



DRAFT

**STANDARD FOR THE DEVELOPMENT OF ELIGIBILITY CRITERIA FOR THE
INCLUSION OF A PROJECT ACTIVITY AS A CPA UNDER THE POA****I. Background**

1. In decision 3/CMP.1 paragraph 4, Parties requested the clean development mechanism (CDM) Executive Board (hereinafter referred to as the Board) to “reassess its existing regulations related to programmes of activities in order to further clarify the application of existing rules regarding the demonstration of additionality to programmes of activities and the definition of eligibility criteria for the inclusion of component project activities in a programme of activity”.
2. At its sixtieth meeting, the CDM Executive Board took note of a summary of public inputs to the call on programmes of activities (hereinafter referred to as PoAs) launched at fifty-ninth meeting of the Board and agreed to a work programme that envisaged the consideration at its sixty-third meeting a draft standard for the development of eligibility criteria for the inclusion of CDM programme activities (hereinafter referred to as CPAs).
3. This draft standard is prepared in response to the request by the Board at its sixtieth meeting (also see annex 27, EB60).

II. Definitions, scope and applicability**A. Scope and applicability**

4. This standard is applicable to coordinating or managing entities (hereinafter referred to as CMEs) to develop eligibility criteria for inclusion of a project activity as a CPA under the PoA. This standard also applies when updating eligibility criteria.

B. Definitions

5. For the purpose of this standard, all definitions contained in *Procedures for registration of a programme of activities as a single CDM project activity and issuance of CERs for a PoA* are applicable.

III. Requirements**A. Requirements for the development of eligibility criteria**

6. The CME shall develop eligibility criteria for inclusion of a CPA under the PoA and shall include these criteria in the PoA Design Documents (CDM-PoA-DD, CDM-SSC-PoA-DD, CDM-PoA-DD-AR, or CDM-PoA-DD-SSC-AR).
7. The eligibility criteria shall be verifiable, explicit and objective. The eligibility criteria may include exclusion criteria for CPAs that are ineligible as CPAs. PoA Design Document (PoA-DD) shall enumerate the establishment and implementation of a simplified management system for the CMEs to ensure that there is adequate capacity to check the features of potential CPAs against the defined eligibility criteria.¹

¹ The rationale for this is that there is a clear role for CME resulting from partial shift of responsibilities of DOEs in the traditional CDM to CMEs i.e. CMEs have the responsibility for the adequacy and compliance of the eligibility criteria for CPA inclusion as mentioned in the PoA-DD and the DOE will have responsibility for checking the appropriateness of the management system established by the CME.



DRAFT

8. In the case of PoAs involving combinations of technologies/measures and/or methodologies, distinct eligibility criteria shall proposed per combination applied as indicated in paragraph 11.(a) to 11.(d) of “Standard for application of multiple CDM methodologies for a PoA”.
9. The eligibility criteria shall cover:
- (a) the geographical boundary of CPA including any time induced boundary² consistent with the geographical boundary set in the PoA³;
 - (b) where applicable, target group (e.g. domestic/commercial/industrial, rural/ urban, grid connected/off grid) and distribution mechanisms (e.g. direct installation)⁴;
 - (c) conditions that avoid double counting of emission reductions like unique identifications of product and end user locations (e.g. program logo)
 - (d) the specifications of technology/measure including the level and type of service, performance specifications including compliance with testing/certifications;
 - (e) conditions to check the start date of the technology/measures through documentary evidence;
 - (f) conditions that establish the link between the CPA and the PoA in the case of policy PoA;
 - (g) conditions that ensure the compliance with applicability and other requirements of single or multiple methodology/ies applied by CPAs;
 - (h) ;
 - (i) where applicable, the conditions to demonstrate that each CPA of the PoA is sufficiently standardised to qualify to apply statistical sampling requirements for homogenous PoA (please refer to paragraph 53-55 of the latest version of the “Standard for Sampling and Surveys for CDM Project Activities and Program of Activities”);
 - (j) the conditions that ensure that CPAs meet the requirements pertaining to demonstration of additionality (please refer to the latest version of the “Standard for demonstration of additionality of a programme of activities” approved by the Board);
 - (k) the exclusive PoA specific requirements stipulated by the CMEs including any conditions related to undertaking local stakeholder consultations and environmental impact analysis⁵;

² For example, emission factor for electricity generation is dependent on the boundaries of regional or state or sub-regional grids.

³ “Clarifications regarding the procedures for registration of a PoA as a single CDM project activity and issuance of CERs for a PoA” (EB 60 Annex 26) paragraph 6 shall be taken into account.

⁴ This is to retest the validity of assumptions made at the PoA level. For example in a lighting efficiency application lighting usage hours of 3.5 hours per day would be valid if the target group is residences/households. Usage hours would be different in commercial applications and vice versa.



