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124		1. INTRODUCTION
125		1.1. Background
126 127 128 129	1.	The Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (hereinafter referred to as the CMP), at its first session, established the basis of the regulatory framework for the clean development mechanism (hereinafter referred to as the CDM) to implement Article 12 of the Kyoto Protocol through the following:
130 131		<ul> <li>(a) Annex to decision 3/CMP.1: Modalities and procedures for a clean development mechanism (hereinafter referred to as the CDM M&amp;Ps);</li> </ul>
132 133 134		<ul> <li>(b) Annexes to decision 4/CMP.1, including annex II: Simplified modalities and procedures for small-scale clean development mechanism project activities (hereinafter referred to as the CDM SSC M&amp;Ps);</li> </ul>
135 136 137		<ul> <li>(c) Annex to decision 5/CMP.1: Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism (hereinafter referred to as the CDM A/R M&amp;Ps);</li> </ul>
138 139 140		<ul> <li>(d) Annex to decision 6/CMP.1: Simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism (hereinafter referred to as the CDM SSC A/R M&amp;Ps);</li> </ul>
141		(e) Decision 7/CMP.1.
142 143	2.	The CMP revised some of the provisions in these decisions through new decisions in subsequent sessions.
144 145 146	3.	In its mandate from the CMP to operationalize the CDM, the Executive Board of the clean development mechanism (hereinafter referred to as the Board) has adopted various standards (including methodologies and tools), procedures, guidelines, clarifications and forms.
147 148 149 150 151	4.	At its fifty-ninth meeting, the Board adopted the "CDM management plan 2011" whose objective 3 b) is: "Clarification, consolidation and enhancement of the consistencies of all the existing regulatory decisions of the board that relate to validation and verification of project activities". One deliverable under this objective is to "develop a validation and verification standard for Designated Operational Entities".
152		1.2. Objectives
153 154	5.	The objectives of the "Clean development mechanism validation and verification standard" (hereinafter referred to as this standard) are to:
155 156		<ul> <li>(a) Enhance consistency and clarity of minimum requirements for all types of CDM validation and verification activities;</li> </ul>
157 158		(b) Improve the quality consistency in the preparation, execution, and the reporting of validation and verification activities; and
159		(c) Enhance the overall efficiency and integrity in the CDM.

160		2. SCOPE
161		2.1. General
162 163 164 165 166		This Standard is applicable to Designated Operational Entities (DOEs) who are under contractual arrangements with project participants (PPs) to validate and / or verify any CDM project activity (PA) including small-scale (SSC), afforestation / reforestation (A/R), and programme of activities (PoA) based on CDM methodologies previously approved by the Board.
167		2.2. Application
168	7.	This standard supersedes the documents listed in appendix C.
169 170		The documents listed in appendix D will be subsequently revised in accordance with this standard.
171		<b>3. NORMATIVE REFERENCES</b>
172	9.	The following referenced documents are indispensible for the application of this Standard:
173	(a)	CDM Accreditation Standard for Operational Entities;
174	(b	) Project Cycle Procedure, UNFCCC;
175	(c)	Glossary of CDM terms, UNFCCC.
176		4. TERMS AND DEFINITIONS
177	10.	For terms and definitions related to this Standard, refer to the Glossary of CDM terms.
178 179	11.	In addition to the definitions contained in the Glossary of CDM terms, the following terms apply in this Standard:
180	(a	"shall" is used for mandatory requirements;
181 182	(b	) "should" is used to indicate that among several possibilities one is a recommended mean for meeting a requirement;
183	(c)	"may" is used for what is allowed, but not necessarily required.



184		5. PRINCIPLES FOR VALIDATION AND VERIFICATION
185 186	12.	The principles <sup>1</sup> are the basis for, and will guide the application of, requirements in this Standard.
187		5.1. Independence
188 189 190 191	13.	Remain independent of the activity being validated or verified, and free from bias and conflict of interest. Maintain objectivity throughout the validation or verification to ensure that the findings and conclusions will be based on objective evidence generated during the validation or verification.
192		5.2. Ethical conduct
193 194	14.	Demonstrate ethical conduct through trust, integrity, confidentiality and discretion throughout the validation or verification process.
195		5.3. Fair presentation
196 197 198 199	15.	Reflect truthfully and accurately validation or verification activities, findings, conclusions and reports. Report significant obstacles encountered during the validation or verification process, as well as unresolved, diverging opinions among validators or verifiers, the responsible party (e.g., the UNFCCC Secretariat / Board) and the client (e.g., project participants).
200		5.4. Due professional care
201 202 203	16.	Exercise due professional care and judgment in accordance with the importance of the task performed and the confidence placed by clients and intended users. Have the necessary skills and competences to undertake the validation or verification.

<sup>&</sup>lt;sup>1</sup> This text is taken from *ISO 14064-3:2006 - Greenhouse gases - Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions* is reproduced with the permission of the International Organization for Standardization, ISO. This Standard can be obtained from any ISO member from the Web site of the ISO Central Secretariat at the following address: <u>www.iso.org</u>. Copyright remains with ISO.



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# **6. GENERAL VALIDATION AND VERIFICATION REQUIREMENTS**

- The DOE shall select a competent team to perform the validation and verification of the CDM project activity.
- 207 18. In carrying out its validation and verification work, the DOE shall:
- 208 (a) follow this Standard and integrate its provisions into their quality management systems;
- (b) determine whether each project activity meets all applicable CDM requirements including
   those specified in CDM Project Standard, relevant methodologies, tools and guidelines;
- (c) assess the accuracy, relevance, completeness, consistency, transparency and conservativeness<sup>2</sup> of the information provided by project participants;
- 213 (d) determine whether information provided by the project participants is reliable and credible<sup>3</sup>;
- 214 (e) apply consistent validation / verification criteria:
- 215 (i). to the requirements of the applicable approved methodology throughout the crediting
   216 period(s);
- 217 (ii). among project activities with similar characteristics such as a similar application of the
   218 approved methodology, use of technology, time period or region;
- 219 (iii). to expert judgments, over time and among projects.
- (f) base their findings and conclusions upon objective evidence and shall conduct all activities in connection with the validation and verification processes in accordance with the rules and procedures of the COP/MOP and the CDM Executive Board;
- (g) not omit evidence that is likely to alter the validation and verification opinion
- (h) present information in the validation and verification reports in an factual, neutral and
   coherent manner and document all assumptions, provide references to background material,
   and identify changes made to documentation.
- (i) safeguard the confidentiality of all information obtained or created during validation or verification.
- 229 7. VALIDATION REQUIREMENTS
- 230

#### 7.1. Objectives of CDM validation

19. A validation is a thorough and independent assessment of proposed CDM project activities
 against the applicable CDM requirements.

<sup>&</sup>lt;sup>2</sup> Principles for each can be found in the Project Standard.

<sup>&</sup>lt;sup>3</sup> Information is credible if it is authentic and is able to inspire belief or trust, and the willingness of persons to accept the quality of evidence. Information is reliable if the quality of evidence is accurate and credible and able to yield the same results on a repeated basis.



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233	7.2. Validation approach
234	20. In carrying out its validation work, the DOE shall:
235 236 237	<ul> <li>(a) determine whether the project activity complies with the requirements of paragraph 37 of the CDM modalities and procedures, the applicability conditions of the selected methodology and guidance issued by the CDM executive board;</li> </ul>
238 239 240	(b) assess the completeness and accuracy of the claims, including the conservativeness of the assumptions made in the project design document (PDD). The evidence used in this assessment shall not be limited to that provided by the project participants.
241	7.3. Means of validation
242	21. The DOE shall assess the information provided by the project participants.
243 244 245	22. In assessing information, the DOE shall apply the means of validation specified throughout this Standard and where appropriate the following standard auditing techniques, including, but not limited to:
246	(a) Document review, involving:
247	(i). A review of data and information;
248 249 250	<ul> <li>(ii). Cross checks between information provided in the PDD and information from sources other than those used, if available, and if necessary independent background investigations.</li> </ul>
251	(b) Follow-up actions (e.g. on site visit and telephone or email interviews), including:
252 253	(i). Interviews with relevant stakeholders in the host country, personnel with knowledge of the project design and implementation;
254 255	<ul> <li>(ii). Cross checks between information provided by interviewed personnel (i.e. by checking sources or other interviews) to ensure that no relevant information has been omitted.</li> </ul>
256 257	<ul> <li>(c) Reference to available information relating to projects or technologies similar to the proposed CDM project activity under validation;</li> </ul>
258 259	(d) Review, based on the approved methodology being applied, of the appropriateness of formulae and accuracy of calculations.
260 261	23. Where no specific means of validation is specified, the DOE should apply these standard auditing techniques.
262	7.3.1. Corrective action requests, clarification requests, and forward action requests
263 264 265 266 267	24. During the validation of a project activity, if the DOE identifies issues that need to be further elaborated upon, researched or added to in order to confirm that the project activity meets the CDM requirements and can achieve credible emission reductions, the DOE shall ensure that these issues are accurately identified, formulated, discussed and concluded in the validation report.



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268	25.	The DOE shall raise a corrective action request (CAR) if one of the following occurs:	
269 270		(a) The project participants have made mistakes that will influence the ability of the project activity to achieve real, measurable, verifiable and additional emission reductions;	
271		(b) The applicable CDM requirements have not been met;	
272		(c) There is a risk that emission reductions cannot be monitored or calculated.	
273 274	26.	The DOE shall raise a clarification request (CL) if information is insufficient or not clear enough to determine whether the applicable CDM requirements have been met.	
275 276 277	27.	The DOE shall raise a forward action request (FAR) during validation to highlight issues related to project implementation that require review during the first verification of the project activity. The DOE shall not raise a FAR that relates to the CDM requirements for registration.	
278 279 280 281	28.	The DOE shall resolve or "close out" CARs and CLs only if the project participants modify the project design, rectify the PDD or provide adequate additional explanations or evidence that satisfy the DOE's concerns. If this is not done, the DOE shall not recommend the project activity for registration to the CDM Executive Board.	;
282 283 284 285	29.	The DOE shall report on all CARs, CLs and FARs in its validation report. This reporting shall explain issue raised, the responses provided by the project participants, the means of validation of such responses and clear reference to any resulting changes in the PDD or supporting annexes.	
286		7.4. General reporting requirements	
287 288 289	30.	The DOE shall report the results of its assessment in a validation report. The DOE shall submit this validation report, along with the supporting documents to the CDM Executive Board as par of the request for registration of a project activity as a proposed CDM project activity.	
290 291	31.	The validation report shall include a positive validation opinion only if the proposed CDM project activity complies with the applicable CDM requirements.	
292 293	32.	In case the validation report includes a negative validation opinion the DOE shall provide the project participants with the report and inform the CDM Executive Board of the outcome.	
294		7.5. Global stakeholder consultation	
295	Val	dation requirement	
296 297 298	33.	The DOE shall make the PDD of the CDM project activity under consideration publicly available in accordance with the CDM Project Cycle Procedure, and acknowledge receipt of all comments submitted and made available via the UNFCCC CDM website.	
299	Me	ins of validation	
300 301	34.	During the validation of the CDM project activity, the DOE shall take into account all the comments received.	

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If comments are not sufficiently substantiated or if they indicate that the project activity does

- not comply with the CDM requirements, then the DOE shall request further clarification from 303 the entity providing the comment. However, the DOE is not required to enter into a dialogue 304 with Parties, stakeholders or NGOs that comment on the CDM requirements. If no additional 305 information or substantiation is provided in response to a request for clarification, the DOE shall 306 307 proceed to assess the comments as originally provided. 308 Reporting requirement 309 The DOE shall report the details of the actions taken to take due account of the comments 36. during the validation process. 310 311 7.6. Project activity eligibility 312 7.6.1. Project activity approval 313 Validation requirement 314 The DOE shall determine whether the DNA of each Party indicated as being involved in the 37. 315 proposed CDM project activity in section A.3 of the PDD has provided a written letter of 316 approval. Means of validation 317 318 38. The DOE shall determine whether each letter confirms that: 319 (a) The Party is a Party to the Kyoto Protocol; 320 (b) Participation is voluntary; (c) In the case of the host Party, the proposed CDM project activity contributes to the sustainable 321 322 development of the country; 323 (d) It refers to the precise proposed CDM project activity title in the PDD being submitted for 324 registration. 325 39. The DOE shall determine whether the letter(s) of approval is unconditional with respect to (a) to 326 (d) above. 327 40. The DOE shall confirm that the letter(s) of approval has been issued by the respective Party's designated national authority (DNA) and is valid for the proposed CDM project activity under 328 validation.4 329 330 41. If the DOE doubts the authenticity of the letter of approval, the DOE shall verify with the DNA 331 that the letter of approval is authentic. 332 Reporting requirements
- 333 42. The DOE shall, for each Party involved:

<sup>&</sup>lt;sup>4</sup> A list of DNAs is available on the UNFCCC CDM website.



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- (a) Indicate whether a letter of approval has been received, referencing the letter itself and any
   supporting documentation;
- (b) Indicate whether the DOE received this letter from the project participants or directly from
   the DNA;
- (c) Indicate the means of validation employed to assess the authenticity if paragraph 48 above applies;
- 340 (d) Include a statement as to whether the letters are in accordance with paragraphs 38–41 above.
- 43. If letters of approval contain additional specification of the project activity, such as the PDD
  version number, then the request for registration shall be made on the basis of the documents
  specified in the letter. If a letter of approval refers to a specific version of the validation report
  and the DOE therefore is unable to submit this precise version of the validation report, the DOE
  shall take one of the following options:
- 346
  347
  44. Insert a statement in the validation report to indicate that the final letter of approval has not been received and that a request for registration will not be submitted until it has been received.
- 45. Update the validation report to reflect the receipt of the letter of approval. If this option is
  chosen, validation report major number shall remain unchanged and the minor number shall be
  increased. The validation report shall contain confirmation that this is the only change that has
  been made to the version referred to in the letter of approval.
- 352

#### 7.6.2. Project participant authorization

- 353 <u>Validation requirement</u>
- 354 46. The DOE shall determine whether each project participant has been approved by at least one
   355 Party involved in a letter of approval.
- 356 Means of validation
- The DOE shall confirm that the project participants are listed in tabular form in section A.3 of
   the PDD and that this information is consistent with the contact details provided in annex 1 of
   the PDD.
- 360 48. The DOE shall confirm that no entities other than those approved as project participants are361 included in these sections of the PDD.
- 362 49. The DOE shall confirm that the approval of participation has been issued from the relevant
   363 DNA and if in doubt shall verify with the DNA that the approval of participation is valid for the
   364 proposed CDM project participant.
- 365 <u>Reporting requirements</u>
- 366 50. The validation report shall, for each project participant:
- 367 (a) Indicate whether the participation has been approved by a Party to the Kyoto Protocol;
- 368 (b) Describe the means of validation employed to draw this conclusion.



