

 <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):	International Emissions Trading Association (IETA)
Address and contact details of the individual submitting this form:	Address: Rue Merle d’Aubigne 24, Geneva, 1207 Telephone number: +41227370506 E-mail address: swartz@ieta.org
Title/Subject (give a short title or specify the subject of your submission)	IETA clarification to the annotated agenda of EB 69 on matters related to withdrawing or suspending letters of approval as per EB68 para 119.
Please mention whether the submitter of the form is:	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other stakeholder, please specify
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 type="checkbox"/> Type I: <input 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 type="checkbox"/> Others. Please specify reference <input type="checkbox"/> Type II: Request for Introduction of new rules <input checked="" 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).	
[Procedures for withdrawing or suspending Letters of Approval (LoA’s)]	

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> .

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).

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[no call for public input has been issued, nor has an impact assessment been done-----as instructed by the CMP-----IETA is writing to the Board asking for clarification of proposed EB rules]

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

- [Official input from IETA on this matter]

Section below to be filled in by UNFCCC secretariat

Date when the form was received at UNFCCC secretariat 18 September 2012

Reference number 2012-163-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		



Subject: IETA clarification to the annotated agenda of EB 69 on matters related to withdrawing or suspending letters of approval as per EB68 para 119.

August 31, 2012

CDM Executive Board
UNFCCC Secretariat
Martin Luther King Strasse 8
P.O. Box 260124
D-53153
Germany

Dear Mr. Duan Maosheng,

I write to you on behalf of the International Emissions Trading Association (IETA) on a matter of importance to the carbon markets on behalf of IETA's +150 members active in emissions trading and the Clean Development Mechanism (CDM) worldwide. As described in EB68 para 119, the CDM Executive Board will recommend to the CMP in Doha procedures for withdrawing or suspending Letters of Approval (LoA's). As no call for public input has been issued, nor has an impact assessment been done--as instructed by the CMP--IETA is writing to the Board asking for clarification of proposed EB rules.

As we have expressed previously when urging stakeholder consultation on this topic, the existing rules regarding letters of approval have contributed to a more stable business environment for Project Participants (PPs) – and we are concerned that a change in the rules could reduce business confidence in the CDM.

Investors in the CDM thus far have treated the LoA from the host country as providing political certainty to move forward with a project

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concept, and investors then base further investment decisions upon the successful granting of the LoA. Certain details included with the LoA related to timescales are currently sufficient from an overall business perspective. If the Executive Board moves forward with procedures to allow host countries to withdraw those LoA's, business certainty in the CDM will be lost. If an LoA is to have a procedure that enables it be withdrawn at a later stage, then at the very least businesses should be notified in advance of what criterion and conditions will be enforced if a project is subject to such a withdrawal or suspension by the host country.

IETA would like to raise a few important questions from a business perspective following the Board's decision at EB 68 on this matter as it will have implications for the functioning of the CDM as a market and potential risks to project participants that are not apparent. Therefore, IETA would like to request the EB to provide more clarifications on how such a policy would work.

Our questions are as follows:

1. Will the PPs be involved? If so, what will the procedures be for their involvement and when will those procedures be made available?
2. Is it proposed as a simple notification or will the Party have to provide specific reasons to withdraw the LoA, or simply under what conditions can a Party request a withdrawal?
3. According to Annex 18 "CONCEPT NOTE ON THE WITHDRAWAL OR SUSPENSION OF LETTERS OF APPROVAL" issued during EB 68, there are 3 possible conditions under which a host country could withdraw or suspend an LoA:
 - Public or national law level impact;
 - CDM level impact; and
 - Project level impact.



- a. Depending on the type of impact that could allow a DNA to withdraw or suspend an LoA, when would CER issuance cease? For example, would CER issuances cease on the last date of the 1-year notification period, the end of the crediting period, or would the issuance cease date be decided entirely by the host country?

This is an area that is of great importance to the CER investor as notification periods and clear rules associated with ceased issuances will lead to impacts in the carbon market and rules surrounding this must be clearly stated for investor confidence.

4. Can a withdrawn LoA be reinstated at a later stage?
5. How will a registered project be treated when a host Party LoA is withdrawn for that project under the CDM?

IETA greatly appreciates the opportunity to provide an input on this issue. Please do not hesitate to contact IETA's Director for International Policy, Jeff Swartz at swartz@ieta.org should you have any questions regarding this letter.

Thank you for your consideration.

A handwritten signature in black ink that reads "Dirk Forrister".

Dirk Forrister
President and CEO, IETA