




2011-0037-S

F-CDM-RtB

 CDM: FORM FOR SUBMISSION OF “LETTER TO THE BOARD” (Version 01.1) <i>(To be used only by the Project Participants and other Stakeholders for submitting Letter to the Board as per Modalities and Procedures for Direct Communication with Stakeholders)</i>	
<i>Name of the stakeholder¹ submitting this form (individual/organisation):</i>	Daniel Blank GFA ENVEST GmbH
<i>Address and Contact details of the individual submitting this Letter:</i>	Address: Eulenkrugstr. 2 Telephone number: +49 40 60306 803 E-mail Address: daniel.blank@gfa-envest.com
<i>Title/Subject (give a short title or specify the subject of your submission)</i>	Comments on “Guidelines on common practice” (EB63, Annex 12)
<i>Please mention whether the Submitter of the Form is:</i>	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other Stakeholder, please specify CDM developer
<i>Specify whether you want the Letter to be treated as confidential²:</i>	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
Purpose of the Letter to the Board:	
Please use the space below to describe the purpose for submitting Letter to the Board. (Please tick only one of the four types in each submission)	
<input checked="" type="checkbox"/> Type I: <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;"><input type="checkbox"/> Request Clarification</div> <div style="border: 1px solid black; padding: 2px;"><input checked="" type="checkbox"/> Revision of Existing Rules</div> </div> <ul style="list-style-type: none"> <input type="checkbox"/> Standards. Please specify reference <input type="checkbox"/> Procedures. Please specify reference <input checked="" type="checkbox"/> Guidance. Please specify reference Guidelines on common practice, EB63 Annex 12 <input type="checkbox"/> Forms. Please specify reference <input type="checkbox"/> Others. Please specify reference <input type="checkbox"/> Type II: Request for Introduction of New Rules <input type="checkbox"/> Type III: Provision of Information and Suggestions on Policy Issues	

¹ Note that DNAs and DOEs shall not use this form to submit letter to the Board.

² Note that the Board may decide to make this Letter and the Response publicly available



Please use the space below to describe in detail the issue that needs to be clarified/revised or on which the response is requested from the Board as highlighted above. In doing this please describe the exact reference source including the version (if any).

We see a major drawback in the application of the “Guidelines on common practice” in its current version. In our mind, the guideline goes against previous decisions by the EB and against the intention of the guideline itself. We gain this perception from the following two aspects:

1. The Board’s clarification (EB16), which states that policies and circumstances implemented after the COP’s adoption of the Kyoto Protocol respective the adoption of the CDM Modalities and Procedures are to be considered in the baseline establishment, is not reflected in the guidelines.
2. The restriction to only exclude registered CDM-activities from the set of considered activities is very biasing, fact that has already been recognised in drafting these guidelines as can be read from footnote 4 which suggests the review of this restriction.

Further we would like to add a general comment on Step 1 of the guideline:

3. The design output or capacity of a plant does not necessarily affect the technology applied.

Ad 1.: Already at its 16th meeting, the CDM EB agreed to clarify that national and/or sectoral policies and circumstances are to be taken into account on the establishment of a baseline scenario, without creating perverse incentives that may impact host Parties’ contributions to the ultimate objective of the Convention. In this context the “*Clarifications on the consideration of national and/or sectoral policies and circumstances in baseline scenarios*” (most recent version EB22, Annex 3) were approved. These clarifications define two types of policies, the so-called type E+ and E-. The first gives comparative advantage to more emission-intensive technologies and the second to less emission-intensive technologies. Both policies are to be excluded from the baseline establishment, i.e. the baseline shall refer to a hypothetical situation without the respective policy(ies) in place as long as the respective E+ has been implemented after 11/12/1997 or the respective E- has been implemented after 11/11/2001.

Now, the “*Guidelines on common practice*” enumerates such circumstances that could represent E+/E- policies in the definition of the meaning of “*different technologies*”. For example, investment climate (promotional policies or legal regulations) is mentioned as a discriminating criterion for “*different technologies*”.

So, seemingly there is a common understanding of the necessity to exclude such policies / circumstances from the baseline establishment (as long as these policies / circumstances were implemented after the above cited deadline).

The guidelines, however, do not reflect this understanding properly. With the possibility to reflect such policies / circumstances in the category “*different technologies*”, the guidelines only provide the option to exclude policies / circumstances if they were different between the proposed activity and the reference group. However, it is not possible to exclude E+ or E- policies implemented after 11/12/1997 respectively after 11/11/2001 if they are not different between recent years and now (see example in the next box of the form).

Further, also other GHG emission reduction mechanisms promote the implementation of emission reduction technologies above baseline levels. In the determination of the common practice, there should be the option to consider the effects of these mechanisms, as well.

Ad 2.: The rationale behind the option to exclude registered CDM-activities from the set of technologies that are analysed to define the common practice in a country / region is that CDM-activities only happen due to the incentives given by CDM (“*additionality*” condition) and do not represent common practice.

As CDM-development is linked to costs, it can be assumed that any activity announcing its willingness to achieve CDM-status (“*prior consideration*”) or being under validation actually fulfils the general conditions of CDM-applicability including additionality. Therefore, it might be recommendable to revise Step 2 of the guidelines, in accordance with footnote 4, in a way that allows the exclusion of all activities that can demonstrate their intention to achieve CDM-status (e.g. through the “*Prior Consideration*”-notification to the UNFCCC). This would also avoid the perverse incentive for project participants to (artificially) slow down CDM-project development, if registration of other pending projects is expected.

Ad 3.: The design output or capacity of a plant does not necessarily affect the technology applied. An example is delivered by wastewater treatment plants in the agro-industry. Here, the baseline might be open lagoons independently of the size of the agro-industrial facility. In our opinion, it might be the most practicable solution to define Step 1 as optional step.



Please use the space below to any mention any suggestions or information that you want to provide to the Board. In doing this please describe the exact reference source including the version (if any).

Example Ad 1, above: In Thailand, for example, 97% of those starch factories that have biogas plants made use of any (sometimes several) of the available incentive schemes including CDM to implement these plants. As the mentioned incentive schemes are still in place today, they do not qualify as “different technologies”. The implementation of biogas facilities in starch factories is not common practice, however, since only the policies implemented in the form of incentive schemes entailed the implementation of biogas facilities. This is regarded a classical example for a policy of the type E-.

If necessary, list attached files containing relevant information (if any)	<ul style="list-style-type: none"> [replace this bracket with text, the field will expand automatically with size of text]
Section below to be filled in by UNFCCC secretariat	
Date when the form was received at UNFCCC secretariat	

History of document

Version	Date	Nature of revision
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
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