369		7.6.3. Contribution to sustainable development
370	Valid	ation requirement
371 372	51.	The DOE shall confirm that the DNA has considered the proposed CDM project activity assists the host Party in achieving sustainable development.
373	<u>Mean</u>	s of validation
374 375 376	52.	The DOE shall determine whether the letter of approval by the DNA of the host Party confirms the contribution of the proposed CDM project activity to the sustainable development of the host Party.
377	<u>Repoi</u>	rting requirements
378 379 380	53.	The DOE shall state whether the host Party's DNA confirmed the contribution of the project to the sustainable development of the host Party. This may be reported together with the DOE's assessment of the validity of the host Party's approval.
381		7.6.4. Modalities of communications
382		7.6.4.1. Due diligence process
383	Valid	ation requirement
384 385 386 387 388 389 390 391	54.	The DOE shall validate the details of each project participant and focal point entity and the details of their respective authorized signatories as provided in the Modalities of Communication (MoC) statement, including its annexes, before the MoC statement is submitted to the secretariat. This due diligence process shall be performed by the DOEs for all new entities entering as project participants and/or focal point entities at the point of requesting registration. The DOE shall apply this due diligence process for the project participants that wish to withdraw themselves in the period between submission of request for registration and the registration of a proposed CDM project activity.
392	Mean	of validation
393 394 395 396	55.	The DOE shall establish the personnel and corporate identity of each project participant and focal points entity, and their respective authorized signatories to confirm the accuracy of details, a written confirmation of voluntary withdrawal and/or proof of cessation, including specimen signatures, entered in the MoC statement.
397		7.6.4.2. Modalities of communication statement
398	Valid	ation requirement
399 400 401	56.	The DOE shall determine whether the MoC statement, including its annexes, is complete and has used the latest version of the form "Modalities of Communication statement" (F-CDM-MOC).
402	Mean	s of validation
403 404	57.	The DOE shall confirm that all the required information as per the F-CDM-MOC is complete and correctly filled.

405		7.7. Project design document
406	Valida	ation requirement
407 408	58.	The DOE shall determine whether the PDD was completed using the latest version of the PDD form appropriate to the type of project activity. <sup>5</sup>
409	<u>Repor</u>	ting requirements
410 411	59.	The DOE shall provide a statement regarding the compliance of the PDD with relevant forms and guidance.
412		7.8. Description of project activity
413	Valida	ation requirement
414 415	60.	The DOE shall confirm that the description of the proposed CDM project activity as contained in the PDD is accurate and provides an understanding of the proposed CDM project activity.
416	Mean	s of validation
417 418 419	61.	Unless other means are specified in the methodology, the DOE shall conduct a physical site inspection for the following proposed CDM project activities in existing facilities or utilizing existing equipments:
420	(a	) Large scale projects;
421	(b	) Non-bundled small scale projects with emission reductions exceeding 15,000 tonnes per year;
422 423 424	(c	Bundled small scale projects, each with emission reductions not exceeding 15,000 tonnes per year; in such case the number of physical site visits may however be based on sampling, if the sampling size is justified through statistical analysis.
425 426 427 428	62.	For other individual proposed small scale CDM project activities with emission reductions not exceeding 15,000 tonnes per year the DOE should conduct a physical site visit as appropriate. For proposed CDM project activities for which the DOE does not undertake a physical site inspection this shall be justified.
429 430 431	63.	For all other proposed CDM project activities not referred to in paragraphs 61–62, the DOE shall undertake the validation of project description by reviewing available designs and feasibility studies and should conduct comparison analysis to equivalent projects, as appropriate.
432 433 434	64.	If the proposed CDM project activity involves the alteration of an existing installation or process, the DOE shall ensure that the project description states the differences resulting from the project activity compared to the pre-project situation.
435	<u>Repor</u>	ting requirements
436	65.	The DOE shall:

<sup>&</sup>lt;sup>5</sup> CDM-PDD, CDM-SSC-PDD, CDM-AR-PDD, CDM-SSC-AR-PDD, CDM-PoA-DD, CDM-CPA-DD etc.



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437 438	<ul> <li>(a) Describe the process undertaken to validate the accuracy and completeness of the project description;</li> </ul>
439	(b) Provide an opinion on the accuracy and completeness of the project description;
440	(c) Provide a justification when it has not undertaken a site visit.
441	7.9. Application of the selected baseline and monitoring methodology
442	7.9.1. General requirements
443 444	66. The DOE shall confirm that the baseline and monitoring methodologies selected by the project participants are the valid versions of those approved by the CDM Executive Board.
445 446	67. The DOE shall apply any specific guidance/clarification provided by the CDM Executive Board in respect to any approved methodology.
447 448	68. The DOE shall determine whether the selected methodology applies to the project activity and has been correctly applied with respect to following:
449	(a) Project boundary;
450	(b) Baseline identification;
451	(c) Algorithms and/or formulae used to determine emission reductions;
452	(d) Additionality;
453	(e) Monitoring methodology.
454	7.9.2. Applicability of the selected baseline and monitoring methodology to the project activity
455	Validation requirement
456 457 458	69. The DOE shall validate that the selected baseline and monitoring methodology is applicable to the project activity and that the selected version is valid at the time of submission of the CDM project activity for registration.
459	Means of validation
460 461	70. The DOE shall determine whether the methodology is correctly quoted and applied by comparing it with the actual text of the applicable version of the methodology. <sup>6</sup>

<sup>&</sup>lt;sup>6</sup> A selected approved methodology applies to the project activity if the applicability conditions of the methodology are met.



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- 462 71. The DOE shall determine the project participants have shown that the project activity meets 463 each of the applicability conditions of the approved methodology or any tool or other 464 methodology component referred to therein. This shall be done by validating the documentation referred to in the PDD and by verifying that the documentation content is correctly quoted and 465 interpreted in the PDD. If the DOE, based on local and sectoral knowledge, is aware that 466 467 comparable information is available from credible sources other than that used in the PDD, then the DOE shall cross check the PDD against the other sources to confirm that the project activity 468 meets the applicability conditions of the methodology. 469
- 470 72. If the DOE cannot make a determination regarding the applicability of the selected methodology
  471 to the proposed CDM project activity then the DOE shall request clarification on the
  472 methodology in accordance with the relevant guidance provided by the CDM Executive Board.
- 473 73. If the DOE determines that the proposed CDM project activity does not comply with the
  474 applicability conditions of the methodology the DOE should proceed by means of requesting
  475 revision to or deviation from the methodology in accordance with the relevant guidance
  476 provided by the CDM Executive Board.
- 477 <u>Reporting requirements</u>
- 478 74. For each applicability condition listed in the approved methodology selected, the DOE shall
  479 clearly describe in the validation report the steps taken to assess the relevant information
  480 contained in the PDD against these criteria. The validation report shall include a validation
  481 opinion regarding the applicability of the selected methodology to the proposed CDM project
  482 activity.
- The validation report shall contain information regarding greenhouse gas emissions occurring
  within the proposed CDM project activity boundary as a result of the implementation of the
  proposed CDM project activity which are expected to contribute more than 1% of the overall
  expected average annual emissions reductions, which are not addressed by the applied
  methodology.
- 488

- 7.9.3. Project boundary
- 489 Validation requirement
- The DOE shall confirm that all main GHG emission sources, the physical delineation of the
  proposed CDM project activity and other relevant project and baseline emission sources covered
  in the methodology are included within the project boundary for the purpose of calculating
  project and baseline emissions for the proposed CDM project activity meets the requirements of
  the selected baseline methodology.
- 495 <u>Means of validation</u>
- 496 77. The DOE shall confirm the project boundary based on documented evidence and shall corroborate it by a site visit where required.
- 498 78. If the methodology allows project participants to choose whether a source or gas is to be
  499 included within the project boundary, the DOE shall determine whether the project participants
  500 have justified that choice. The DOE shall confirm that the justification provided is reasonable,
  501 based on assessment of supporting documented evidence provided by the project participants
  502 and corroborated by observations if required.



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- For the project activities that have both A/R and non-A/R components in order to avoid double
  counting of emission sources, the DOE shall confirm that the emissions associated with the A/R
  activity will be accounted for and clearly documented by the A/R CDM project activity.
- 506 <u>Reporting requirements</u>
- 50780.The DOE shall describe how the validation of the project boundary has been performed, by508detailing the documentation assessed (e.g. a commissioning report) and by describing its509observations during any site visit undertaken (i.e. observations of the physical site or equipment510used in the process).
- 511 81. The DOE shall state whether the identified boundary and the selected sources and gases are
  512 justified for the project activity. Should the DOE identify emission sources that will be affected
  513 by the project activity and are not addressed by the selected approved methodology, the DOE
  514 shall request clarification of, revision to or deviation from the methodology, as appropriate.
- 515

#### 7.9.4. Baseline scenario identification and description

- 516 Validation requirement
- 517 82. The DOE shall confirm that the baseline identified for the proposed CDM project activity is the
  518 scenario that reasonably represents the anthropogenic emissions by sources of GHGs that would
  519 occur in the absence of the proposed CDM project activity.
- 520 Means of validation
- 52183.The DOE shall confirm that any procedure contained in the methodology to identify the most522reasonable baseline scenario has been correctly applied. If the selected methodology requires523use of tools (such as the "Tool for the demonstration and assessment of additionality" and the524"Combined tool to identify the baseline scenario and demonstrate additionality") to establish the525baseline scenario, the DOE shall consult the methodology on the application of these tools. In526such cases, the specific guidance in the methodology shall supersede the corresponding527requirements of the tool.
- 52884.If the methodology requires several alternative scenarios to be considered in the identification of529the most plausible baseline scenario, the DOE shall, based on financial expertise and local and530sectoral knowledge, determine whether all scenarios that are considered by the project531participants and are supplementary to those required by the methodology, are realistic and532credible in the context of the proposed CDM project activity and that no alternative scenario has533been excluded.
- The DOE shall determine whether the most plausible baseline scenario identified is reasonable
  by validating the assumptions, calculations and rationales used in the PDD. It shall determine
  whether documents and sources referred to in the PDD are correctly quoted and interpreted. The
  DOE shall cross check the information provided in the PDD with other verifiable and credible
  sources, such as local expert opinion, if available.



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- The DOE shall determine whether all applicable CDM requirements have been taken into
  account in the identification of the baseline scenario for the proposed CDM project activity,
  including "relevant national and/or sectoral policies and circumstances." Drawing on its
  knowledge of the sector and/or advice from local experts, the DOE shall confirm that all
  relevant policies and circumstances have been identified and correctly considered in the PDD, in
  accordance with the guidance by the CDM Executive Board.
- 545 87. The DOE shall determine whether the PDD provides a description of the identified baseline
  546 scenario, including a description of the technology that would be employed and/or the activities
  547 that would take place in the absence of the proposed CDM project activity.
- 54888.The DOE shall confirm that all applicable CDM requirements have been taken into account in549the identification of the baseline scenario for the proposed CDM project activity, including550relevant national and/or sectoral policies and circumstances, such as sectoral reform initiatives,551local fuel availability, power sector expansion plans, and the economic situation in the project552sector, without creating perverse incentives that may impact Host Parties' contributions to the553ultimate objective of the Convention. Two (2) types of national and/or sectoral policies have to554be taken into account:
- 555 (a) National and/or sectoral policies or regulations that give comparative advantages to more 556 emissions-intensive technologies or fuels over less emissions-intensive technologies or fuels, 557 otherwise known as policies that increase GHG emissions, and are called type E+. For this type of national and/or sectoral policies or regulations, only those that have been 558 559 implemented before adoption of the Kyoto Protocol by the COP (decision 1/CP.3, 11 December 1997) shall be taken into account when identifying a baseline scenario. If such 560 national and/or sectoral policies were implemented since the adoption of the Kyoto Protocol, 561 562 the baseline scenario shall refer to a hypothetical situation without the national and/or sectoral policies or regulations being in place; 563
- 564 (b) National and/or sectoral policies or regulations that give comparative advantages to less emissions-intensive technologies over more emissions-intensive technologies (e.g. public 565 subsidies to promote the diffusion of renewable energy or to finance energy efficiency 566 programs), otherwise known as policies that decrease GHG emissions, and are called type E-. 567 For this type of national and/or sectoral policies or regulations, those that have been 568 implemented since the adoption by the COP of the CDM M&P (decision 17/CP.7, 11 569 570 November 2001) need not be taken into account in identifying a baseline scenario (i.e. the baseline scenario could refer to a hypothetical situation without the national and/or sectoral 571 policies or regulations being in place). 572
- 573 <u>Reporting requirements</u>
- 574 89. The DOE shall describe the steps taken to assess the requirements and provide an opinion as to
   575 whether:
- (a) All the assumptions and data used by the project participants are listed in the PDD, including
   their references and sources;
- (b) All documentation used is relevant for establishing the baseline scenario and correctly quoted
   and interpreted in the PDD;
- (c) Assumptions and data used in the identification of the baseline scenario are justified
   appropriately, supported by evidence and can be deemed reasonable;



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- (d) Relevant national and/or sectoral policies and circumstances are considered and listed in the PDD;
- (e) The approved baseline methodology has been correctly applied to identify the most plausible
   baseline scenario and the identified baseline scenario reasonably represents what would occur
   in the absence of the proposed CDM project activity.
- 587 90. The DOE shall describe other steps taken and sources of information used to cross check the
  588 information contained in the PDD.

589

7.9.5. Algorithms and/or formulae used to determine emission reductions

- 590 Validation requirement
- 591 91. The DOE shall determine whether the steps taken and the equations and parameters applied in
   592 the PDD to calculate project emissions, baseline emissions, leakage and emission reductions
   593 comply with the requirements of the selected methodology including applicable tool(s).
- 594 Means of validation
- Where the methodology allows for selection between options for equations or parameters, the
  DOE shall confirm that adequate justification has been provided (based on the choice of the
  baseline scenario, context of the proposed CDM project activity and other evidence provided)
  and that the correct equations and parameters have been used, in accordance with the
  methodology selected<sup>7</sup> including applicable tool(s).
- The DOE shall verify the justification given in the PDD for the choice of data and parameters 600 93. used in the equations. If data and parameters will not be monitored throughout the crediting 601 602 period of the proposed CDM project activity but have already been determined and will remain 603 fixed throughout the crediting period, the DOE shall assess that all data sources and 604 assumptions are appropriate and calculations are correct, applicable to the proposed CDM project activity and will result in a conservative estimate of the emission reductions. If data and 605 parameters will be monitored or estimated on implementation and hence become available only 606 after validation of the project activity, the DOE shall confirm that the estimates provided in the 607 608 PDD for these data and parameters are reasonable.
- 609 <u>Reporting requirements</u>
- 610 94. The DOE shall describe the steps taken to assess the requirements and provide an opinion as to611 whether:
- 612 (a) All assumptions and data used by the project participants are listed in the PDD, including
   613 their references and sources;
- (b) All documentation used by project participants as the basis for assumptions and source of
   data is correctly quoted and interpreted in the PDD;

<sup>&</sup>lt;sup>7</sup> For project activities that have both A/R and non-A/R components, in order to avoid double counting of emission sources, the emissions associated with A/R activity shall be accounted for and clearly documented by the A/R CDM project activity (see EB 25 report paragraphs 38 and 48).



