission of Microscale Renewable Energy Technologies for Automatic Additionality	-	Lack of participation/inputs: only 12 DNAs have proposed specific renewable technologies/measures for consideration by the Board for automatic additionality among which none in Sub-Saharan African countries.	- The current "Procedure for DNA Submission of Microscale Renewable Energy Technologies for Automatic Additionality" should be modified to allow not only DNAs but also any other entity to propose specific renewable technologies/measures for consideration by the Board for automatic additionality. Additional budget provisions should be reserved to non LDCs Sub-Saharan African countries to identify Special Underdeveloped Zones.
11	General	-	-	Capacity gap: Potential stakeholders in under-represented countries such as Sub-Saharan African countries, especially LDCs, are chronically under-equipped to fully master and apply the stringent administrative and regulatory framework established by the CDM. Project proponents often lack the internal expertise, awareness and resources to comply with all steps and requirements of the CDM project cycle in parallel to their challenging business environment, while DNAs also face frequent under-staffing and unavailability of resources to promote the CDM, evaluate project proposals and properly monitor Sustainable Development indicators.	- The existing CDM loan scheme mechanism should be reinforced as follows: <ul style="list-style-type: none"> o The threshold of 10 registered project activities as of beginning of submission year should be turned into 10 issued project activities o Bi-annual call for projects frequency should be increased to quarterly calls o Additional budget provisions in the magnitude of US\$ 50 M. should be reserved for LDCs
12	Other specific	-	-	Field visits costs: implicitly required on-site inspections of monitoring	- On-site visits exemptions at validation stage and at recurrent

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	process			surveyors and visits of DOE auditors at validation and/or verification stage result in significant travel costs than can be deterrent especially for multiple, scattered devices activities (e.g. improved cookstoves) and unstable countries/areas.	verification stage should be clarified and simplified depending on status of project, safety issues and means of distance validation/verification of critical parameters. Field surveys at monitoring stage should be left optional (or only partially required) in case of drastically distant appliances/users and/or unsafe areas, where phone/SMS monitoring procedures could conveniently make up for physical inspections' complexity and cost.
13	Materiality			Many CDM projects and PoAs have experienced costs and delays relating to issues that are non-material in nature. The risks, costs, uncertainties and timelines relating to these activities are therefore increased unnecessarily and their effective implementation is undermined due to issues that have no material impact on environmental integrity	Further application of materiality principles in the CDM. Application of the materiality principle in all aspects of the CDM, including validation and post-registration changes
14	Issuance	Project Cycle Procedure (PCP) Version 07.0	General	For some highly complex project activities (methodologies), the issuance process can become an overly lengthy and cumbersome process. In such cases, it becomes very hard for the Project Proponent / Project Participant to efficiently and effectively explain to the UNFCCC project reviewer the details and technicalities associated to the emission reduction calculations. This situation becomes particularly serious in issuances in which there have been methodology deviations and / or project modifications in the past.	To overcome this problem, it should be possible and / or easier for the Project Proponent to directly address the UN project reviewer in order to explain the subtleties and particularities of the project activity and the corresponding emission reduction calculation without having to do so through the DOE. Note that in this case, the DOE should not be excluded from the review process, but a more direct contact between the Project Participant and the UN project reviewer would certainly simplify and shorten the issuance process in these complex cases.
15	Other: PoAs/CPAs	Project Cycle Procedure (PCP) Version 07.0, Project Standard (PS) Version 07.0 and ACM0002 (version 16.0)	<u>PCP</u> : 19 (h). <u>PS</u> : 198 (including footnote 18). <u>ACM0002 (version 16.0)</u> : 65 – 67.	In the case of PoAs, the current applicable rules require that where more than one technology/measure or more than one methodology is applied, a generic CPA-DD shall be completed for each technology/measure, each methodology and each combination thereof. Taking the methodology ACM0002 (version 16.0) as an example, the following is stated: "CPAs shall not be regarded to be of the same type if one of the following conditions is different: (a) The project activity with regard to any of the following aspects: (i) Renewable energy power generation technology; a. Hydro-power plant/unit; i. Hydropower plant/unit with reservoir; ii. Hydropower plant/unit without reservoir; b. Wind power plant/unit;	It is recommended to revise the referred documents and related paragraphs in order to allow PPs to have the option to merge, group and/or simplify generic CPAs according to methodologies limitations or applicability restrictions, resulting in one single generic CPA containing all possible combinations, at least as long as it refers to the same methodology. In the case of the methodology ACM0002 (version 16.0), which was used just as an example, the referred methodology already clearly describes which are the applicability conditions, baseline scenarios, formulas and equations to be used for determining baseline emissions, project emissions, leakages and emission reductions for each specific case, as well as it defines which and how all parameters need to be fixed ex-ante at validation and monitored ex-post during the verification, among other particularities. Therefore, it is reasonable and it makes sense to revise, simplify and waive such restrictions originated by the current applicable rules for generic CPAs. Hence, in order to reduce costs and enhance on efficiency for PoAs, we propose the possibility to use one single generic CPA per

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				<ul style="list-style-type: none"> c. Geothermal power plant/unit; d. Solar power plant/unit; <ul style="list-style-type: none"> i. Photovoltaic; ii. Heat concentration; e. Wave power plant/unit; f. Tidal power plant/unit; g. Combination of any of the above; <p>(ii) Project activity type:</p> <ul style="list-style-type: none"> a. Greenfield; b. Capacity addition; c. Retrofit of existing operating plant/unit; d. Rehabilitation of existing plant/unit; e. Replacement of existing plant/unit; <p>(b) The legal and regulatory framework;</p> <ul style="list-style-type: none"> (i) Legal regulations; (ii) Promotional policies.” <p>As a consequence of the applicable rules, if PPs desire to develop a PoA for grid-connected electricity generation from renewable sources, using the methodology ACM0002 for example, making use of all technologies (hydro, wind, solar, geothermal, tidal, wave) and applying for all types of project activities such as greenfield, capacity addition, retrofit, rehabilitation or replacement, then PPs will have to create at least 30 different generic CPAs or even more, depending on the objectives of the PoA besides the legal and regulatory framework, which will result in a PoA-DD with an unreasonably large amount of pages. This would directly reflect in additional costs for PPs due to the additional time spent for the creation/elaboration of the PoA and dozens of generic CPAs and for DOEs and UNFCCC for their additional time spent assessing all these documents and generic CPAs.</p> <p>It is not reasonable or acceptable to have to create so many “generic CPAs” just in order to change the content of a few sections and/or paragraphs and keep all remaining text unaltered over and over again among generic CPAs.</p> <p>The methodology ACM0002 was used just as an example, but this approach is not effective, not efficient and unnecessary.</p>	methodology.

*Area: Please choose from the following categories:

General; Registration; Issuance; Post-registration changes; Renewal of crediting period; Other project cycle step; Methodology development; Methodology revision; Methodology clarification; Accreditation; Other specific process.

Please divide your inputs on issue by issue using different rows. Please create as many rows as needed.