DRAFT

- (l) where applicable, the conditions that ensure that the independent subsystems within each of the CPA and CPA in aggregate qualify the small scale or microscale threshold criteria (please refer to the latest version of the “Guidelines for demonstrating additionality of microscale project activities” and latest version of “General Guidelines to SSC CDM methodologies” approved by the Board) and remain within those thresholds throughout the crediting period of the CPA;
- (m) the requirements for the debundling check, in case CPAs belong to small-scale or micro scale project categories (please refer to the latest version of the “Guidelines on assessment of debundling for SSC project activities” approved by the Board).

B. Requirements for updating eligibility criteria

10. If the version of methodology/ies applied by the PoA is revised or replaced, subsequent to being placed on hold, CMEs shall update the eligibility criteria to the requirements of the revised or new methodology/ies with immediate effect and include them in a new version of PoA DD (e.g. version 1.1) validated by a DOE and submit it to the Board for approval.

11. Once changes have been approved by the Board, the inclusion of all new CPAs shall be based on the updated eligibility criteria.

12. CPAs that were included before the methodology was put on hold, shall apply the latest version of the PoA generic CDM-CPA-DD at the time of the renewal of the crediting period.

13. If the boundary of the PoA is amended post-registration as per the applicable procedures³ to include an additional Host Party the existing registered PoA design document (POA-DD) shall be revised to reflect the consequent changes in the eligibility criteria for inclusion of CPAs;

14. No action is required if the version of methodology/ies applied by the PoA is withdrawn for the purpose of inclusion in a consolidated methodology/ies unless otherwise indicated in the respective report of the meeting of the Board that has approved the new methodology/ies. Similarly, no action is required if the version of methodology/ies applied by the PoA is revised without being placed on hold or withdrawn.

15. At the renewal of the crediting period of a PoA, the CMEs shall update the eligibility criteria as per the latest revised applicable methodology/ies and include them in a new version of PoA-DD (e.g. version 1.2, version 1.3) validated by a DOE and submit it to the Board for approval.

³ See also paragraph 6. (m) of *Procedures for registration of a programme of activities as a single CDM project activity and issuance of CERs for a PoA*



DRAFT

Stakeholder workshop (7-8 May 2011) recommendations

- (i) Geographical boundary or time induced boundary taking into consideration the economic, environmental and social considerations⁶; **(DONE)**
- (ii) The condition that each CPA [or group of CPAs] has at least same baseline and monitoring requirements so as to facilitate application of sampling⁷; **(DONE)**
- (iii) The condition that if the CPAs have similar approach for demonstration of additionality, then additionality can be demonstrated at PoA level and can be included in the eligibility criteria otherwise demonstrate additionality at individual CPA level; **(DONE)**
- (iv) Technical specifications including the level and type of service⁸; **(DONE)**
- (v) Relationship with other PoA requirements; **(DONE)**
- (vi) Applicability and application of the methodology valid at the time of validation; **(DONE)**
- (vii) Assessment of the additionality; **(DONE)**
- (viii) Exclusivity on account of requirements of the CME; **(DONE)**
- (ix) Compliance with host country rules and regulations including letter of approval and authorisation; and **(DONE)**
- (x) Other PoA specific requirements. **(DONE)**

16. Require establishment and implementation of the simplified management system for the CME. The rationale for this is that there is a clear role for CME with focus on shifting more responsibilities from DoE to CMEs. The implication of this is that CMEs will have responsibility on the adequacy and compliance of the eligibility criteria for CPA inclusion as mentioned in the PoA-DD and the DOE will have responsibility on checking the appropriateness of the management system established by the CME. **(DONE)**

17. The Board should develop a procedures to define the implications of the revision of the methodologies on the eligibility criteria of CPA inclusion for the situations:

⁶ For example, emission factor for electricity generation may vary between regional or state or sub-regional grids.

⁷ For example, a hydropower project supplying electricity to both grid (applies AMS-I.D with baseline as grid and monitoring electricity generated) and off-grid (applies AMS-I.A with baseline as historical fossil fuel technologies) is not allowed to be part of same PoA as they need to apply different methodologies and have different baselines and monitoring requirements, which discourages application of sampling and leads to project by project assessment by DOE and does not serve the original purpose of the PoA to reduce transaction costs.

⁸ For example generation of electricity for grid or captive needs or supply to off-grid.



DRAFT

- (a) If the version of the methodology is put on hold, eligibility criteria is to be updated and applicable to the newly added CPA as per the latest revised methodology applicable at that time; **(DONE)**
 - (b) Otherwise, at the end of crediting period of the first CPA, revise the eligibility criteria as per the latest revised applicable methodology in conjunction with re-validation of the PoA. **(DONE)**
18. The Board should develop a procedure to allow checking of eligibility criteria of CPA inclusion at the verification stage. **(TO BE ASSESSED IN THE PCP)**