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- 616 (c) All values used in the PDD are considered reasonable in the context of the proposed CDM
   617 project activity;
- (d) The baseline methodology and corresponding tool(s) have been applied correctly to calculate
   project emissions, baseline emissions, leakage and emission reductions;
- (e) All estimates of the baseline emissions can be replicated using the data and parameter values provided in the PDD.
- 622 95. The DOE shall describe how it has verified the data and parameters used in the equations,
   623 including references to any other data sources used.
- 624

#### 7.9.6. Additionality of a project activity

- 625 Validation requirement
- 626 96. The DOE shall validate that the proposed CDM project activity is additional as demonstrated in the PDD.<sup>8</sup>
- 628 <u>Means of validation</u>
- 629 97. The DOE shall assess and verify the reliability and credibility of all data, rationales,
  630 assumptions, justifications and documentation provided by project participants to support the
  631 demonstration of additionality. This requires the DOE to critically assess the presented
  632 evidence, using local knowledge and sectoral and financial expertise.
- 633 98. If required by applicable approved methodology, the DOE shall consider tools and guidelines
  634 provided by the CDM Executive Board to demonstrate the additionality of proposed CDM
  635 project activities. The DOE shall also consider specific complementary or alternative
  636 requirements included in the methodology for demonstration of additionality of proposed
  637 project activity.
- 638 <u>Reporting requirements</u>
- 639 99. The DOE shall describe all steps taken, and sources of information used to cross-check the
  640 information contained in the PDD. The DOE shall describe how it has determined that the
  641 evidences assessed are credible, where appropriate.

<sup>&</sup>lt;sup>8</sup> In accordance with decision 3/CMP.1, annex, paragraph 43 "A CDM project activity is additional if anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the registered CDM project activity". Note that for A/R CDM project activities: "An afforestation or reforestation project activity under the CDM is additional if the actual net greenhouse gas removals by sinks are increased above the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the registered CDM afforestation or reforestation project activity" (see decision 5/CMP.1, annex, paragraph 18). While specific elements of the assessment of additionality are discussed in further detail below, not all elements discussed below will be applicable to all proposed CDM project activities.



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642	7.9.6.1. Prior consideration of the clean development mechanism
643	Validation requirement
644 645 646 647	100. The DOE shall confirm the start date of the CDM benefits were considered necessary in the decision to undertake the project as a proposed CDM project activity, if the starting date of the proposed CDM project activity is prior to the date of publication of the PDD for global stakeholder consultation.
648	Means of validation
649 650 651 652	101. The DOE shall confirm that the start date of the project activity, reported in the PDD, is in accordance with the "Glossary of CDM terms". In particular, for project activities that require construction, retrofit or other modifications, the date of commissioning cannot be considered the project activity start date.
653	102. The DOE, shall determine whether it is a project activity with a:
654	(a) start date on or after 02 August 2008; or
655	(b) start date before 02 August 2008.
656 657 658 659 660 661 662 663 664	103. For a project activity, with a start date on or after 02 August 2008, for which PDD has not been published for global stakeholder consultation or a new methodology proposed to the CDM Executive Board before the project activity start date, the DOE shall confirm by referring to the list of prior consideration notifications from the UNFCCC website and communication between the project proponent, the UNFCCC secretariat and the host Party DNA regarding the commencement of a new CDM project activity. <sup>9</sup> If such a notification has not been provided by the project participants within six months of the project activity start date, the DOE shall determine that the CDM was not seriously considered in the decision to implement the project activity.
665 666 667 668	104. For a project activity, with a start date before 02 August 2008, for which the start date is prior to the date of publication of the PDD for global stakeholder consultation, the DOE shall assess the project participant's prior consideration of the CDM through document reviews and shall satisfy following requirements:
669 670 671 672	<ul> <li>(a) Evidence that must indicate that awareness of the CDM prior to the project activity start date, and that the benefits of the CDM were a decisive factor in the decision to proceed with the project. Evidence to support this would include, inter alia, minutes and/or notes related to the consideration of the decision by the Board of Directors, or equivalent, of the project</li> </ul>

673 participant, to undertake the project as a proposed CDM project activity.

<sup>&</sup>lt;sup>9</sup> See EB 48, annex 62, "Prior consideration of the CDM form".



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- 674 (b) Reliable evidence from project participants that must indicate that continuing and real actions were taken to secure CDM status for the project in parallel with its implementation. Evidence 675 676 to support this should include one or more of the following: contracts with consultants for 677 CDM/PDD/methodology services, draft versions of PDDs and underlying documents such as letters of authorization, and if available, letter of intent, emission reduction purchase 678 679 agreements (ERPA) term sheets, ERPAs or other documentation related to the potential sale 680 of the CERs (including correspondence with multilateral financial institutions or carbon funds), evidence of agreements or negotiations with a DOE for validation services, 681 682 submission of a new methodology or requests for clarification or revision of existing 683 methodologies to the CDM Executive Board, publication in newspaper, interviews with 684 DNA, earlier correspondence on the project with the DNA or the UNFCCC secretariat. 685 105. Assessment of real and continuing actions shall be validated by the DOE and the validation should focus on real documented evidence as indicated in paragraph 149 (b) above, including an 686 687 assessment by the DOE of the authenticity of the evidence. The DOE shall assess letters, e-mail 688 exchanges and other documented communications submitted by the PP to substantiate the above evidences, and these shall be considered as evidences only after the DOE has confirmed the 689
- authenticity of such communications, inter alia through cross-checking (e.g. interviews). The
   DOE shall describe this process of cross-checking in detail in its validation report.
- 692 106. In validating proposed CDM project activities where:
- (a) there is less than 2 years of a gap between the documented evidence the DOE shall conclude
   that continuing and real actions were taken to secure CDM status for the project activity;
- (b) the gap between documented evidence is greater than 2 years and less than 3 years, the DOE
   may validate that continuing and real actions were taken to secure CDM status for the project
   activity and shall justify any positive or negative validation opinion based on the context of
   the evidence and information assessed;
- (c) the gap between documented evidence is greater than 3 years, the DOE shall conclude that continuing and real actions were not taken to secure CDM status for the project activity
- 107. If evidence to support the serious prior consideration of the CDM as indicated above is not available the DOE shall determine that the CDM was not considered in the decision to implement the project activity.
- 704 <u>Reporting requirements</u>
- 705 108. The validation report shall:
- (a) Describe the DOE's validation of the project activity start date provided in the PDD;
- (b) Describe the evidence for prior consideration of the CDM (if necessary) that was assessed,
   including the real and continuing action;
- (c) Provide a clear validation opinion regarding whether the proposed CDM project activity
   complies with the applicable requirements related to the prior consideration of CDM.

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711	7.9.6.2. Identification of alternatives
712	Validation requirement
713 714	109. The DOE shall assess the list of identified credible alternatives to the project activity in the PDD selected to determine the most realistic baseline scenario.
715	Means of validation
716	110. The DOE shall assess the list of alternatives given in the PDD and confirm that:
717 718	<ul> <li>(a) The list of alternatives includes as one of the options that the project activity is undertaken without being registered as a proposed CDM project activity;</li> </ul>
719 720 721	(b) The list contains all plausible alternatives that the DOE, on the basis of its local and sectoral knowledge, considers to be viable means of supplying the comparable outputs or services that are to be supplied by the proposed CDM project activity;
722	(c) The alternatives comply with all applicable and enforced legislation.
723 724	111. Where the baseline scenario is prescribed in the approved methodololgy no further analysis is required.
725	Reporting requirements
726	112. The DOE shall describe whether it considers the listed alternatives to be credible and complete.
727	7.9.6.3. Investment analysis
728	Validation requirement
729 730	113. If investment analysis has been used to demonstrate the additionality of the proposed CDM project activity, the DOE shall validate that the proposed CDM project activity would not be:
731	(a) The most economically or financially attractive alternative; or
732 733	(b) Economically or financially feasible, without the revenue from the sale of certified emission reductions (CERs).
734	Means of validation
735 736 737	114. The DOE shall comply with the latest version of the Guidelines on the Assessment of Investment Analysis" as provided by the CDM Executive Board and with other relevant guidelines.
720	115 The DOE shall access that the project estivity is not the most economically or financially

115. The DOE shall assess that the project activity is not the most economically or financially attractive alternative; or that it is not economically or financially feasible without CDM<sup>10</sup>: 

<sup>&</sup>lt;sup>10</sup> It should be noted that the EB 51 report, paragraph 77, and "Guidelines on the assessment of investment analysis", and the requirements of specific methodologies may preclude the use of one of these options in certain scenarios.



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740 (a) The proposed CDM project activity would produce no financial or economic benefits other than CDM-related income. Document the costs associated with the proposed CDM project 741 742 activity and the alternatives identified and demonstrate that there is at least one alternative 743 which is less costly than the proposed CDM project activity; 744 (b) The proposed CDM project activity is less economically or financially attractive than at least 745 one other credible and realistic alternative; (c) The financial returns of the proposed CDM project activity would be insufficient to justify 746 the required investment. 747 748 116. To verify the accuracy of financial calculations carried out for any investment analysis, the 749 DOE shall: 750 (a) Conduct a thorough assessment of all parameters and assumptions used in calculating the 751 relevant financial indicator, and determine the accuracy and suitability of these parameters using the available evidence and expertise in relevant accounting practices; 752 753 (b) Cross-check the parameters against third-party or publicly available sources, such as invoices 754 or price indices; 755 (c) Review feasibility reports, public announcements and annual financial reports related to the proposed CDM project activity and the project participants; 756 757 (d) Assess the correctness of computations carried out and documented by the project participants; 758 759 (e) Assess the sensitivity analysis by the project participants to determine under what conditions 760 variations in the result would occur, and the likelihood of these conditions. 761 117. To confirm the suitability of any benchmark applied in the investment analysis, the DOE shall: 762 (a) Determine whether the type of benchmark applied is suitable for the type of financial indicator presented; 763 764 (b) Ensure that any risk premiums applied in determining the benchmark reflect the risks 765 associated with the project type or activity; 766 (c) Determine whether it is reasonable to assume that no investment would be made at a rate of return lower than the benchmark by, for example, assessing previous investment decisions by 767 the project participants involved and determining whether the same benchmark has been 768 applied or if there are verifiable circumstances that have led to a change in the benchmark. 769 118. Where project participants rely on values from Feasibility Study Reports  $(FSR)^{28}$  that are 770 approved by national authorities for proposed CDM project activities, the DOE shall confirm 771 772 that: 773 The FSR has been the basis of the decision to proceed with the investment in the project, i.e. (a) 774 that the period of time between the finalization of the FSR and the investment decision is 775 sufficiently short that it is unlikely in the context of the underlying project activity that the input values would have materially changed; 776



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- (b) The values used in the PDD and associated annexes are fully consistent with the FSR, and
   where inconsistencies occur the DOE should validate the appropriateness of the values;
- (c) On the basis of its specific local and sectoral expertise, confirmation is provided, by cross checking or other appropriate manner, that the input values from the FSR are valid and
   applicable at the time of the investment decision.
- 782 <u>Reporting requirements</u>
- 783 119. The DOE shall:
- (a) Describe in detail how the parameters used in any financial calculations have been validated;
- (b) Describe how the suitability of any benchmark applied has been assessed;
- (c) Confirm whether the underlying assumptions are appropriate and the financial calculations are correct.

7.9.6.4. Barrier analysis

789 Validation requirement

788

- 120. If barrier analysis<sup>11</sup> was used to demonstrate the additionality of the proposed CDM project
   activity, the DOE shall validate that the proposed CDM project activity faces barriers that:
- (a) Prevent the implementation of this type of proposed CDM project activity<sup>12</sup>;
- (b) Do not prevent the implementation of at least one of the alternatives.
- 794 <u>Means of validation</u>
- The DOE shall confirm that issues that have a direct impact<sup>13</sup> on the financial returns of the
   project activity are not considered barriers and shall be assessed by investment analysis. This
   does not refer to either:
- (a) Risk related barriers, for example risk of technical failure, that could have negative effects on
   financial performance; or
- 800 (b) Barriers related to the unavailability of sources of finance for the project activity;
- (c) The DOE shall apply a two-step process to assessing the barrier analysis performed, as
   follows:

<sup>&</sup>lt;sup>11</sup> Barriers are issues in project implementation that could prevent a potential investor from pursuing the implementation of the proposed project activity. The identified barriers are only sufficient grounds for demonstration of additionality if they would prevent potential project proponents from carrying out the proposed project activity undertaken without being registered as a CDM project activity.

<sup>&</sup>lt;sup>12</sup> See the latest "guidelines for objective demonstration and assessment of barriers".

<sup>&</sup>lt;sup>13</sup> Defined in this context as those issues whose impacts can be expressed in monetary terms with reasonable certainty.

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803 Determine whether the barriers are real. The DOE shall assess the available evidence (i). 804 and/or undertake interviews with relevant individuals (including members of industry 805 associations, government officials or local experts if necessary) to determine whether the 806 barriers listed in the PDD exist. The DOE shall determine whether the existence of 807 barriers is substantiated by independent sources of data such as relevant national 808 legislation, surveys of local conditions and national or international statistics. If 809 existence of a barrier is substantiated only by the opinions of the project participants, the DOE shall not consider this barrier to be adequately substantiated. If the DOE considers, 810 811 on the basis of its sectoral or local expertise, that a barrier is not real or is not supported 812 by sufficient evidence, it shall raise a CAR to have reference to this barrier removed from the project documentation; 813 814 (ii). Determine whether the barriers prevent the implementation of the project activity but not the implementation of at least one of the possible alternatives. Since not all barriers 815 816 present an insurmountable hurdle to a project activity being implemented, the DOE shall 817 apply its local and sectoral expertise to judge whether a barrier or set of barriers would prevent the implementation of the proposed CDM project activity and would not equally 818 prevent implementation of at least one of the possible alternatives, in particular the 819 820 identified baseline scenario. 821 **Reporting requirements** 822 122. The DOE shall: 823 (a) Provide an assessment of each barrier listed in the PDD, which describes how the it has undertaken validation of the barrier; 824 825 (b) Provide an overall determination of the credibility of the barrier analysis performed. 826 7.9.6.5. Common practice analysis 827 Validation requirement 828 123. For proposed large-scale CDM project activities, unless the proposed project type is first-of-its 829 kind, the DOE shall conduct a common practice analysis as a credibility check of the other available evidence used by the project participants to demonstrate additionality.<sup>14</sup> 830

<sup>&</sup>lt;sup>14</sup> This is a test to complement the investment analysis (Step 2 of the additionality tool) or barrier analysis (Step 3 of the additionality tool) to confirm that the project activity is not widely observed and commonly carried out in the region.

