

 <p>CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD” (Version 01.2)</p> <p>This form should be used only by project participants and other stakeholders for submitting a “Letter to the Board” in accordance with the latest version of the <i>Modalities and procedures for direct communication with stakeholders</i></p>	
<i>Name of the stakeholder¹ submitting this form (individual/organization):</i>	Nuno Barbosa / Unicarbo – Energia e Biogás Ltda.
<i>Address and contact details of the individual submitting this form:</i>	Address: Alameda Joaquim Eugenio de Lima, 598 - 53 São Paulo – SP, Brazil Telephone number: +55 11 98596 0950 E-mail address: nuno@unicarbo.com.br
<i>Title/Subject (give a short title or specify the subject of your submission)</i>	Request of clarification about issues related to the renewal of crediting period of CDM project activities
<i>Please mention whether the submitter of the form is:</i>	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other stakeholder, please specify: CDM Consultant
<i>Specify whether you want the letter to be treated as confidential²:</i>	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
<i>Please choose any of the type(s) below³ to describe the purpose of this submission.</i>	
<input checked="" type="checkbox"/> Type I: <input checked="" type="checkbox"/> Request for clarification <input type="checkbox"/> Revision of existing rules <input checked="" type="checkbox"/> Standards. Please specify reference Clean development mechanism validation and verification standard <input checked="" type="checkbox"/> Procedures. Please specify reference: Clean development mechanism project cycle procedure <input type="checkbox"/> Guidance. Please specify reference <input type="checkbox"/> Forms. Please specify reference <input type="checkbox"/> Others. Please specify reference <input type="checkbox"/> Type II: Request for Introduction of new rules <input type="checkbox"/> Type III: Provision of information and suggestions on policy issues	
<i>Please describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable).</i>	

¹ DNAs and DOEs shall use the respective DNA/DOE forms for communication with the Board.

² As per the applicable modalities and procedures, the Board may make its response publicly available.

³ Latest CDM regulatory documents and information are available at: <http://cdm.unfccc.int/Reference/index.html> .

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Dear members of the CDM Executive Board,

We at Unicarbo – Energia e Biogás Ltda. act as a CDM consultancy service company that support different project participants / coordinating/managing entities of registered or proposed CDM Project Activities and Programme of Activities respectively which are hosted in different countries of South America (with special focus in project activities under scope 13).

We would like to have a bit of the attention and time of this Board for this Request for Clarification (RoC) which is actually applicable for registered CDM project activities of different scopes of which the 7-year renewable crediting period is to expire soon (or were already expired) and where the project participants are willing to request renewal of their crediting periods.

We envisage this communication a unique opportunity to clarify our very relevant and pertinent doubts (which might also be a doubt for other CDM practitioners worldwide). I highlight that as a result of previously performed informal consultations/inquires with different CDM practioners worldwide (incl. local CDM consultants, members of DOEs, members of DNAs, etc.), we have received different positions from different sources/persons regarding the issues included in this Request of Clarification (RoC). In our opinion, that confirms the relevance of the hereby compiled RoC.

Please provide any specific suggestions or further information which would address the issue raised in the previous section, including the exact reference source and version (if applicable).

Request for Clarification about applicable rules and procedures related to validation assessment to be performed by a Designated Operational Entity (DOE) as part of the process to renew the crediting period of a registered CDM project activity:

We are seeking for clarification about the following issues:

- DOE eligibility requirements to consider when selecting the DOE to perform the validation assessment for renewal of the crediting period of a large-scale CDM project activity
- Requirements related to performance of an on-site visit by member(s) of the assessment team of the selected DOE as part of the validation assessment for the renewal of the crediting period of large-scale CDM project activities.
- Starting date of the renewed crediting period to be indicated the PDD valid for the new crediting period (in cases where the project participants did not previously send to UNFCCC an email communication confirming their intention to renew the crediting period for the project activity - with a draft version of the PDD to be valid for the new crediting period enclosed to the communication as a requirement)

DOE eligibility requirements to consider when selecting the DOE to perform the validation assessment for renewal of the crediting period of a large-scale CDM project activity

