

Ninth CDM Roundtable

Revision and improvement of PS, VVS and PCP

Bonn, Germany, 23 August 2013



- **Mandate**

- CDM two-year business plan and management plan 2013–2014, *Revision and improvement of PS, VVS and PCP* (project 180)
 - With the experience gained from the first year of operation, this project incorporates various measures to improve, simplify, and clarify the PS, VVS and PCP
 - Benefit: Greater clarification, transparency, and accessibility

- **Inputs**

- Call for public inputs (24 Sep – 23 Oct 2012)
- CDM roundtables and other in-person interactions
- Queries submitted to the secretariat
- Secretariat's experience

- **Purpose of revision**

- Improve the efficiency and effectiveness of the CDM regulatory framework

- **Scope of revision (under this item)**

- The revision of PS, VVS and PCP due to the development of rules in the following areas are NOT within the scope:
 - PoAs
 - Standardized baselines
 - CCS

Overview of revision of PS, VVS and PCP

- PS, VVS and PCP were first adopted at EB 65 (Nov 2011), and became fully effective in May 2012
- Revised a few times to date (all are currently version 04.0), due mainly to reflecting evolving rules in the area of PoAs
- The revision under consideration is to address all issues recognized to date, other than in the areas of PoAs, standardized baselines and CCS



- **Key issue 1 (Prior consideration check)**

- **Issue 1:** It is not clear what exact information needs to be provided in prior consideration notifications, and whether and/how the DOE should check the information as part of validation.
- **Issue 2:** Timeframe for proposing a new or revised methodology, as a way to be exempted from prior consideration notification, is missing.
- **Proposal 1:** Elaborate what exact information needs to be included in the prior consideration notification, and whether and/how the DOE shall validate the information, including possible cross-checking with PDD.
- **Proposal 2:** Clearly state the timeframe for proposing a new or revised methodology as a substitute of prior consideration notification.

- **Key issue 2 (Changes to published PDD before registration)**
 - **Issue 1:** It is not clear what types of changes to the composition of the project participants or to the contractual arrangement would necessitate the republication of PDD for global stakeholder consultation. Also, there is no provision on the cases where the DOE is replaced by another DOE.
 - **Issue 2:** Currently there is no provision on the cases where other changes occurred to the PDD whether it would require republication of PDD, other than the change to the methodology.
 - **Proposal:** Redefine and clarify the conditions under which the republication of PDD is required:
 - For changes to project participants: It is not required to republish PDD if at least one project participant with contractual arrangement remains;

- **Key issue 2 (Changes to published PDD before registration)**
 - **Proposal:** Redefine and clarify the conditions under which the republication of PDD is required (cont.):
 - For changes to DOE:
 - Option 1: It is always required to republish PDD by the new DOE
 - Option 2: It is not required to republish PDD provided that the former DOE gives its consent, the new DOE accepts the work done by the former DOE on stakeholder comments, and the new DOE is accredited for the relevant sectoral scope
 - For other changes: It may be worth considering to clarify that other types of changes do not require the republication of PDD, unless the change is “substantial” in the area of, e.g. location, processes/technologies, baseline, additionality demonstration and emission reductions

- **Key issue 3 (Direct communication on specific project cases)**
 - **Issue:** Currently, if a request for registration/issuance is rejected after being placed under review, there is no opportunity for the DOE or project participants to request direct communication (a telephone call) to the secretariat for hearing the reason and rationale for the rejection.
 - **Proposal:** Create a step allowing the DOE or project participants to request direct communication for the cases rejected after placed under review, similar to the existing one.

- **Key issue 4 (Project design vs. implementation)**

- **Issue 1:** For the methodologies requiring to check whether the applicability conditions are met at the implementation stage, there may be some methodologies that do not explicitly mention it as a monitoring requirement.
- **Issue 2:** There may be events/situations that occur at the implementation stage that could impact important areas other than the applicability of methodology, e.g. additionality, baseline scenario, project boundary or monitoring and calculation of emissions reductions.
- **Proposal 1:** Introduce a general requirement that the project participants shall demonstrate that the applicability conditions of methodology are met during the monitoring period.
- **Proposal 2:** Expand the scope of the existing requirement to describe the events/situations in the monitoring report that could impact on important areas.

- **Key issue 5 (Post-registration change process)**
 - **Issue:** Current definitions of post-registration changes or deviations and the tracks to be followed for approval by the Board (“prior-approval track” or “issuance track”) may not be appropriate.
 - **Proposal:** Review the current definitions and categorization of post-registration changes/deviations to be approved under the prior-approval track and issuance track, and elaborate and reclassify them, as appropriate.

- **Key issue 6 (Revision and withdrawal of monitoring report)**
 - **Issue 1:** It is not clear whether and what types of changes to a monitoring report could be made by project participants after its publication, not as a result of corrective action request by the DOE, and whether additional site visit by the DOE is necessary.
 - **Issue 2:** There is no process whereby DOEs or project participants can request the withdrawal of published monitoring reports, causing a difficulty for cases where project participants and the DOE terminate the contract on the verification.
 - **Proposal 1:** Clarify whether project participants may make changes to a monitoring report after its publication, and if yes, define what types of changes can be made and the criteria for requiring additional site visit by the DOE.
 - **Proposal 2:** Introduce a process for DOEs or project participants to allow the withdrawal of published monitoring reports.

- **Key issue 7 (Data vintage for ex-post determination of grid emission factor)**
 - **Issue:** For projects applying a methodology allowing ex-post determination of grid emission factors, there is a contradiction in the requirement on the data vintage between the VVS and the tool.
 - **Proposal:** Remove the inconsistency between the VVS and the tool based on the recommendation by MP.

- **Key issue 8 (Withdrawal and resubmission of request for issuance)**
 - **Issue:** For the cases where a request for issuance is withdrawn, it is not clear whether it is only allowed to make a resubmission of the request for issuance for the exactly the same monitoring period, or it is allowed to submit a monitoring report and the corresponding request for issuance for a different monitoring period covering the period in the withdrawn request, and if yes, whether it requires the prior approval by the Board.
 - **Proposal:** Clarify that the submission of a request for issuance for a different monitoring period that covers the period in a withdrawn request for issuance is allowed, provided that a new monitoring report has been published. The necessity of prior approval by the Board shall follow the same principle currently defined for each withdrawal type.

- **Key issue 9 (Renewal of crediting period)**
 - **Issue:** If there is a delay in the notification of the intention of renewing the crediting period, it is not clear when will be the start date of the renewed crediting period, and whether and how the length of the renewed crediting period would be reduced due to the delay.
 - **Proposal:** Clarify that if there is a delay in the notification of the intention of renewing the crediting period, the renewed crediting period starts on the date when the crediting period is deemed renewed, allowing a possible gap from the previous crediting period, and the length of the renewed crediting period is reduced by the gap.

- **Key issue 10 (Deregistering/terminating project activity)**
 - **Issue:** The current CDM process does not reflect the cases where registered CDM project activities are terminated. Also, there is no process whereby project participants can voluntarily withdraw a registered CDM project activity.
 - **Proposal:** Introduce provisions that deal with voluntary withdrawal, force majeure termination and termination under other circumstances.

Other issues

Other less controversial issues that will also be considered in the revision of the PS, VVS and PCP are listed in the Appendix to the idea note, distributed separately.



Next steps

- The secretariat will prepare a concept note for consideration by the Board at EB 75 (30 September - 4 October 2013)
- The secretariat will prepare draft revised PS, VVS and PCP for consideration by the Board at its future meetings, expecting their adoption in 1st quarter of 2014
- Further consultation with stakeholders and the transitional measure are to be decided later