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831 Means of validation

- 832 124. The DOE shall use official sources and its local and sectoral expertise to:
- (a) Assess whether the geographical scope (e.g. the defined region) of the common practice
  analysis is appropriate for the assessment of common practice related to the project activity's
  technology or industry type. For certain technologies the relevant region for assessment will
  be local and for others it may be transnational/global. If a region other than the entire host
  country is chosen, the DOE shall assess the explanation why this region is more appropriate;
- (b) Determine to what extent similar and operational projects (e.g. using similar technology or practice), other than CDM project activities,<sup>15</sup> have been undertaken in the defined region;
- (c) Assess, if similar and operational projects, other than CDM project activities, are already
  "widely observed and commonly carried out" in the defined region, whether there are
  essential distinctions between the proposed CDM project activity and the other similar
  activities.<sup>15</sup>
- 844 <u>Reporting requirements</u>
- 845 125. The DOE shall:
- 846 (a) Describe how the geographical scope of the common practice analysis has been validated,
   847 considering the technology or industry type to which the project activity belongs;
- (b) Describe how it has undertaken an assessment of the existence of similar projects;
- 849 (c) Describe how it has assessed the essential distinctions between the proposed CDM project
   850 activity and any similar projects that are widely observed and commonly carried out;
- 851 (d) Confirm that the proposed CDM project activity is not common practice.
- 852

- 7.9.7. Monitoring plan
- 853 Validation requirement
- The DOE shall confirm that the monitoring plan included in the PDD is based on the approved
   monitoring methodology including applicable tool(s).
- 856 Means of validation
- 857 127. The DOE shall apply a two-step process to meet the above requirement:
- 858 (a) To assess compliance of the monitoring plan with the approved methodology and the859 applicable tool(s), the DOE shall:
- 860 (i). Identify the list of parameters required by the selected approved methodology including
   861 applicable tool(s) by means of document review;

<sup>&</sup>lt;sup>15</sup> Registered CDM project activities and CDM project activities which have been published on the UNFCCC website for global stakeholder consultation as part of the validation processes. egistered CDM project activities and CDM project activities which have been published on the UNFCCC website for global stakeholder consultation as part of the validation processes.



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862 (ii). Confirm that the monitoring plan contains all necessary parameters, that they are described and that the means of monitoring described in the plan complies with the 863 864 requirements of the methodology including applicable tool(s). 865 (b) To confirm the implementation of the plan the DOE shall, by means of review of the 866 documented procedures, interviews with relevant personnel, project plans and any physical inspection of the proposed CDM project activity site in accordance with paragraphs 61-63, 867 assess whether: 868 The monitoring arrangements described in the monitoring plan are feasible within the 869 (i). 870 project design; 871 (ii). The means of implementation of the monitoring plan, including the data management 872 and quality assurance and quality control procedures, are sufficient to ensure that the 873 emission reductions achieved by/resulting from the proposed CDM project activity can be reported ex post and verified. 874 875 Reporting requirements 876 128. The DOE shall: 877 (a) State its opinion on the compliance of the monitoring plan with the requirements of the methodology including applicable tool(s); 878 879 (b) Describe the steps undertaken to assess whether the monitoring arrangements described in the monitoring plan are feasible within the project design; 880 881 (c) State its opinion on the project participants ability to implement the monitoring plan. 882 7.9.8. Environmental impacts 883 Validation requirement 884 129. The DOE shall confirm that the project participants conducted an analysis of environmental 885 impacts of the proposed CDM project activity, including transboundary impacts and if those impacts are considered significant by the project participants or the host party. 886 887 130. The DOE shall also confirm that the project participant conducted an environmental impact 888 assessment if required to do so by the host Party, in accordance with the host Party's 889 procedures. 890 Means of validation 891 131. The DOE shall confirm the above requirements, by means of a document review and/or using 892 local official sources and expertise,. 893 Reporting requirements 894 132. The DOE shall indicate if the project participants have undertaken an analysis of environmental 895 impacts and, if required by the host Party, an environmental impact assessment in accordance 896 with procedures as required by the host Party.



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897	7.9.9. Local stakeholder consultation
898	Validation requirement
899 900	133. The DOE shall confirm that due account was taken in the local stakeholders consultation process.
901	Means of validation
902 903	134. The DOE shall, by means of document review and interviews with local stakeholders as appropriate, determine whether:
904 905	(a) Comments have been invited from relevant local stakeholders prior to the publication of the PDD on the UNFCCC website;
906	(b) The summary of the received comments as provided in the PDD is complete;
907 908	(c) The project participants have taken due account of any comments received and have described this process in the PDD.
909	Reporting requirements
910	135. The DOE shall:
911	(a) Describe the steps taken to assess the adequacy of the local stakeholder consultation;
912	(b) Provide an opinion on the adequacy of the local stakeholder consultation.
913	7.10. Specific validation requirements
914 915 916 917 918	136. For certain specific validation activities such as SSC, A/R, and PoA, the DOE shall comply with the general validation requirements described in the sections above as well as those that follow including the simplified modalities and procedures for small scale CDM project activities, the modalities and procedures for afforestation and reforestation CDM project activities, <sup>16</sup> and Standards for PoA.
919	7.10.1. Small scale project activities
920	7.10.1.1. Project activity eligibility
921	Validation requirement
922	137. The DOE shall determine whether the proposed CDM project activity meets the small-scale

922 137. The DOE shall determine
923 eligibility requirements.<sup>17</sup>

<sup>&</sup>lt;sup>16</sup> See decision 5/CMP.1, annex.

<sup>&</sup>lt;sup>17</sup> See the simplified modalities and procedures for small-scale CDM project activities presented under decision 4/CMP.1, annex II.

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#### 924 <u>Means of validation</u>

- For a project activity that is within the small-scale project activity threshold applies a large-scale approved methodology then the DOE shall confirm that this project activity confirms that it follows the modalities and procedures for large-scale project activities.
- 928 139. The DOE shall confirm that :
- (a) The project activity qualifies within the thresholds of the three possible types of small-scale
   project activities. It may include more than one component; for example, a type III methane
   recovery component activity and a type I electricity component activity<sup>18</sup>;
- (b) The project activity conforms to one or more than one of the approved small-scale
   methodologies are applied in conjunction with the general guidelines to SSC CDM
   methodologies<sup>19</sup>; and
- 935 (c) The proposed small-scale CDM project activity is not a debundled component of a large-scale project<sup>20</sup> activity.
- 937 <u>Reporting requirements:</u>
- 140. The DOE shall confirm if the CDM project activity has met the eligibility criteria for small-scale CDM project activities.

<sup>&</sup>lt;sup>18</sup> See EB 28 report, paragraphs 56 and 57, for guidance on size limits for the components.

<sup>&</sup>lt;sup>19</sup> See EB 54 report, paragraph 37and the latest "General guidelines to SSC methodologies" for further clarification.

<sup>&</sup>lt;sup>20</sup> See Appendix C of the simplified modalities and procedures for small-scale CDM project activities and the Guidelines on assessment of de-bundling for SSC project activities.

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#### 7.10.1.1.1. Debundling

- 941 Validation requirement
- 141. The DOE shall confirm that the proposed small-scale CDM project activity is not a debundledcomponent of a large-scale project activity.
- 944 Means of validation
- 142. The DOE shall confirm if a proposed small-scale project activity is deemed to be a debundled component<sup>21,22,23</sup> but the total size of such an activity combined with the previous registered small-scale CDM project activity does not exceed the limits for small-scale CDM project activities as set in paragraph 6 (c) of the decision 17/CP.7 for the project activity to qualify to use simplified modalities and procedures for small-scale CDM project activities.
- 950 <u>Reporting requirements</u>
- 143. The DOE shall conclude and report that the proposed SSC project activity is a debundled
   component of a large project activity if there is a registered small-scale CDM project activity or
   an application to register another small-scale CDM project activity:
- 954 (a) With the same project participants; and
- 955 (b) In the same project category and technology/measure; and
- 956 (c) Registered within the previous 2 years; and
- 957 (d) Whose project boundary is within 1 km of the project boundary of the proposed small- scale activity at the closest point.
- Where the DOE has determined, one or more project activities are taking place within one
  kilometer of the proposed project activity and with the same project participants, the DOE shall:
- 961 (a) Ensure that these projects are described in the PDD and that its report contains specific details
   962 on how it has determined that the project activities are not debundled components of a large
   963 scale project activity;

<sup>&</sup>lt;sup>21</sup> See EB 54 report, paragraph 36, and its annex 13 "Guidelines on assessment of de-bundling for SSC project activities", and EB 46 report, paragraph 60 for further clarification on determining the occurrence of debundling do not require the consideration of the start date of the proposed CDM project.

<sup>&</sup>lt;sup>22</sup> The Board clarified that a proposed small-scale transport sector project activity involving boundaries/sources that are mobile, shall be deemed to be a debundled component of a large project activity if there is a registered small-scale CDM project activity or an application to register another small-scale CDM project activity.

<sup>&</sup>lt;sup>23</sup> If each of the independent subsystems/measures (e.g., biogas digesters, residential solar energy systems, kerosene or incandescent lighting replacements) included in one or more CDM project activities is no greater than 1% of the small scale thresholds defined by the applied methodology and the subsystems/measures are indicated in the PDDs to be each implemented at or in multiple locations (e.g., installed at or in multiple homes) then these CDM project activities are exempted from performing a de-bundling check, i.e., considered as being not a de-bundled component of a large scale activity.



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- (b) Consider the project activities to be a debundled component of a large scale project activity
  even in cases where they are taking place in different project categories, if the project
  activities are Type 1 project activities providing energy to the same user and are registered, or
  submitted for registration, with 2 years of each other and report its conclusion.
- 968

#### 7.10.1.2. Additionality

- 969 <u>Validation requirement</u>
- 145. The DOE shall confirm the additionality of the proposed CDM project activity against the CDM requirements applicable for small scale project activities.
- 972 Means of Validation
- 146. The DOE shall refer to the specific requirements on demonstration of additionality for small
   scale project activities<sup>24</sup> and the "Non-binding best practice examples to demonstrate
   additionality for SSC project activities".
- 976 147. In the case of Type I project activities up to 5 MW that employ renewable energy as their
  977 primary technology, Type II energy efficiency project activities that aim to achieve energy
  978 savings at a scale of no more than 20 GWh per year, and Type III project activities that aim to
  979 achieve emissions reductions at a scale of no more than 20 ktCO2e per year, the DOE shall
  980 assess the relevant criteria to establish the automatic additionality for these projects.<sup>25</sup>
- 981 <u>Reporting requirements</u>
- 148. The DOE shall describe all steps taken, and sources of information used to cross-check theinformation contained in the PDD.
- 984

#### 7.10.2. Afforestation or reforestation project activities

- 985 149. The DOE shall confirm that specific requirements as defined in the modalities and procedures
   986 for A/R CDM project activities have been followed, including:
- 987 (a) Project boundary for A/R CDM project activities;
- 988 (b) Selection of carbon pools;
- 989 (c) Eligibility of land;
- 990 (d) Approach proposed to address non permanence;
- 991 (e) Timing of management activities, including harvesting cycles, and verifications;
- (f) Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems.

<sup>&</sup>lt;sup>24</sup> See Attachment A to Appendix B of 4/CMP.1, annex II.

<sup>&</sup>lt;sup>25</sup> See the latest "Guidelines for demonstrating additionality of microscale project activities".

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#### 7.10.2.1. Project boundary

- 995 Validation requirement
- 150. The DOE shall confirm whether the PDD contains a description of the CDM project boundary
   that delineates discrete areas of land planned for the proposed afforestation or reforestation
   CDM project activity under the control of the project participants.<sup>26</sup>
- 999 <u>Means of validation</u>
- 1000 151. The DOE shall, through document review and/or interviews, validate that the project
   participants for all areas of land planned for A/R CDM project activity:
- 1002 (a) Have already established the control over afforestation or reforestation activities; or
- 1003 (b) The control over afforestation or reforestation.
- 1004152.The DOE shall confirm that the control has included at minimum the exclusive right, defined in1005a way acceptable under the legal system of the host country, to perform the A/R activity with1006the aim of achieving net anthropogenic GHG removals by sinks. If the total number of1007documents to be reviewed and persons/entities to be interviewed is not less than ten, then the1008DOE may apply a sampling approach.
- 1009 <u>Reporting requirements</u>
- 1010153. The DOE shall describe the documentation assessed and/or oral statements delivered by persons1011interviewed (if any) and conclude on their acceptability under the legal system of the host1012country. In a case the DOE has applied a sampling approach, it shall also describe how many1013sites have been assessed and how these sites were selected.
- 1014

#### 7.10.2.2. Selection of carbon pools

- 1015 <u>Validation requirement</u>
- 1016154.The DOE shall determine whether the carbon pools to be considered in the proposed A/R CDM1017project activity were selected in accordance with the requirements of the selected methodology.
- 1018 Means of validation

1019155.The DOE shall confirm that information has been provided to justify the exclusion of certain1020carbon pools if the methodology allows for such an option. In doing so, the DOE shall confirm1021that all documents referred to in the PDD are correctly quoted and interpreted. If relevant, the1022DOE shall cross check the information provided in the PDD with other available information1023from public sources or local experts.

- 1024 <u>Reporting requirements</u>
- 1025 156. If the methodology allows for the option to exclude certain pools and this option is selected by
   1026 PPs, the DOE shall provide a statement as to whether the selection of carbon pools complies
   1027 with the applied methodology, and, whether the exclusion is justified.

<sup>&</sup>lt;sup>26</sup> The proposed A/R CDM project activity may contain more than one discrete area of land.



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#### 1028

#### 7.10.2.3. Eligibility of land

- 1029 <u>Validation requirement</u>
- 1030 157. The DOE shall confirm that the land within the planned project boundary is eligible for a
   proposed A/R CDM project activity.
- 1032 Means of validation
- 1033158.The DOE shall validate the above requirement based on review of information that reliably1034discriminates between forest and non-forest land according to the particular thresholds adopted1035by the host country (exemplary sources are listed in the above mentioned procedures) and a site1036visit.
- 1037 <u>Reporting requirements</u>
- 1038 159. The DOE shall describe how the validation of the eligibility of the land has been performed, by detailing the data sources assessed and by describing its observations during a site visit process.
  1040 The DOE shall provide a statement as to whether the entire land within the project boundary is eligible for a proposed A/R CDM project activity.
- 1042

#### 7.10.2.4. Addressing non-permanence

- 1043 Validation requirement
- 1044160.The DOE shall confirm that the PPs have specified the approach selected to address non-1045permanence.
- 1046 Means of validation
- 1047 161. The DOE shall review the PDD to ensure an approach to address non-permanence is selected
   according to the relevant provisions of the modalities and procedures for afforestation and
   reforestation CDM project activities.
- 1050 <u>Reporting requirements</u>
- 1051 162. The DOE shall confirm whether the approach selected by the project participants to address non-permanence has been specified in the PDD.