We have noticed that since its version 3.1, the “Clean development mechanism project cycle procedure” (CDM-PCP) does not any longer include the following strikethrough text in para. 243:

The project participants or the coordinating/managing entity shall notify the secretariat, by e-mail or through a dedicated interface on the UNFCCC CDM website, of their intention to request a renewal of crediting period of the registered CDM project activity or PoA by submitting an updated PDD, or new PoA-DD and new generic CPA-DDs, and informing the secretariat of their selection of a DOE to request the renewal of crediting period and to perform related tasks referred to in paragraph 248 below, within 270 to 180 days prior to the date of expiration of the current crediting period. For this purpose, the project participants or the coordinating/managing entity may select any DOE. However, for large-scale CDM project activities or PoA, the DOE that submitted a request for renewal of crediting period shall not perform the verification function for the same CDM project activity or PoA for the renewed crediting period.

We also highlight that the latest version of the Clean development mechanism validation and verification standard (CDM-VVS) includes the following text in para. 203:

The DOE shall make publicly available the monitoring report received from the project participants in accordance with the Project cycle procedure. Unless the Board has agreed to grant an exception, a DOE shall not perform verification functions on a project activity for which it has performed the function of validation/registration.

As part of our RoC, we would like to have the CDM-EB confirming whether the removal of the above-quoted strikethrough text from para. 243 of the CDM-PCP represents any change in the applicable rules for selecting DOEs for performing validation assessments for the renewal of the crediting period. We also would like to have the CDM-EB clarifying relevant doubts by taking into consideration the guidance of para. 203 of the CDM-VVS and para. 243 of the CDM-PCP and by considering the following hypothetical case:

Hypothetical case:

In January 2007, the project participant named "PP" selected the DOE "ABC" for performing the CDM validation for the proposed large-scale project activity name "PROJECT" of which operations have later started in March 2007. The project was successfully registered as a large-scale CDM project activity on 1 September 2007, with its 7-year renewable crediting period starting on the same date.

For the whole period so far encompassed by the 1st 7-year crediting period, PP have so far established a set of contractual agreements with the DOE "DEF" for annually performing periodic CDM verifications for the "PROJECT".

In October 2013, "PP" realized it was time to select a DOE for performing the validation assessment for the renewal of the crediting period and also plan verifications to be performed in the context of the yet to be accepted 2nd crediting period (which inter alia includes selection of DOE for performing the 1st verification in the context of the 2nd crediting period).

The DOEs "ABC" and "DEF" are currently still being the only DOEs with presence in the country/region where the "PROJECT" is located. DOEs "ABC" and "DEF" are still being the only ones with available auditors qualified under the complex technical area of which the "PROJECT" fits, thus reducing the options for using other DOEs.

By taking into account the applicable guidance of the CDM-PCP and CDM-VVS, PP is doubtful about the issues encompassed by the following questions:

Option 1:

Questions for option 1

By taking into account the DOE "DEF" HAVE NOT previously performed *the function of "validation/registration"* for the "PROJECT" (term "*validation/registration*" as per para. 203 of CDM-VVS)

Could PP then select the DOE "DEF" for performing the validation assessment for the renewal of the crediting period of the "PROJECT" and later also select the DOE "DEF" for performing verification assessments for this project activity in the context of both (i) the yet to be finished 1st 7 –year crediting period and (ii) the yet to be initiated 2nd 7-year crediting period?

After performing the validation assessment for the renewal of the crediting period, would be DOE "DEF" still being categorized as a DOE who HAVE NOT not performed *the function of "validation/registration"* for the "PROJECT" (term "*validation/registration*" as per para. 203 of CDM-VVS)?"

Option 2:

Questions for option 2

By taking into account the DOE "ABC" was the one who previously performed *the function of validation/registration* for the "PROJECT" (term "*validation/registration*" as per para. 203 of CDM-VVS):

Could PP select the DOE "DEF" for performing the validation assessment for the renewal of the crediting period of the "PROJECT" and later select the DOE "ABC" for performing verification assessments for this project activity in the context of the yet to be initiated 2nd 7 –year crediting period (with periodic verifications in the context of the yet to be finished 1st crediting period remaining being performed by the DOE "DEF"?)

