Procedures to address significant deficiencies

Integrated Workshop on Project Standard, Validation and Verification Standard, Project Cycle Procedure and Programme of Activities Standards
Bonn, Germany, 24-26 August 2011
**Background**

- **EB51**: EB requested sect to develop procedures for excess of issuance
- **EB56**: EB launched call for inputs
- **CMP6**: requested EB to adopt and subsequently apply procedures to address significant deficiencies

- **EB54**: sect presented options
- **EB57**: Discussion following calls for inputs
- **EB 59**: Adoption of CDM MAP
Used of terms and definitions

- Deficiency – with regard to validation, verification, or certification reports
- *Significant* deficiency - deficiency that, when corrected, would lead to a different or contrary validation or verification opinion than originally issued
  - Local stakeholder consultations
  - Host party approval
  - Environmental impact assessment
  - Additionality of project activity
  - Applicability/application of methodology
  - Calculation of emission reductions/removal enhancements
Principles of liability

Where significant deficiencies were results of …

- Lack of guidance or clarity on the application of a CDM requirement applicable at the time of validation, verification, or certification – no party liable for excess issuance of CERs

- DOE failing to correctly apply a clear and known CDM requirement applicable at the time of validation, verification, or certification – DOE shall be liable for excess issuance of CERs

- Actions of PP that could not be reasonably detected by DOE – Board may require (downward) adjustments of future issuance to compensate for excess issuance of CERs

- Excess issuance of CERs is limited to (CERs issued in 5 years prior to review date – CERs should have been issued)
Initiation of review

1. Identification of possible significant deficiencies
2. Submission to secretariat (confidential basis)
3. Analysis by secretariat (facts & whether review is needed)
4. EB to decide to proceed with review
Investigation and correction – Preliminary investigation

1. Establishment of content/scope of review

2. Submission of proposed content of review for Board approval

3. Period for objection by the Board [20 days]

4. Notification to PP and DOE / Make publicly available / Put on hold requests for issuance
Investigation and correction – Review of significant deficiency & Consideration of assessment

Responses by DOE [28 days] *

Further clarification is required?

Further response [14 days]*

Input from Panel/WG is required?

Next Panel/WG meeting

Finalisation of assessment report [14 days]*

Forward to EB / Forward to DOE for information

Board consideration (opportunity for hearing)
Post - investigation and review

• Corrections of significant deficiencies
• Transfer equivalent amount of ERUs, CERs, AAUs and/or RMUs equal to excess CERs issued into cancelation account in CDM registry – timeframe to be decided
• Resume processing of requests for issuance, as appropriate
• Initiate review of reports prepared by another DOE
• Withdraw accreditation of DOE – fraud cases
• No future issuance for PA/PoA – fraud cases

• Failure to comply with Board’s direction
• Cost of review