#### 1053 **7.10.2.5.** Timing of management activities, including harvesting cycles, and verifications

- 1054 <u>Validation requirement</u>
- 1055 163. The DOE shall confirm that the PDD describes the planned management activities, including
   1056 harvesting cycles, and verifications such that a systematic coincidence of verification and peaks
   1057 in carbon stocks would be avoided.
- 1058 Means of validation
- 1059 164. The DOE shall review the forest management plan and the monitoring plan for the proposed
   1060 A/R CDM project activity to confirm that a systematic coincidence of verification and peaks in
   1061 carbon stocks is avoided.
- 1062 <u>Reporting requirements</u>



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- 1063 165. The DOE shall describe how the project participants have ensured that a systematic coincidence
   1064 of verification and peaks in carbon stocks would be avoided.
- 1065

#### 7.10.2.6. Socio-economic and environmental impacts

- 1066 <u>Validation requirement</u>
- 1067 166. The DOE shall validate the documentation received from the PP on their analysis of the socio economic and environmental impacts, including impacts on biodiversity and natural ecosystems,
   and impacts outside the project boundary of the proposed afforestation or reforestation project
   activity under the CDM.
- 1071 Means of validation
- 1072 167. The DOE shall confirm the above requirement by means of document review and/or using local official sources and expertise.
- 1074168. If the above-mentioned analysis had led to the conclusion that any negative impact, that may be1075considered significant by the project participants or the host Party, was detected, then the DOE1076shall determine whether a socio-economic impact assessment and/or an environmental impact1077assessment has been undertaken in accordance with relevant host Party regulations, and the1078outcome of such impact assessment is summarized in the PDD.
- 1079 <u>Reporting requirements</u>
- 1080169.The DOE shall confirm whether the project participants have undertaken an analysis of the1081socio-economic and environmental impacts and, if required by the host Party, a socio-economic1082impact assessment and/or an environmental impact assessment in accordance with relevant host1083Party regulations.
- 1084 170. The DOE shall also mention whether the outcome of such impact assessment has been
  1085 summarized in the PDD and a description of the planned monitoring and remedial measures to
  1086 address the negative impacts has been included in the PDD.
- 1087
- 7.10.3. Small-scale afforestation or reforestation project activities
- 1088 171. The DOE shall determine whether:
- 1089 (a) The project activity complies with the thresholds for the small-scale A/R CDM project activities<sup>27</sup>;
- (b) The project activity complies with one of the types of small-scale A/R project activities
   defined in appendix B of the annex to decision 6/CMP.1 and qualifies to apply one of the
   approved simplified baseline and monitoring methodology for small-scale afforestation and
   reforestation project activities;
- 1095(c) The proposed CDM project activity is not a debundled component of a large-scale A/R1096project activity, in accordance with the rules defined in appendix C of the annex to decision10976/CMP.1;

<sup>&</sup>lt;sup>27</sup> See decision 5/CMP.1, annex paragraph 1(i).



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1098 1099	(0	d) The proposed CDM project activity has been developed or implemented by low-income communities and individuals as confirmed by the host Party. <sup>28</sup>
1100		7.10.4. Programme of activities/CDM Programme of activities
1101 1102 1103 1104 1105 1106 1107	172.	The CDM Executive Board has provided guidance and procedures for registering a programme of activities (PoA) as a single CDM project activity . In validating a PoA and any CDM programme activities (CPAs) proposed to be included in the PoA, the DOE shall, in general, apply the means of validation and reporting requirements described in this Standard. However there are a number of requirements unique to PoAs for which additional instructions are provided below, the precise extent of validation required in each of these areas will need to be determined by the DOE based on the type or PoA being validated.
1108		7.10.5. Participation in a PoA
1109		7.10.5.1. Coordinating/managing entity and participants of POA
1110 1111 1112	173.	The DOE shall assess the operational and management arrangements which have been established by the coordinating/managing entity in order to determine whether these arrangements are suitable for the PoA being validated.
1113 1114 1115 1116	174.	The DOE shall assess that the arrangements are sufficient to ensure that the coordinating/managing entity will have control of all records and information related to the implementation of individual CPAs and will be in a position to ensure each CPA is being operated in accordance with the specific requirements of the programme.
1117 1118 1119	175.	Where the DOE considers the arrangements to be unsatisfactory or insufficient a CAR shall be raised and a request for registration shall not be submitted until the CAR has been resolved to the satisfaction of the DOE.
1120		7.10.5.2. Validation of PoAs / CPAs
1121 1122	176.	In addition to the validation requirements arising out of the modalities and procedures for a clean development mechanism, the DOE shall validate to address the following issues:
1123		7.10.5.3. CPA design document
1124 1125 1126 1127	177.	The DOE shall assess any proposed CPA, which a coordinating/managing entity wishes to include in the PoA, to determine whether or not it complies with the eligibility criteria specified in the POA-DD. The means of validation to determine compliance with this requirement will be specific to the PoA.
1128 1129 1130	178.	The DOE should consider a desk review of the documentation sufficient to determine compliance in certain instances and also consider follow-up interviews and/or site visits necessary for other types of PoA.

<sup>&</sup>lt;sup>28</sup> See decision 5/CMP.1, annex paragraph 1(i)



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1131		7.10.5.4. Description of a PoA/CPAs
1132 1133 1134	179.	The DOE shall validate the documentation, as contained in the CDM-POA-DD and the POA specific CDM-CPA-DD, that is submitted by the coordinating/managing entity and confirm the developed framework for the implementation of the POA, and defining a CPA under the POA.
1135		7.10.5.5. Baseline and monitoring methodology
1136		7.10.5.5.1. Application of multiple methodologies
1137 1138 1139	180.	The DOE shall confirm that the application of multiple methodologies has been previously approved by the Board in cases where more than one approved methodology will be applied to each CPA.
1140		7.10.5.5.2. Boundary for the PoA in terms of geographical area
1141 1142	181.	The DOE shall confirm the boundary of the PoA within which all CPAs included in the PoA will be implemented.
1143 1144 1145	182.	The DOE shall ascertain that in the establishment of the boundary of the PoA the PP has taken into consideration all applicable national and/or sectoral policies and regulations within that chosen boundary.
1146		7.10.5.5.3. Additionality of a PoA and a CPA
1147		7.10.5.5.3.1. Starting date of a PoA/CPA
1148 1149 1150	183.	The DOE shall confirm that the start date of any CPA is not prior to the commencement of the validation of the PoA, which is the date the CDM-POA-DD is first published for global stakeholder consultation.
1151		7.10.5.5.3.2. Prior consideration of the CDM
1152 1153 1154	184.	The DOE is not required to assess prior consideration of CDM for PoAs, as at present it is expected that no component of the programme will commence prior to the start date of validation.
1155		7.10.5.5.3.3. Demonstration of additionality of the PoA as a whole
1156 1157 1158 1159 1160	185.	The DOE shall assess the CDM-POA-DD to determine whether or not that the PoA in the absence of the CDM either: (i) the proposed voluntary measure would not be implemented; or (ii) the mandatory policy/regulation would be systematically not enforced and that non-compliance with those requirements is widespread in the country/region; or (iii) the PoA would lead to a greater level of enforcement of the existing mandatory policy/regulation.
1161		7.10.5.5.3.4. Eligibility criteria for inclusion of a CPA in the PoA
1162 1163 1164	186.	A full additionality assessment is not required in the context of component project activities (CPA), rather the confirmation of additionality for CPAs shall be conducted by means of the eligibility criteria.

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1165 1166 1167 1168 1169	187.	The DOE shall assess the specified eligibility criteria in the CDM-POA-DD in order to determine whether or not these criteria are sufficient to ensure that all CPAs would comply with the CDM requirements applicable to the PoA, these requirements will include inter alia the means of demonstrating the additionality of the CPA and the applicability of the applied methodology.
1170 1171	188.	The DOE shall confirm that the eligibility criteria ensure the smooth functioning of programmatic CDM.
1172		7.10.5.5.4. Crediting period of a PoA/CPA
1173	189.	The DOE shall confirm that the length of a PoA does not exceed 28 years (60 years for $A/R$ )
1174		7.10.5.5.5. Monitoring plan for PoA/CPA
1175 1176	190.	The DOE shall determine whether the monitoring plan for a CPA is in accordance with the approved monitoring methodology including applicable tool(s).
1177		7.10.5.5.6. Environmental analysis of a PoA
1178 1179	191.	The DOE shall confirm that an environmental analysis of the PoA is undertaken as per requirements of the CDM modalities and procedures.
1180 1181 1182	192.	If the analysis is not undertaken at the PoA but is to be conducted at CPA level the DOE shall confirm the environmental analysis is conducted as described in the CDM-POA-DD and the CDM-CPA-DD.
1183		7.10.5.5.7. Local stakeholder consultation
1184 1185	193.	The DOE shall confirm that due account was taken in the local stakeholder consultation process if comments were invited with regard to the whole PoA.
1186 1187	194.	If comments are to be sought at the CPA level, the DOE shall confirm that these were taken due account as described in the CDM-POA-DD and the CDM-CPA-DD.
1188		7.10.5.6. Determination of occurrences of debundling under a PoA
1189 1190 1191	195.	For the purposes of registration of a Programme of Activities (PoA), <sup>29</sup> a proposed small-scale CPA of a PoA shall be deemed to be a de-bundled component of a large scale activity if there is already an activity, <sup>30</sup> which satisfies both conditions (a) and (b) below:
1192 1193	(8	a) Has the same activity implementer as the proposed small scale CPA or has a coordinating or managing entity, which also manages a large scale PoA of the same technology/measure; and
1194 1195	(1	b) The boundary is within 1 km of the boundary of the proposed small-scale CPA, at the closest point.

<sup>&</sup>lt;sup>29</sup> Only those POAs need to be considered in determining de-bundling that are: (i) in the same geographical area; and (ii) use the same methodology; as the POA to which proposed CPA is being added.

<sup>&</sup>lt;sup>30</sup> Which may be a (i) registered small-scale CPA of a PoA, (ii) an application to register another small-scale CPA of a PoA or (iii) another registered CDM project activity.



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- 1196196.If a proposed small-scale CPA of a PoA is deemed to be a debundled component, but the total<br/>size of such a CPA combined with a registered small-scale CPA of a PoA or a registered CDM<br/>project activity does not exceed the limits for small-scale CDM and small-scale A/R project<br/>activities as set out in Annex II of the decision 4/CMP.1<sup>31</sup> and 5/CMP.1 respectively, the CPA<br/>of a PoA can qualify to use simplified modalities and procedures for small-scale CDM and<br/>small-scale A/R CDM project activities.
- 1202 197. If each of the independent subsystems/measures (e.g., biogas digester, solar home system)
   included in the CPA of a PoA is no larger than 1% of the small-scale thresholds defined by the
   methodology applied,<sup>32</sup> then that CPA of PoA is exempted from performing de-bundling check
   i.e., considering as not being a de-bundled component of a large scale activity.
- 1206 198. Further for a proposed small-scale transport sector project activities involving
   1207 boundaries/sources that are mobile, the DOE shall deem these to be a debundled component of a
   1208 large project activity if there is a registered small-scale CDM project activity or an application
   1209 to register another small-scale CDM project activity<sup>33</sup>:
- 1210 (a) With the same project participants; and
- 1211 (b) In the same project category and technology/measure; and
- 1212 (c) Registered within the previous 2 years.
- 1213 7.10.5.7. Inclusion of a crediting period of a CPA under a registered PoA

The DOE shall scrutinize the CPA and the specific CDM-CPA-DD against the latest version the POA.
If the DOE confirms that the CPA meets the requirements of the POA. The DOE shall have such
uploads grouped and not occur more frequently than once per month.

1217

#### 7.10.6. Clarification on the applicability of an approved methodology

- 1218 199. If the DOE cannot make a determination regarding the applicability of the selected methodology
   1219 to the proposed CDM project activity then the DOE shall request clarification of the
   1220 methodology in accordance with the guidance provided by the CDM Executive Board.
- 1221 200. The DOE shall assess that the project participant's request is not submitted with the intention to revise an approved methodology to expand its applicability.
- 1223

#### 7.10.7. Deviation from an approved methodology

1224 201. If a DOE finds at validation that project participants deviated from an approved methodology
 1225 when applying it to a proposed project activity and the DOE considers that the deviation was
 1226 due to a project specific issue implying a revision of the methodology would not be required to

<sup>&</sup>lt;sup>31</sup> Limits have been revised as set in paragraph 28 of decision 1/CMP.2.

<sup>&</sup>lt;sup>32</sup> i.e., 15 kW installed capacity or 0.6 GWh annual energy savings or 0.6 ktCO2e annual emission reductions.

<sup>&</sup>lt;sup>33</sup> The clarification thereby excludes the condition to check that the project boundary is within 1 km of the project boundary of the proposed small-scale activity at the closest point and is also applicable to the guidance for determining the occurrence of debundling under a programme of activities (PoA).



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- address the issue, it may seek guidance on the acceptability of the deviation from the Executive
   Board prior to requesting registration of the proposed project activity.<sup>34</sup>
- Alternatively, if the DOE considers that a revision of the methodology would be required to
   address the project situation the procedures provided for revision of approved methodology
   shall be used.
- 1232 203. The DOE shall submit an assessment of the case including demonstration that the deviation does
   1233 not imply revision of an approved methodology, and include a description of the impact of the
   1234 deviation on the emission reductions from the project activity.
- 1235 7.11. Validation status and outcomes, report, and opinion

#### 1236 **7.11.1. Reporting of validation status and outcomes**

- 1237 204. For each proposed CDM project activity the DOE shall provide, an update of the status of its
  1238 validation activity, unless the project activity has been submitted for registration, six (6) months
  1239 subsequent to the end of the period for submitting public comments
- 1240 205. This update shall indicate one of the following status:
- (a) The validation contract has been terminated in which case a reason for this termination shall
   be provided to the Executive Board and UNFCCC secretariat on a confidential basis; or
- 1243 (b) A negative validation opinion has been issued; or

<sup>&</sup>lt;sup>34</sup> Examples of project specific issues including but not limited to:

<sup>1.</sup> The methodology requires measurements using instrumentation of certain specifications or using a certain method. The project proponents of proposed project activity identify difficulty in acquiring the specified instrumentation or difficulty in implementing the measurement the method, however can achieve comparable accuracy of measured parameters using an alternative instrumentation or measurement method;

<sup>2.</sup> A proposed project activity does not have access to the data sources specified by the methodology for a certain parameter; a different source of data can be accessed by the project activity to estimate the parameter with equal reliability and accuracy;

<sup>3.</sup> A minor deviation is sought for project specific situation, which is well-justified and conservative. For example: A methodology requires limiting the production in project scenario between +/- 5% of rated capacity, if the historical baseline is to be applied. Due to Government restrictions, the project proponents never operated the plant at its rated capacity but at a capacity which is much below its rated capacity (say 20% below the rated capacity). A deviation can be presented specifying conservative approaches to calculate emission reduction in such project-specific case;

<sup>4.</sup> Conservative estimation technique or default factor suggested addressing uncertainties related to projectspecific situations, which are not addressed in methodology. For example, a well-justified conservative uncertainty factor proposed to be used in equations of baseline emissions to take care of uncertainties in real life situation during the crediting period.