Under this circumstance, would the DOE "ABC" still being categorized as a DOE who previously PERFORMED *the function of validation/registration* for the "PROJECT" (term "*validation/registration*" as per para. 203 of CDM-VVS)"? Would "DOE ABC" be indeed eligible for performing such periodic verifications in the context of the 2nd crediting period?

Requirements related to performance of an on-site visit by member(s) of the assessment team of the selected DOE as part of the validation assessment for the renewal of the crediting period

In our opinion the CDM-VVS is not clear in terms of whether performance of an on-site visit to the project site is to be regarded as a requirement for the renewal of the crediting period of a large-scale CDM project activity. This is reflected in the informal position we have informally received from the two DOEs we asked as for technical-commercial proposals for performing validation assessment for the renewal of crediting period for a CDM project activity for which our organization provides technical and operational support. Furthermore, by taking into account the assessment requirements applicable for validation assessments for renewal of the crediting period of a CDM project activity (as outlined in the CDM-VVS), one could argue that an on-site visit would not be regarded as a requirement (as claimed by one of the DOEs consulted). We would thus appreciate to receive a position from the CDM-EB about this particular issue. We highlight that normally, a typical on-site visit to the project site of member(s) of a DOE represents costs (flights, accommodation, etc.) in the context of CDM assessment. While project participants are more and more becoming cost sensitive due to the current situation of the global carbon market, a clarification about this issue is instrumental.

Starting date of the crediting period (in cases where the project participants did not previously send to UNFCCC an email communication confirming their intention to renew the crediting period for the project activity - with a draft version of the PDD to be valid for the new crediting period enclosed to the communication)

The CDM-PCP includes the following guidance as part of its para. 247:

(...) If the notification of the intention to request a renewal of crediting period is not received by the secretariat 180 days prior to the date of expiration of the current crediting period, the project participants or the coordinating/managing entity shall not be entitled to claim the issuance of CERs for the period from the expiration date of the current crediting period until the last date before the crediting period is deemed renewed.

As CDM consultants, by taking into account the above-quoted guidance, in the particular case of a project activity where the previous crediting period is already expired (and where the project participants did not previously send to UNFCCC an email communication confirming their intention to renew the crediting period for the project activity), we assume that a completed PDD (to be valid for a new crediting period) should be completed and submitted to UNFCCC by indicating as starting date of the new crediting period the estimated date that such new crediting period is expected to be deemed renewable.

On the other hand, we have recently confirmed that the following clarification was included in the Report for the EB76 meeting:

45. The Board considered the concept note on the revision of the PS, the VVS and the PCP in relation to possible areas for the next general revision of the three documents based on the inputs received from stakeholders and the experience gained by the secretariat. The Board requested the secretariat to prepare a draft of the revised PS, VVS and PCP, taking into account the Board's feedback on the concept note as set out below, and to launch a public call for input on this version. The Board further requested the secretariat to present a revised draft PS, VVS and PCP to the Board at its seventy-seventh or seventy-eighth meeting, taking into account the inputs from the public call. The Board provided the following guidance on the concept note, and noted that the same principles should apply also to PoAs:

(...)

(h) *Renewal of crediting period: crediting periods should be consecutive without a gap; whether and how a delay in the notification of the intention to renew the crediting period should impact on claiming CERs needs further consideration. Consider also making publicly available the notification of the intention to renew the crediting period;*

By taking into account the above-quoted regulatory matter, we are thus seeking for clarification on how to complete PDDs for a new crediting period for a project activity where (i) the previous crediting period is already expired and (ii) the project participants did not previously send to UNFCCC an email communication confirming their intention to renew the crediting period for the project activity (with a draft version of the PDD to be valid for the new crediting period enclosed to the communication).

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

Section below to be filled in by UNFCCC secretariat

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History of document

Version	Date	Nature of revision
01.2	08 February 2012	Editorial revision.
01.1	09 August 2011	Editorial revision.
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