

Thomas Grammig
Die Rappenwiesen 3
D-61350 Bad Homburg
Germany

UNFCCC secretariat
SDM
D-53175 Bonn

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**Input on the structure of cornerstone regulatory document of the CDM, the withdrawal of published monitoring report and change of DOE at verification stage, and the voluntary withdrawal of focal point role from a project activity (27 august to 16 september).
Development of consolidated and streamlined set of provisions for PoA**

Your concept note stresses project participants currently need to be aware of all details of PS, VVS and PCP and that a separate set of these only for PoA can reduce the burden for project participants. In addition to assembling this separate set of PoA provisions, you announce a good number of changes, notably the possibility for CMEs to include certain CPAs without validation and similarly for CMEs to register certain PoAs without validation. These changes have been frequently described in public inputs since EB 78.

Certainly of highest importance is allowing CMEs to include CPAs and register PoAs without validation and in shaping these two main changes to take into account that there is a considerable variety of CMEs. The WB-CFU has detected “wholesaler” type CME, which exert more direct influence on CPAs, as opposed to “retailer” type CME, leaving choices of technologies, pricing and other services for CPAs to direct. Indeed this distinction between wholesaler-type and retailer-type CME is salient especially for cookstoves and lighting, where some CMEs use a tight distribution model and other CMEs (often with a higher number of smaller CPAs) assemble quite different CPAs. There are technological factors for this distinction between wholesaler and retailer, for example for solar water heaters, installers exert more control over the implementation than for solar home system PV, but also economic factors in dynamic markets such as in South Africa and Ghana favoring retailer CME whereas in Bangladesh or Vietnam only one wholesaler CME covers a region or the country. So addressing this distinction between wholesaler and retailer can broaden the geographic coverage and the technology variety of PoAs.

It is possible to follow the decision 4/CMP.10 para 17 and 18:

“the rules governing programmes of activities to reflect the special features of programmes of activities in order to facilitate effective implementation and reduce associated transaction costs while....”

and interpret this instruction by allowing CMEs to include CPAs without validation in a manner that wholesale-type CMEs can expand their operations easier and retailer-type CMEs can do this also. In other words, to interpret “special features of PoA” to facilitate as referring to wholesaler-type CMEs thriving with mass-produced appliances like CFLs and uniform CPA operations and also referring to retailer-type CMEs with varied CPAs consisting of more custom-build biogas or stove installations. Such an interpretation is not overly ambitious. The special features that the CMP decision seeks to support are these two forms of operational strengths. Both wholesale-type CMEs as well as retailer-type CMEs shall take



on more responsibilities by pursuing CPAs and PoAs with only ex-post control by DOEs and CMEs ascertaining in advance that their judgment of the PoA provisions is accurate.

The difficulty of allowing CMEs to include CPAs or register PoAs is illustrated by the list of “minimum” eligibility criteria (a) to (l) in 3.2.1 and the list of management system elements (a) to (g) of the PoA Standard (CDM-EB65-A03-STAN). These have led to many “CME Manuals” copying text but much less to specific and effective management solutions, at least not in the PoA documents produced so far. The pre-approved standardized inclusion templates, demanded by the CMP, to be used by CMEs when they include CPAs, are a new opportunity for CMEs to propose criteria reflecting their specific operations and their judgment of risks and opportunities. It would be adequate for the EB to leave the initiative for these templates to the CMEs, i.e. to allow CMEs to propose such templates and to judge each one. Rather than the secretariat to create a generic “Template Form” that CMEs must use, allow a CME to start from scratch when formulating the criteria that assure these CPAs to comply with all requirements. It seems highly likely that a reasonable practice for these templates arises by the best CMEs opening the way.

It would be coherent with the decision 4/CMP.10 para 17 and 18 to enhance the role and responsibilities of CMEs by including CPAs and absorbing the negative consequences of an erroneous inclusion. If CMEs are meant to do this then it is coherent to allow them to translate their PoA experience into the inclusion criteria they judge to be effective. Wholesale-type CME will focus more social and economic conditions of household, community and SME end-users. While retailer-type CME will probably focus more on the CPA operations. When a DOE analyses a PoA-DD for registration, the DOE can judge the inclusion template the CME proposes. The DOE’s judgment of the inclusion template can comprise its opinion that the CME is able to effectively use the template, while the template itself does not effectively preclude all possible erroneous inclusions, the CME using the template does so in its own interest. Inclusion templates would have a different level of inherent prediction than general PoA provisions.

A pre-approved standardized inclusion template designed to cover any CME would constrain the types of PoAs and CMEs that can include CPAs without prior validation through DOEs. Leaving the definition of the inclusion template to the CME and the judgment of the templates to the DOE enhances the roles of both. When DOEs control the inclusion by verifying the PoAs monitoring reports, the DOE reaps the results of its judgment of the template in the first place. When a DOE controls an included CPA ex-post, the DOE’s inflicts harm to the CME with a negative outcome of the ex-post control, the CME gets no CERs for the CPA they have already implemented. Such a negative outcome must be possible even when this DOE judged the template when it validated the PoA. The accurate use of the template can rest entirely with the CME.

Sincerely yours