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1244 (c) The DOE has raised one or more corrective action requests or clarification requests for which no response has been received - in which case the DOE shall provide a summary of the issues 1245 1246 raised and update or reconfirm the status of its validation activities on three (3) monthly 1247 intervals thereafter; or 1248 (d) The DOE has finalized a positive validation opinion with the exception of the receipt of a 1249 valid letter of approval from one or more Party/ies involved - in which case the DOE shall indicate which Party/ies involved; or 1250 1251 (e) Validation activities are ongoing and no corrective action or clarification requests have yet 1252 been sent to the project participants; in which case the DOE shall provide an explanation 1253 length of time taken and update or reconfirm the status of its validation activities on three (3) 1254 monthly intervals thereafter. 1255 7.11.2. Validation report 1256 206. The DOE shall include the final validation opinion in the validation report. In its validation 1257 report, the DOE shall: State its conclusions regarding the proposed CDM project activity's conformity with 1258 (a) 1259 applicable CDM requirements; Give an overview of the validation activities carried out in order to arrive at the final 1260 (b) validation conclusions and opinion; 1261 Include the results of the dialogue between the DOE and the project participants, as 1262 (c) well as any adjustments made to the project design following stakeholder 1263 1264 consultation. It shall reflect the responses to CARs and CLs, and discussions on, and revisions to project documentation. 1265 1266 207. In its validation report, the DOE shall provide the following: 1267 (a) A summary of the validation process and its conclusions; 1268 (b) All the its applied approaches, "findings and conclusions, especially on baseline selection, 1269 additionality, emission factors and monitoring"; 1270 (c) Information on the global stakeholders consultation carried out by the DOE prior to submitting the project for validation, including dates and how comments received have been 1271 1272 taken into consideration by the DOE; 1273 (d) A list of interviewees and documents reviewed: (e) Details of the validation team, technical experts, internal technical reviewers involved, 1274 1275 together with their roles in the validation activity and details of who conducted the on-site 1276 visit: 1277 (f) Information on quality control within the team and in the validation process; 1278 (g) Appointment certificates or curricula vitae of the DOE's validation team members, technical experts and internal technical reviewers for the project activity. 1279 1280 7.11.3. Validation opinion 1281 208. The DOE shall include a statement of the likelihood of the project activity to achieve the 1282 anticipated emission reductions stated in the CDM-PDD.





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- 1283 209. The DOE shall inform the project participants of the validation outcome. Notification to theproject participants shall include:
- (a) A confirmation of validation and date of submission of the validation report to the Executive
   Board; or
- (b) An explanation of reasons for non-acceptance if the project activity, as documented, isdetermined not to fulfill the requirements for validation.
- 1289 210. The DOE shall provide either:
- (a) A positive validation opinion in its validation report that is submitted as a request for registration; or
- (b) A negative validation opinion in its validation report explaining the reason for its opinion if
   the DOE determines that the proposed CDM project activity does not fulfil applicable CDM
   requirements.
- 1295 211. The DOE shall include the following in its opinion:
- (a) A summary of the validation methodology and process used and the validation criteria applied;
- 1298 (b) A description of project components or issues not covered by the validation process;
- 1299 (c) A summary of the validation conclusions;
- 1300 (d) A statement on the validation of the expected emission reductions;
- 1301 (e) A statement as to whether the proposed CDM project activity meets the stated criteria.



1302		
1303		8. VERIFICATION REQUIREMENTS
1304		8.1. Objective of CDM verification
1305	212. A veri	fication is a thorough, independent assessment of the registered CDM project activities.
1306		8.2. General verification approaches
1307 1308		ying out its verification work, the DOE shall determine whether the project activity ies with the requirements of paragraph 62 of the CDM modalities and procedures.
1309		8.2.1. Means of verification
1310 1311		OE shall apply standard auditing techniques to assess the quality of the information, ing but not limited to:
1312	(a) Des	k review, involving:
1313	(i).	A review of the data and information presented to verify their completeness;
1314 1315 1316 1317	(ii).	A review of the monitoring plan and monitoring methodology, including applicable tools, paying particular attention to the frequency of measurements, the quality of metering equipment including calibration requirements, and the quality assurance and quality control procedures;
1318 1319	(iii).	An evaluation of data management and the quality assurance and quality control system in the context of their influence on the generation and reporting of emission reductions.
1320	(b) On-	site assessment, involving:
1321 1322	(i).	An assessment of the implementation and operation of the proposed CDM project activity as per the registered PDD;
1323 1324	(ii).	A review of information flows for generating, aggregating and reporting the monitoring parameters;
1325 1326	(iii).	Interviews with relevant personnel to confirm that the operational and data collection procedures are implemented in accordance with the monitoring plan in the PDD;
1327 1328 1329	(iv).	A cross-check between information provided in the monitoring report and data from other sources such as plant log books, inventories, purchase records or similar data sources;
1330 1331 1332	(v).	A check of the monitoring equipment including calibration performance and observations of monitoring practices against the requirements of the PDD and the selected methodology and corresponding tool(s), where applicable;
1333 1334	(vi).	A review of calculations and assumptions made in determining the GHG data and emission reductions;



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1335 1336	(vii). An identification of quality control and quality assurance procedures in place to prevent or identify and correct any errors or omissions in the reported monitoring parameters.
1337 1338 1339 1340	215. The DOE shall assess and verify that the implementation of the project activity and the steps taken to report emission reductions comply with the CDM criteria and relevant guidance provided by the CDM Executive Board. This assessment shall involve a review of relevant documentation as well as an on-site visit(s).
1341 1342	216. In addition to the monitoring documentation provided by the project participants, the DOE shall review:
1343 1344	(a) The registered PDD and the monitoring plan, including any approved revised monitoring plan and/or changes from PDD, and the corresponding validation opinion;
1345	(b) Validation report;
1346	(c) Previous verification reports, if any;
1347	(d) The applied monitoring methodology;
1348	(e) That the monitoring report is as per the standardized format $^{35}$ ;
1349 1350 1351	(f) Any other information and references relevant to the project activity's emission reductions (e.g. IPCC reports, data on electricity generation in the national grid or laboratory analysis and national regulations).
1352 1353 1354	(g) In addition to reviewing the monitoring documentation, the DOE shall confirm that the project participants have addressed the FARs identified during validation or previous verification(s).
1355	8.2.1.1. Clarification requests, corrective action requests and forward action requests
1356 1357 1358 1359	217. The DOE shall identify, discuss and conclude in the verification report issues related to the monitoring, implementation and operations of the registered CDM project activity that could impair the capacity of the registered CDM project activity to achieve emission reductions or influence the monitoring and reporting of emission reductions.
1360	218. The DOE shall raise a CAR if one of the following occurs:
1361 1362	(a) Non-compliance with the monitoring plan or methodology are found in monitoring and reporting, or if the evidence provided to prove conformity is insufficient;
1363 1364	<ul> <li>(b) Permanent modifications to the implementation, operation and monitoring of registered CDM project activity has not been sufficiently documented by the PPs;</li> </ul>
1365 1366	<ul> <li>(c) Mistakes have been made in applying assumptions, data or calculations of emission reductions that will impair the estimate of emission reductions;</li> </ul>

<sup>&</sup>lt;sup>35</sup> See EB 54 report, annex 34 where the CDM Executive Board has provided a standardized format for monitoring report to improve consistency in reporting of the implementation and monitoring of the project activity by project participants.



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1367 (d) Issues identified in a FAR during validation to be verified during verification or previous verification(s) have not been resolved by the project participants. 1368 219. The DOE shall raise a clarification request (CL) if information is insufficient or not clear 1369 1370 enough to determine whether the applicable CDM requirements have been met. 220. All CARs and CLs raised by the DOE during verification shall be resolved prior to submitting a 1371 1372 request for issuance. 1373 221. The DOE shall raise a FAR during verification for actions if the monitoring and reporting 1374 require attention and/or adjustment for the next verification period. 1375 222. The DOE shall report on all CARs, CLs and FARs in its verification report. This reporting shall 1376 be undertaken in a transparent manner that allows the reader to understand the nature of the 1377 issue raised, the nature of the responses provided by the project participants, the means of 1378 verification of such responses and clear references to any resulting changes in the monitoring 1379 report or supporting annexes. 1380 8.2.2. Verification approach 223. The DOE shall ensure that only verification activities undertaken after the publishing of 1381 monitoring report on the UNFCCC CDM website shall be used as a basis for DOEs to conclude 1382 their verification and submit a request for issuance of CERs to the Board.<sup>36</sup> 1383 1384 224. The DOEs shall make publicly available a monitoring report received from the project participants it has been contracted by to perform verification (paragraph 62 of the modalities 1385 1386 and procedures for the CDM) at least two weeks prior to undertaking a verification site visit. Unless the Board has agreed to grant an exception, a DOE shall not perform verification 1387 1388 functions on a CDM project activity for which it has performed the function of validation/registration (paragraph 27 (e) of the modalities and procedures for the CDM).<sup>37</sup> 1389 225. The DOE shall specify the start and end date of the monitoring period covered by the 1390 1391 monitoring report. 1392 226. The DOE's shall assess both quantitative and qualitative information on emission reductions 1393 provided by the project participant in the project documentation. Quantitative information 1394 comprises the reported numbers in the monitoring report. Qualitative information comprises 1395 information on internal management controls, calculation procedures, procedures for transfer of 1396 data, frequency of emissions reports, and review and internal audit of calculations. 8.2.3. Quality of evidence 1397 1398 227. When verifying the reported emission reductions, the DOE shall confirm that there is an audit 1399 trail that contains the evidence and records that validate or invalidate the stated figures. It shall 1400 include the source documents that form the basis for assumptions and other information 1401 underlying the GHG data.

<sup>&</sup>lt;sup>36</sup> See EB 60 report, paragraph 101.

<sup>&</sup>lt;sup>37</sup> For small-scale CDM project activities the same DOE may undertake validation, and verification and certification.



1402	228. When assessing the audit trail, the DOE shall:
1403 1404	<ul> <li>(a) Address whether there is sufficient available evidence, both in terms of frequency (time period between evidence) and coverage (in covering the full monitoring period);</li> </ul>
1405	(b) Address the source and nature of the evidence (external or internal, oral or documented);
1406 1407 1408	(c) Cross-check the monitoring report against other sources such as comparable information, where available, from sources other than those used in the monitoring report so as to confirm that the stated figures are correct.
1409 1410	229. The DOE shall assess whether the data collection system meets the requirements of the monitoring plan as per the applied methodology including applicable tool(s).
1411	230. The DOE shall only certify emission reductions that are based upon verifiable evidence.
1412	8.3. Specific verification requirements
1413 1414	231. Based on the applicable requirements of paragraph 62 of the CDM modalities and procedures, the DOE shall:
1415 1416 1417	<ul> <li>(a) Determine whether the project activity has been implemented and operated as per the registered PDD or any approved revised PDD, and that all physical features (technology, project equipment, and monitoring and metering equipment) of the project are in place;</li> </ul>
1418 1419 1420 1421	<ul> <li>(b) Determine whether the monitoring report and other supporting documents provided are complete in accordance with latest applicable version of the completeness checklist for requests for issuance of CERs, verifiable, and in accordance with applicable CDM requirements;</li> </ul>
1422 1423 1424	<ul> <li>(c) Determine whether actual monitoring systems and procedures comply with the monitoring systems and procedures described in the monitoring plan or any revised approved monitoring plan, and the approved methodology including applicable tool(s);</li> </ul>
1425 1426	(d) Evaluate the data recorded and stored as per the monitoring methodology including applicable tool(s).
1427	8.3.1. Compliance of the project implementation with the registered project design document
1428	Verification requirement
1429 1430	232. The DOE shall identify any concerns related to the conformity of the actual project activity and its operation with the registered project design document and determine whether <sup>38</sup> :
1431 1432	(a) the implementation and operation of the project activity has been conducted in accordance with the description contained in the registered PDD; or
1433 1434	(b) any modifications in the implementation or operation of the project activity complies with the requirements of the CDM Project Standard.

<sup>&</sup>lt;sup>38</sup> See decision 3/CMP.1, annex, paragraph 62 (g).

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#### 1435 Means of verification

- 1436 233. The DOE shall, by means of an on-site visit, assess that all physical features of the proposed
  1437 CDM project activity proposed in the registered PDD are in place and that the project
  1438 participants has operated the proposed CDM project activity as per the registered PDD. If an on1439 site visit is not conducted, the DOE shall justify the rationale of the decision.
- 1440 234. If the DOE identifies that the implementation or operation of CDM project activity does not
  1441 conform with the description contained in the registered PDD, the DOE shall require the project
  1442 participants to describe in a revised CDM PDD the nature and impacts of proposed or actual
  1443 modifications to the registered PDD that are identified in the CDM Project Standard.
- 1444 235. The DOE shall assess the revised PDD and supporting documentation in accordance with the 1445 requirements outlined in section 8.3.4 below prior to concluding its verification.

#### 1446 <u>Reporting requirements</u>

- 1447 236. For each monitoring period, the DOE shall report:
- (a) The implementation status of the project. For project activities that consist of more than one site, the report shall clearly describe the status of implementation and starting date of operation for each site. For CDM project activities with phased implementation, the report shall state the progress of the proposed CDM project activity achieved in the each phase under verification. If the phased-implementation is delayed, the report shall clearly describe the reasons and present the expected implementation dates;
- (b) The actual operation of the proposed CDM project activity;
- (c) Information (data and variables) provided in the monitoring report that is different from that
   stated in the registered PDD and has caused an increase in estimates of the emission
   reductions in the current monitoring period or is highly likely to increase the estimates of
   emission reductions in the future monitoring periods;<sup>39</sup>
- (d) In cases of modifications, the project activity has been implemented or operated in accordance with the revised validated PDD.

<sup>&</sup>lt;sup>39</sup> Discrepancies may include higher water availability than expected in the PDD, which may increase the electricity output from a hydropower plant, or a higher plant load factor owing to higher bagasse availability during the crushing season, which increases the production of steam and electricity.



