

 <p>CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD” (Version 01.2)</p> <p>This form should be used only by project participants and other stakeholders for submitting a “Letter to the Board” in accordance with the latest version of the <i>Modalities and procedures for direct communication with stakeholders</i></p>	
Name of the stakeholder ¹ submitting this form (individual/organization):	Naoki Matsuo Climate Experts, Ltd.
Address and contact details of the individual submitting this form:	Address: RATIO 1002, Tsukiji 1-10-11, Chuo-ku, Tokyo 104-0045, Japan Telephone number: +81-90-9806-0723 E-mail address: n_matsuo@climate-experts.info
Title/Subject (give a short title or specify the subject of your submission)	Clarification on Materiality Standard Decision by the CMP for its applicability to the validation stage
Please mention whether the submitter of the form is:	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other stakeholder, please specify Consultant
Specify whether you want the letter to be treated as confidential ² :	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
Please choose any of the type(s) below ³ to describe the purpose of this submission.	
<input checked="" type="checkbox"/> Type I: <input checked="" type="checkbox"/> Request for clarification <input type="checkbox"/> Revision of existing rules <input type="checkbox"/> Standards. Please specify reference <input type="checkbox"/> Procedures. Please specify reference <input type="checkbox"/> Guidance. Please specify reference <input type="checkbox"/> Forms. Please specify reference <input checked="" type="checkbox"/> Others. Please specify reference “ Materiality standard under the clean development mechanism ” (CMP Decision at the Durban Conference) <input type="checkbox"/> Type II: Request for Introduction of new rules <input type="checkbox"/> Type III: Provision of information and suggestions on policy issues	
Please describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable).	

¹ DNAs and DOEs shall use the respective DNA/DOE forms for communication with the Board.

² As per the applicable modalities and procedures, the Board may make its response publicly available.

³ Latest CDM regulatory documents and information are available at: <http://cdm.unfccc.int/Reference/index.html> .

>>

I would like to clarify whether my understanding on materiality standard decision by the CMP is correct.

The decision said that:

1. *Decides that the concept of materiality should be applied in a consistent manner under the clean development mechanism;*

I understand that this standard applies not only to the verification process but also to the methodology application process (*i.e.*, PDD/validation process) as well.

The decision also said that:

3. *Decides that the scope of materiality initially covers:*
 - (a) *The stage of verification by designated operational entities;*
 - (b) *The assessment of requests for issuance by the Executive Board of the clean development mechanism and its support structure;*
 - (c) *Non-prescriptive and prescriptive requirements;*
 - (d) *Quantitative information;*

It is unclear whether the itemized elements are listed by “*and*” or “*or*”. Since the first item (a) and (b) are mutually exclusive, I understand that these elements are listed by “*or*”.

What I am interested in is:

“Whether the emission source specified in the methodology shall be monitored, even if the project participants can demonstrate that the emission source is NOT material”.

I understand the “prescriptive requirements” in the itemized element (c) above is for that specified in the methodology.

The Meth Panel and/or SSC WG do not realize the local project-specific situation; therefore, it is reasonable to specify most of the emission sources to be monitored in the methodology even if some may be non-material. However, in a project-specific situation, some emission source can be demonstrated to be negligible (not material). In that case, it is reasonable to omit this emission source from monitored sources in the PDD.

I understand this is supported by the materiality standard decision by the CMP in Durban as shown above.

Of course, how to demonstrate that some source is “not material” (*e.g.*, using statistically sound approach) shall be judged by the DOE during the process of validation.

Please provide any specific suggestions or further information which would address the issue raised in the previous section, including the exact reference source and version (if applicable).

>>

I hope that the CDM EB will explicitly clarify the above-mentioned case in its report and/or standards.

If necessary, list attached files containing relevant information (if any)

- No attached files.

Section below to be filled in by UNFCCC secretariat

Date when the form was received at UNFCCC secretariat	20 February 2012
Reference number	2012-078-S

History of document

Version	Date	Nature of revision
01.2	08 February 2012	Editorial revision.
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
Decision Class: Regulatory Document Type: Form Business Function: Governance		