F-CDM-RtB ver 01.2

CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD”
(Version 01.2)

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 Modalities and procedures for direct communication with stakeholders.

Name of the stakeholder1 submitting this form (individual/organization):
Hidroelectrica La Higuera S.A.
Statkraft Norfund Power Invest AS

Address and contact details of the individual submitting this form:
Address: P.O. Box 200, Lilleaker; N-0216 Oslo, Norway
Telephone number: +47 40 60 46 76
E-mail address: knut.vralstad@snpower.com

Title/Subject (give a short title or specify the subject of your submission):
Letter of Concern: Suggestions on how to decrease the processing time and the CER delivery time

Please mention whether the submitter of the form is:
☒ Project participant
☐ Other stakeholder, please specify

Specify whether you want the letter to be treated as confidential2:
☐ To be treated as confidential
☒ To be publicly available (UNFCCC CDM web site)

Please choose any of the type(s) below3 to describe the purpose of this submission.

☐ Type I:
☐ Request for clarification
☐ Revision of existing rules
☐ Standards. Please specify reference
☐ Procedures. Please specify reference
☐ Guidance. Please specify reference
☐ Forms. Please specify reference
☐ Others. Please specify reference

☐ Type II: Request for Introduction of new rules
☒ 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.
Dear Chair of the CDM Executive Board, Mr. Peer Stiansen,

We would like to congratulate you on your recent appointment as Chair, and at the same time commend the hard and successful work the CDM Executive Board as well as the UNFCCC secretariat has laid down over the last several years. It has given us an opportunity to obtain CDM registration for many of our investment projects in renewable energy production, and thereby enabled their successful financing.

It has also been impressive to see how the Secretariat has been able to clear back-logs when the queue of requests to be handled was rising in the face of unexpected and unprecedented volumes of incoming requests. The decision of EB 71 to instruct the Secretariat to give priority to Requests for Issuance over other requests is a case in point, and we are now seeing how the back-log is being cleared.

We are, however, in the awkward position that the total processing time of one of our requests for issuances is looking to be too long, in spite of the efforts to prioritise the Issuance Requests. We have reason to believe that the same is true for many other project participants. We therefore would like to direct your attention to the processing time rather than to the back-log. Since EB71, the secretariat has cleared the back-log, by taking about 140 requests for issuance into the completeness check each week. Though this is impressive in itself, we want to point out that unless the processing time during the completeness and the information and reporting checks are reduced, issuance will not happen on any of these projects before April. For most projects with commitments to deliver under an ERPA, the due date will typically be in March.
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).

Therefore, we would like to suggest that there are some actions the EB and the secretariat could implement in the very short term, to help out the situation:

1. The processing time in the completeness check and in the information and reporting check could be reduced:
   - Previously, we have seen considerably shorter processing time in the Information and Reporting Check on several of our Request for Issuances, saving up to 2 weeks on the total processing time;

2. Up-front payment of the Issuance Fee / SoP could be allowed:
   - This would save 1-2 weeks of total delivery time;

3. Express handling of requests for transfer of CERs from the pending account to the Annex 1 country registry account.

Our current preoccupation is our CDM project No. 248 La Higuera Hydroelectric Project, second issuance request, which is presently undergoing the Information and Reporting Check. It will only obtain issuance on March 29th if the Information and Reporting Check takes the full 23 days. Our ERPA delivery date is March 31st, which will be impossible for us to uphold unless the issuance date can be brought forwards to March 14th. Allowing for up-front payment of the Issuance fee would make it possible to deliver the credits to our counterpart on time even with a later issuance date (but not later than March 21st).

<table>
<thead>
<tr>
<th>Process items for Project No. 248, second Request for Issuance</th>
<th>Start date</th>
<th>End date</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergoing Completeness Check</td>
<td>29.01.2013</td>
<td>05.02.2013</td>
<td>7 days</td>
</tr>
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<td>Undergoing Information and Reporting Check</td>
<td>05.02.2013</td>
<td>28.02.2013*</td>
<td>23 days</td>
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<tr>
<td>Requesting Issuance</td>
<td>28.02.2013*</td>
<td>28.03.2013*</td>
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<td>Issuance</td>
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* Forecast based on 23 days of Information and Reporting Check

Through the procedure for direct communication with stakeholders, we requested on February 1st this year a telephone call to be set up for the purpose of discussing these issues. However, we have not yet received any date and time for the call. Since we are already in the information and reporting check, we are very worried that we will not get the chance to explain our issues before it is too late.

Needless to say, in this current market, making timely CER deliveries in accordance with the ERPA has become increasingly important to the project participants, as this would allow them to recover a fair share of what they had based their investment decision on.

We are looking forwards to many years of continued cooperation, and appreciate any effort you could make to help us and others in our situation at this time.

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

- 2013 02 13 Letter of Concern_HLH.pdf

Section below to be filled in by UNFCCC secretariat
<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>Nature of revision</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.2</td>
<td>08 February 2012</td>
<td>Editorial revision.</td>
</tr>
<tr>
<td>01.1</td>
<td>09 August 2011</td>
<td>Editorial revision.</td>
</tr>
<tr>
<td>01</td>
<td>04 August 2011</td>
<td>Initial publication date.</td>
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</table>

Decision Class: Regulatory  
Document Type: Form  
Business Function: Governance
CDM Executive Board  
Att.: Chair Peer Stiansen  
UNFCCC secretariat  
P.O. Box 260124  
D-53153 Bonn  
Germany  

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Best regards,

[Signature]
Laine Powell

CEO Hidroeléctrica La Higuera S.A.

[Signature]
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CEO Statkraft Norfund Power Invest AS