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# 1461 8.3.2. Compliance of the monitoring plan with the monitoring methodology including applicable tool(s)

- 1463 <u>Verification requirement</u>
- 1464 237. The DOE shall verify that the monitoring plan of the project activity is in accordance with the applied methodology including applicable tool(s).
- 1466 Means of verification
- 1467 238. If during verification, the DOE concludes that the registered monitoring plan complies with the applicable monitoring methodology and tools, the DOE shall proceed to assess the project
  1469 implementation in accordance with the provisions of section 8.3.4 below.
- 1470 239. If during verification, the DOE concludes that the monitoring plan is not in accordance with the
  1471 monitoring methodology including applicable tool(s) and/or does not reflect the actual
  1472 monitoring activity based on the registered PDD or any approved revised PDD, the DOE shall
  1473 request the PP to prepare:
- 1474 (a) A revised PDD containing a revised monitoring plan which complies with the applied
   1475 monitoring methodology and tools or any later version of the methodology, to assess the
   1476 revised PDD in accordance with the provision contained in section 8.3.4 below prior to
   1477 concluding its verification and making its certification decision; or
- (b) A revised monitoring plan that describes how non-compliances of the monitoring plan withmonitoring methodology are being addressed in accordance with applicable CDM standards.
- 1480 240. If during verification, the DOE concludes that the project participants are unable to implement
  1481 the monitoring plan contained in the registered PDD and it will not be possible to monitor the
  1482 project activity in accordance with a monitoring plan that would comply with the applied
  1483 methodology and any applicable tools, the DOE shall:
- (a) require the project participants to describe in a revised CDM PDD the non-conforming monitoring and the project participants proposed alternative monitoring of the project activity<sup>40</sup>; and
- (b) assess the revised PDD and supporting documentation in accordance with the requirements outlined in section 8.3.4 below prior to concluding its verification.
- 1489 241. For monitoring aspects that are not specified in the methodology, particularly in the case of
  1490 small-scale methodologies (e.g. additional monitoring parameters, monitoring frequency and
  1491 calibration frequency), the DOE should bring to the attention of the CDM Executive Board
  1492 issues which may contribute to enhance the level of accuracy and completeness of the
  1493 monitoring plan.

<sup>&</sup>lt;sup>40</sup> Unless the registered PDD already contains this description.

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#### 1494 <u>Reporting requirements</u>

- The DOE shall provide a statement that the monitoring plan is in accordance with the approved methodology applied by the registered CDM project activity or any deviation as approved by the CDM Executive Board.
- 1498

## 8.3.3. Compliance of monitoring activities with the registered monitoring plan

- 1499 Verification requirement
- The DOE shall verify that the monitoring of parameters related to the GHG emissions
   reductions in the CDM project activity has been implemented in accordance with the monitoring
   plan contained in the registered PDD<sup>41</sup> or any accepted revised monitoring plan.
- 1503 Means of verification
- 1504 244. The DOE shall confirm that:
- 1505 (a) The monitoring plan has been properly implemented and followed by the project participants;
- (b) All parameters stated in the monitoring plan and relevant CDM Executive Board decisions<sup>42</sup>
   have been monitored and updated as applicable, including:
- 1508 (i). Project emission parameters;
- 1509 (ii). Baseline emission parameters;
- 1510 (iii). Leakage parameters;
- 1511(iv). Management and operational system: the responsibilities and authorities for monitoring1512and reporting are in accordance with the responsibilities and authorities stated in the1513monitoring plan.
- 1514 (c) The equipment used for monitoring is in accordance with section 8.3.4and is controlled and
   1515 calibrated in accordance with the monitoring plan, the applied methodology, the CDM
   1516 Executive Board guidance, local/national standards, or as per the manufacturers specification;
- 1517 (d) Monitoring results are consistently recorded as per approved frequency;
- (e) Quality assurance and quality control procedures have been applied in accordance with the monitoring plan or the revised monitoring plan.
- 1520 245. If during verification, the DOE concludes that the actual monitoring of parameters has not been conducted in accordance with the monitoring plan contained in the registered PDD, the DOE shall:

<sup>&</sup>lt;sup>41</sup> In accordance with decision 3/CMP.1, annex, paragraph 56 "Project participants shall implement the monitoring plan contained in the registered project design document".

<sup>&</sup>lt;sup>42</sup> For example, a decision at the thirty-fifth meeting of the CDM Executive Board provides clarification for the project activities that apply the approved methodology AM0001. This asks the DOE to check the value of "w" based on the past one year period during verification, which was not clearly stated in the approve methodology.



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- (a) request a revised PDD containing a revised monitoring plan documenting the actual
   monitoring activity that would be in accordance with the applied methodology including
   applicable tool(s); or
- (b) assess and address a temporary deviation from the monitoring plan in accordance with the
   relevant provisions of the CDM Project Standard and in accordance with the provisions of
   section 8.3.4 below.
- 1529 <u>Reporting requirement</u>
- 1530 246. The DOE shall state that monitoring has been carried out in accordance with the monitoring plan contained in the registered PDD or the accepted revised monitoring plan.
- 1532 247. The DOE shall list each parameter required by the monitoring plan and clearly state how it
   1533 verified the information flow (from data generation, aggregation, to recording, calculation and
   1534 reporting) for these parameters including the values in the monitoring reports.
- 1535

#### 8.3.4. Modifications in project implementation, operation or monitoring

- 1536 <u>Verification requirement</u>:
- The DOE shall determine whether proposed or actual changes in the implementation, operation
   or monitoring of the project activity comply with the requirements contained in the CDM
   Project Standard.
- 1540 Means of Verification
- 1541 249. In case of actual modifications, the DOE shall by means of an on-site visit and review of the submitted revised PDD by the PP, which describes the nature and extent of the actual modifications, determine whether this description accurately reflects the implementation, operation and monitoring of the modified project activity.
- 1545 250. The DOE shall conduct an on-site inspection to assess the impacts of the actual changes on the
   1546 compliance of the monitoring plan, the applied monitoring methodology and tools and/or the
   1547 level of accuracy of the monitoring activity.
- 1548 251. In case of proposed modifications, the DOE shall by means of review of project plans,
  1549 interviews with individuals involved in implementation of the modifications and confirmation
  1550 of these modifications in the revised PDD prepared by the PPs, determine whether the
  1551 description accurately reflects the implementation and operation of the modified project activity.
- 1552252.If cases where the proposed or actual modifications refers to a later version of the applied1553methodology in the registered PDD, the DOE shall confirm that the application of any later1554version of the applied methodology and tools does not impact the conservativeness of the1555monitoring and verification process, including the related emission reduction calculations.
- The DOE shall, by means of reviewing the revised PDD against applicable additionality and
   methodological requirements, determine whether the proposed or actual modifications would
   adversely affect the conclusions of the validation report of the registered PDD with regards to:
- 1559 (a) Additionality of the project activity;
- 1560 (b) Scale of CDM project activity;



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(c) Applicability and application of approved baseline methodology under which the project

activity has been registered; 1562 (d) The compliance of the monitoring plan with the applied monitoring methodology; or 1563 1564 (e) The level of accuracy of the monitoring compared with the requirements contained in the 1565 registered monitoring plan. 1566 254. If the DOE determines that the proposed or actual modifications to the project activity comply 1567 with the requirements established in the CDM Project Standard, the DOE shall either: 1568 (a) Submit the revised PDD (in clean and track-change versions), a supporting validation opinion and any supporting documentation to the Board for determination prior to the conclusion of 1569 1570 verification; or 1571 (b) Submit the revised PDD (in clean and track-change versions) together with any supporting documentation with the request for issuance, in which case the validation opinion on the 1572 1573 proposed or actual modifications shall be contained in the verification report. 1574 255. In cases where the DOE determined that project participants are unable to implement the 1575 monitoring plan contained in the registered PDD and it will not be possible to monitor the project activity in accordance with a monitoring plan that would comply with the applied 1576 methodology and any applicable tools, the DOE shall follow the requirements of paragraph 1577 1578 263(a) only. 1579 256. If the DOE determines that the proposed or actual modifications to the project activity does not 1580 comply with the requirements established in the CDM Project Standard the DOE shall issue a negative validation opinion or should request guidance from the CDM Executive Board. 1581 1582 257. In validating the revised PDD containing the proposed and actual modifications, and in 1583 preparing the validation opinion, the DOE shall include information on how: 1584 (a) The proposed revision of the monitoring plan ensures that the level of accuracy and completeness<sup>43</sup> in the monitoring and verification process is not reduced as a result of the 1585 revision. The DOE shall, using objective evidence, assess the accuracy and completeness of 1586 each proposed revision to the monitoring plan, including the frequency of measurements, the 1587 1588 quality of monitoring equipment (e.g. calibration requirements, and the quality assurance and quality control procedures); 1589 1590 (b) The proposed revision of the monitoring plan is in accordance with the monitoring 1591 methodology. In cases where the proposed revision refers to a later version of the applied 1592 methodology, the DOE shall confirm that this application does not compromise the 1593 conservativeness in the monitoring and verification process and of the emission reduction 1594 calculations;

<sup>&</sup>lt;sup>43</sup> Completeness refers to inclusion of all relevant information for assessment of GHG emissions reductions and the information supporting the methods applied as required. For examples, if the DOE identifies an on-site generator for emergency which was not included in the monitoring plan during the verification process, the monitoring of fuel consumption of this generator should be included in the monitoring plan via this procedure.



- 1595 (c) The findings of previous verification reports, if any, have been taken into account.
- 1596 <u>Reporting requirements</u>
- 1597 258. The DOE shall provide a validation opinion containing:
- 1598 (a) A clear description of the modifications as compared to the description in the registered PDD;
- (b) An assessment on when the modifications occurred, reasons for these modifications taking
   place, whether the modifications would have been known prior to registration of the project
   activity, and how the modifications would impact the overall operation/ability of the project
   activity to deliver emission reductions as stated in the PDD;
- 1603 (c) An assessment regarding whether or not the modifications would adversely affect the 1604 conclusions of the validation report of the registered PDD with regards to:
- 1605 (i). Additionality of the project activity;
- 1606 (ii). Scale of CDM project activity;
- 1607 (iii). Applicability and application of approved baseline methodology under which the project
   activity has been registered or the later version of the applied methodology;
- 1609 (iv). The compliance of the monitoring plan with applied monitoring methodology; or
- 1610 (v). The level of accuracy of the monitoring compared with the requirements contained in
   1611 the registered monitoring plan.



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#### 1612 **8.3.4.1. Request for temporary deviations from the monitoring plan and/or methodology**

- 1613 Verification requirement
- 1614 259. The DOE shall verify that any deviation by project participants from the provisions of the
   1615 registered monitoring plan and/or methodology complies with any guidance provided by the
   1616 CDM Executive Board regarding that deviation.
- 1617 Means of verification
- 1618 260. If, at verification, a DOE determines that project participants have deviated from the provisions
  1619 of the registered monitoring plan and/or methodology the DOE shall:
- (a) Request the project participant to describe the deviation and the alternative means of(b) compliance through a revised monitoring report; and
- (b) Assess whether the deviation is likely to lead to a reduction in the accuracy of the calculation of emission reductions. In cases where the DOE considers that the deviation will lead to a reduction in the accuracy of the calculation of emission reductions the DOE shall request the project participants to apply conservative assumptions or discount factors to the calculations to the extent required to ensure that emission reductions will not be over-estimated as a result of the deviation.
- 1628261.If the project participants have themselves identified their inability to monitor or implement the<br/>CDM project activity as per the registered PDD or comply with the requirements of the<br/>applicable monitoring methodology, and has informed either the contracted DOE to perform<br/>verification who is also accredited to the validation function for the specific CDM sectoral<br/>scope or any other DOE accredited to the validation function for the specific CDM sectoral<br/>scope, then this DOE shall assess that the deviations have been addressed as per the applicable<br/>requirements of the CDM Project Standard.
- 1635 262. The DOE contracted prior to commencing verification shall be accredited to the validation1636 function for the specific CDM sectoral scope.
- 1637 263. The DOE performing the assessment shall submit:
- 1638 (a) A validation opinion;
- 1639 (b) Revised project design documents;
- 1640 (c) Supplemental documentation.
- 1641 264. The DOE shall request guidance from the CDM Executive Board of the acceptability of
   1642 deviation and the alternative means of compliance prior to concluding the verification of any
   1643 monitoring period affected by the deviation.
- 1644

1645 265. For cases where a deviation of the monitoring plan is observed covering the monitoring period under verification and also part of the subsequent monitoring period, a request for deviation
1647 should be applied for the whole period covered by the deviation from the monitoring plan,
1648 provided that the date on which the deviation from the monitoring plan has ceased is known and
1649 can be verified by the DOE.

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#### 1650 <u>Reporting requirements</u>

1651 266. The DOE shall confirm whether and how the monitoring report reflects the application of the
 approved guidance from the CDM Executive Board regarding the deviation from the provisions
 of the registered monitoring plan and/or methodology and as per the applicable provisions of the
 CDM Project Standard.

#### 1655 **8.3.4.2.** Compliance with the calibration frequency requirements for measuring instruments

- 1656 Verification requirement
- 1657 267. The DOE shall verify that the calibration of measuring equipments is conducted by the project
   1658 participants at a frequency specified in the applied monitoring methodology and the monitoring
   1659 plan.
- 1660 Means of verification
- 1661 268. If during verification of a certain monitoring period, the DOE identifies that the calibration has
  1662 been delayed and the calibration has been implemented after the monitoring period in
  1663 consideration (i.e. the results of delayed calibration are available), the DOE may conclude its
  1664 verification, provided the following conservative approach is adopted in the calculation of
  1665 emission reductions:
- (a) Applying the maximum permissible error<sup>44</sup> of the instrument to the measured values taken
   during the period between the scheduled date of calibration and the actual date of calibration,
   if the results of the delayed calibration do not show any errors in the measuring equipment, or
   if the error is smaller than the maximum permissible error; or
- 1670 (b) Applying the error identified in the delayed calibration test, if the error is beyond the 1671 maximum permissible error of the measuring equipment.
- 1672 269. The DOE shall confirm that the error has been applied:
- 1673 (a) in a conservative manner such that the adjusted measured values shall result in lower
   1674 baseline emissions and higher project emissions/leakage;
- (b) for all measured values taken during the period between the scheduled date of calibration and the actual date of calibration.
- 1677 270. In cases where the results of the delayed calibration are not available, or the calibration has not
   1678 been conducted at the time of verification, the DOE, prior to finalizing verification, shall request
   1679 the project participant to conduct the required calibration and shall determine whether the
   1680 project participant has calculated the emission reductions conservatively using the approach
   1681 mentioned.

<sup>&</sup>lt;sup>44</sup> The maximum permissible error of all the measuring instruments are specified by the respective manufacturers as their technical specification.



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- 1682 271. In cases where the DOE verified that it is not possible for PP to conduct the calibration at a
   1683 frequency specified by either the applied methodology, CDM EB guidance, and/or the
   1684 monitoring plan due to reasons beyond the control of project participant<sup>45</sup> the DOE prior to
   1685 finalizing its verification, shall submit a request for revision of the monitoring plan.
- 1686 272. In cases where neither the monitoring methodology, nor the monitoring plan specify any
  1687 requirements for calibration frequency for measuring equipments, the DOE shall determine
  1688 whether the equipments are calibrated either in accordance with the specifications of the
  1689 local/national standards, or as per the manufacturer specification. If local/national standards or
  1690 the manufacturer specification is not available, international standards may be used. Refer to
  1691 Appendix-1 for illustrative example to apply the above requirements.
- 1692 <u>Reporting requirements</u>
- 1693 273. The DOE shall report whether the calibration is conducted at the frequency as specified by the methodology, monitoring plan of the registered PDD or the approved revised monitoring plan.
- 1695

## 8.3.5. Assessment of data and calculation of emission reductions

- 1696 Verification requirement
- 1697 274. The DOE shall assess the data and calculations of GHG emission reductions achieved
   by/resulting from the proposed CDM project activity by the application of the selected approved
   methodology.
- 1700 Means of verification
- 1701 275. The DOE shall determine whether:
- (a) A complete set of data for the specified monitoring period is available. If only partial data are available because activity levels or non-activity parameters have not been monitored in accordance with the registered monitoring plan, the DOE shall opt to either make the most conservative assumption theoretically possible in finalizing the verification report, or raise a request for deviation prior to submitting request for issuance, if appropriate;
- (b) Information provided in the monitoring report has been cross-checked with other sources
   such as plant log books, inventories, purchase records, laboratory analysis;
- (c) Calculations of baseline emissions, proposed CDM project activity emissions and leakage, as
   appropriate, have been carried out in accordance with the formulae and methods described in
   the monitoring plan and the applied methodology document;
- 1712 (d) Any assumptions used in emission calculations have been justified;

<sup>&</sup>lt;sup>45</sup> For example due to the contractual terms between the project participant and purchasing/selling entities.



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1713 1714	(e) Appropriate emission factors, <sup>46</sup> IPCC default values and other reference values have been correctly applied.
1715	Reporting requirement
1716	276. The verification report shall contain:
1717 1718 1719 1720	<ul> <li>(a) An indication whether data were not available because activity levels or non-activity parameters were not monitored in accordance with the registered monitoring plan as well as any actions taken by the DOE to ensure that the most conservative assumption theoretically possible has been made;</li> </ul>
1721	(b) A description of how the DOE cross-checked reported data;
1722 1723	(c) A confirmation that appropriate methods and formulae for calculating baseline emissions, project emissions and leakage have been followed; and
1724 1725	(d) An opinion as to whether assumptions, emission factors and default values that were applied in the calculations have been justified.
1726	8.3.6. Afforestation or reforestation project activities
1727 1728 1729	277. At the first verification the DOE, according to Para 34 (d) of modalities and procedures, shall confirm those areas of land for which the control over A/R CDM project activity has been established by the project proponents since validation.
1730 1731 1732	278. As a part of the first verification report the DOE shall confirm that the boundary of A/R CDM project activity geographically delineates exclusively the afforestation or reforestation project activity under the control of the project participants.
1733	8.4. Verification report and certification report
1734	8.4.1. Verification report
1735 1736 1737	279. Following the principle of transparency, the verification report shall give an overview of the verification process used by the DOE in order to arrive at its verification conclusions. All verification findings shall be clearly identified and justified.
1738	280. The DOE shall report the following:
1739	(a) A summary of the verification process and the scope of verification;
1740 1741	(b) Details of the verification team, technical experts, internal reviewers involved, together with their roles in the verification activity and details of who conducted the on-site visit;

<sup>&</sup>lt;sup>46</sup> The Board emphasized that in order to ensure an accurate determination of the ex-post grid emission factor during the issuance stage, the project participants should endeavour to use the data vintage for year (y) in which the project generation occurs and report it in the monitoring report submitted to the DOE for verification. If at the time of submission of monitoring report to the DOE, the data vintage from year y is not available and data from year (y-1) or (y-2) is being used the DOE shall, during verification, assess if more recent data has become publicly available and shall, if appropriate, raise a Corrective Action Request to project participants to incorporate the more recent data into the calculation of grid emission factor.



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1742	(c) Findings of the desk review and site visit;
1743	(d) All the DOE's findings and conclusions as to whether the:
1744 1745	<ul> <li>Proposed CDM project activity has been implemented and operated in accordance with the PDD or any revised PDD;</li> </ul>
1746 1747 1748 1749	<ul> <li>(ii). Monitoring plan complies with the monitoring methodology and the actual monitoring, complies with the monitoring plan, including compliance with any guidance provided by the CDM Executive Board regarding deviations from the provisions of a registered plan and/or methodology;</li> </ul>
1750 1751	(iii). Data and calculation of GHG emission reductions have been assessed to correctly support the emission reductions being claimed.
1752 1753	(e) A list of each parameter specified by the monitoring plan and a clear statement on how the values in the monitoring report have been verified;
1754 1755	<ul> <li>(f) A statement that identifies any modifications of the registered PDD, and their date of approval by the CDM Executive Board;</li> </ul>
1756	(g) An assessment and close out of any CARs, CLs or FARs issued to the project participants;
1757	(h) An assessment of remaining issues from the previous verification period, if appropriate;
1758	(i) A conclusion on the verified amount of emission reductions achieved.
1759 1760	281. The DOE shall describe all documentation supporting verification in the verification report and make it available on request.
1761	8.4.2. Certification Report
1762 1763 1764 1765	282. The DOE shall, based on its verification report, certify in writing that, during the specified time period, the project activity achieved the verified amount of reductions in anthropogenic emissions by sources of greenhouse gases that would not have occurred in the absence of the CDM project activity. <sup>47</sup>
1766 1767 1768	283. The DOE shall inform the project participants, Parties involved and the Executive Board of its certification decision in writing immediately upon completion of the certification process and make the certification report publicly available.
1769	8.5. Programme of activities
1770 1771	284. If, subsequent to the registration of the programme, the coordinating/managing entity has changed then the DOE who is undertaking the next inclusion of a CPA shall submit:
1772 1773	285. New letter(s) of authorization by the each respective host Party stating the change in coordinating/managing entity;

<sup>&</sup>lt;sup>47</sup> In accordance with paragraph 64 of the CDM M&P, the certification report constitutes a request for issuance to the Executive Board of CERs equal to the verified amount of reductions of anthropogenic emissions by sources of greenhouse gases.



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286. A confirmation from new coordinating/managing entity that the PoA will be developed and 1774 implemented with the same set framework as originally described in the CDM-POA-DD; and 1775 287. A validation opinion regarding the compliance of the new coordinating/managing entity. 1776 1777 8.5.1. Post-registration change to boundary of programme 288. The DOE shall determine whether the boundary of the programme is amended post-registration 1778 1779 to include an additional Host Party provided the following three conditions are met: (a) The existing registered PoA design document (POA-DD) is revised to reflect the changes, in 1780 1781 particular, the eligibility criteria for inclusion of CPAs; (b) A designated operation entity (DOE) confirms that the baseline established in the POA-DD is 1782 1783 applicable to the extended programme boundary; and 1784 (c) The DNA of the new Host Party issues a letter of approval for the programme and a letter of authorization for the co-ordinating and managing entity. 1785 8.5.2. Request for issuance of certified emission reductions for a PoA 1786 289. A DOE, who has not performed validation/inclusion/renewal of crediting period activities for 1787 the PoA,<sup>48</sup> shall: 1788 1789 (a) Identify those CPAs that it shall consider for verification in accordance with the 1790 method/procedure to be used for verification of the amount of reductions of anthropogenic emissions by sources or removals by sinks of greenhouse gases achieved by CPAs under the 1791 PoA and determined in the CDM-POA-DD; 1792 (b) Take into account the possible existence of different versions of the PoA and the need to 1793 1794 account for this in its sampling approach, to ensure that a statistically sound sample of CPAs 1795 from each version of the PoA are being verified; 1796 (c) Make all monitoring reports received from the coordinating/managing entity immediately 1797 publicly available on the UNFCCC CDM website; 1798 (d) Systematically verify and certify the correct implementation and operation of the record 1799 keeping system. 1800 290. The DOE conducting the verification shall include in its verification report a description of how it applied the methods/procedures for the purpose of verification stipulated in the registered 1801 CDM-PoA-DD. The DOE shall include in its verification report a description/justification of the 1802 1803 site visits undertaken.

<sup>&</sup>lt;sup>48</sup> Such a DOE may also undertake the verification if this has been approved in advance by the CDM Executive Board.

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1804 1805 1806 1807 1808 1809	291.	verific REQC all CP shall b	E shall request issuance of CERs for a PoA by submitting the "CDM form to submit ation and certification reports and to request issuance for a PoA"(F-CDM-POA- CERS) via a dedicated interface on the UNFCCC CDM website. The request shall relate to As included in the PoA during the specified monitoring period. The monitoring periods be consecutive. A request for issuance shall relate to the certified emission reductions at as per above.
1810 1811	292.		E shall not request issuance of CERs for a PoA within three months of the previous at for issuance.
1812			8.5.3. Review of erroneous inclusion of a CPA
1813 1814 1815	293.	activit	eous inclusion of a CPA into a programme of activities registered as a single CDM project y (PoA) means that the CPA does not meet the eligibility criteria for inclusion as ied in the CDM-POA-DD.
1816 1817	294.	-	PA that has been excluded shall not be re-included again in that or any other PoA, or y as a CDM project activity.
1818		9.	. RENEWAL AND CHANGES TO CREDITING PERIOD
1819			9.1. Renewal of crediting period
1820	Valic	lation re	equirement
1821 1822 1823 1824	295.	crediti the bas	contracted to validate a existing CDM project activity for a second or further renewal of ng period, the DOE shall confirm that the PP has updated sections of the PDD relating to seline, estimated emission reductions and the monitoring plan using the most recent n of baseline and monitoring methodology applicable for the project activity.
1825	296.	Means	s of Validation
1826	297.	The D	OE shall assess the updated PDD with regard to:
1827 1828 1829	(	part	validity of the original baseline or any updates thereto proposed by the project icipants based on the latest version of the tool to assess the validity of the original/current eline and to update the baseline at the renewal of a crediting period;
1830 1831	(		an approved baseline methodology for the emission reductions, which is either one of the owing:
1832 1833		(i).	the latest approved version of the methodology applied in the original PDD of the registered project activity, wherever applicable;
1834 1835 1836		(ii).	If the methodology applied in the original PDD was withdrawn after the registration of the project activity and replaced by a consolidated methodology, the latest approved version of the respective consolidated methodology;
1837 1838 1839 1840		(iii).	If the registered project activity does not meet the applicability criteria of the options provided for in sub-paragraphs i) and ii) above, due to their revision or due to the update of the baseline, another applicable methodology should be selected; alternatively, a deviation from a methodology for the purpose of renewal of the crediting period.



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- (c) the monitoring plan and the corresponding estimation of emission reductions for the
   applicable crediting period based on the latest applicable version of approved baseline and
   monitoring methodology.
- 1844 298. The DOE shall assess the validity of the original baseline or its update through an assessment of1845 the following issues:
- (a) An impact of new relevant national and/or sectoral policies and circumstances on the baseline
   taking into account relevant EB guidance with regard to renewal of the crediting period at the
   time of requesting renewal of crediting period; and
- (b) The correctness of the application of an approved baseline methodology for the determination
   of the continued validity of the baseline or its update, and the estimation of emission
   reductions for the applicable crediting period.
- 1852 299. The DOE shall check that the names of the project participants included in the request for
   1853 renewal of crediting period are consistent with the names of the registered project participants
   1854 for the CDM project activity or the PoA.
- 1855 <u>Reporting requirement</u>
- 1856 300. The DOE shall report on the renewal of the crediting period on how they have reassessed the validity of the original baseline and if the emission reductions are inline with the latest applicable methodology.
- 1859 9.1.1. Renewal of a crediting period of a PoAs / CPAs under a registered PoAs
- 1860 301. The DOE shall scrutinize the information in the CDM-CPA-DD against the latest version of the
  PoA and documentation requirements and, if consistency/integrity is confirmed, shall renew the
  crediting period of the existing CPA by forwarding the CDM-CPA-DD to the Board via
  uploading it through a dedicated interface on the UNFCCC CDM website. Such uploads shall
  be grouped and not occur more frequently than once per month.
- 1865

## 9.2. Changes to the start date of the crediting period

- 1866 <u>Requirement</u>
- 1867 302. If project participants wish to delay the start date of the crediting period by more than one year
  1868 but less than two years, or if project participants of projects hosted by a LDC wish to delay the
  1869 start date of the crediting period by more than two year but less than four years, the DOE shall
  1870 validate the baseline scenario.<sup>49</sup>
- 1871 303. The DOE shall confirm that no changes have occurred which would result in a less conservative baseline and that substantive progress has been made by the project participants to start the project activity.

<sup>&</sup>lt;sup>49</sup> The CDM Executive Board has revised procedures for requesting post-registration changes to the start date of the crediting period in which the requirement for the Host Country to re-confirm that the delay in the start date of crediting period will not affect project's contribution to sustainable development has been removed and these revised procedures also contain provisions for project activities hosted in Least Developed Countries (LDCs).



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- 1874 <u>Reporting requirement</u>
- 1875 304. The DOE shall describe the progress made in project implementation.



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## 1876 Appendix A 1877 Differences between requests for deviation and requests for revision of the 1878 monitoring plan

1879 305. The table below illustrates the differences between requests for deviation and requests for revision of the monitoring plan.

<sup>1881 306.</sup> Comparison between requests for deviation and requests for revision of the monitoring plan

	Request for deviation	Request for revision of the monitoring plan			
Definition	A formal request for guidance from the CDM Executive Board of the clean development mechanism regarding deviations from provisions of the registered project documentation for the verified period only	A formal request to the CDM Executive Board to revise the monitoring plan to comply with the monitoring methodology or to improve accuracy and/or completeness of monitoring			
Required documents	<ul> <li>Request for deviation form (F- CDMDEV-ISS)</li> <li>Other relevant documents</li> </ul>	<ul> <li>Request for revision of monitoring plan form (F-CDM-REVMP)</li> <li>Revised monitoring plan (in clean and track change versions)</li> <li>The DOE's validation opinion</li> <li>Other relevant documents</li> </ul>			
Submission Note: Requests for	SubmissionVia a dedicated web interfaceVia a dedicated web interfaceNote: Requests for deviation or revision of the monitoring plan cannot be used to request guidance				
on changes in the project design from the registered project design document					



## DRAFT

# 1882Appendix B1883Calibration

1884 307. The following provides an illustrative example for applying the provisions in paragraph
268(a) and (b).

1886 308. An electricity energy meter with a maximum permissible error ( $\pm$ 5%), which may be used for measuring the electricity export for baseline emissions and electricity import for project 1887 1888 emission calculations, is required to be calibrated every year. If the calibration is delayed and instead of one year it is conducted after one and half year and the result of the delayed 1889 1890 calibration is available at the time of verification, to account for the delayed calibration the measured values shall be corrected as demonstrated in the following table (1) and (2) for 1891 situations stipulated in paragraph 268(a) and (b) respectively for the entire verification 1892 1893 period.

1894

Table-1					
Measured value	Parameter	Error identified during delayed calibration	Corrected Values		
100 MWh	Electricity Export	±2%	100 (1-Max . permissible error%/100) = 95 MWh		
100 MWh	Electricity Import	±2%	100 (1+Max . permissible error%/100) = 105 MWh		

1895

Table-2

Measured value	Parameter	Error identified during delayed calibration	Corrected Values
100 MWh	Electricity Export	±7%	100 (1-error%/100) = 93  MWh
100 MWh	Electricity Import	±7%	100 (1+error%/100) =107 MWh

1896



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1897

<mark>Appendix C</mark>



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1898

<mark>Appendix D</mark>