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Procedure

Process for dealing with letters from DNAs that withdraw approval/authorization

Version 01.0



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| TABLE OF CONTENTS | Page |
|--|-------------|
| 1. INTRODUCTION | 3 |
| 1.1. Background | 3 |
| 1.2. Objectives..... | 3 |
| 2. SCOPE, APPLICABILITY, AND ENTRY INTO FORCE..... | 3 |
| 2.1. Scope | 3 |
| 2.2. Applicability | 3 |
| 2.3. Entry into force | 3 |
| 3. NORMATIVE REFERENCES | 4 |
| 4. DEFINITIONS..... | 4 |
| 5. WITHDRAWAL LETTERS FROM DNAS OF HOST PARTIES..... | 5 |
| 5.1. Recommended content and submission of Withdrawal Letter | 5 |
| 5.2. Action upon receipt by the secretariat..... | 6 |
| 5.3. Effective Date | 6 |
| 5.4. Consideration by the Board..... | 6 |
| 5.5. Administration Period | 7 |
| 5.6. Impact on verification and certification..... | 7 |
| 5.7. Impact on Issuance | 7 |
| 5.8. Forwarding | 8 |
| 6. WITHDRAWAL LETTERS FROM DNAS IN ANNEX I PARTIES..... | 8 |
| 6.1. Recommended content and submission of a Withdrawal Letter | 8 |
| 6.2. Action upon receipt by the secretariat..... | 9 |
| 6.3. Effective Date | 9 |
| 6.4. Consideration by the Board..... | 9 |
| 6.5. Impact on verification and certification..... | 9 |
| 6.6. Impact on Issuance | 10 |
| 6.7. Forwarding to the Affected project participant | 10 |

1. Introduction

1.1. Background

1. Pursuant to decision 3/CMP.1, paragraph 40(a), of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), approval/authorization is required from the designated national authority (DNA) of a Party involved in the clean development mechanism (CDM) project activity or programme of activities (PoA) in order that (a) a public or private entity may participate in the CDM, and (b) in the case of DNAs located in a non-Annex I Party (Host Party), that it agrees to host that CDM project activity or PoA.
2. At paragraph 29 of decision 8/CMP.7, the CMP requested the Executive Board of the clean development mechanism (the Board) to assess the implications of the withdrawal or suspension of letters of approval and make recommendations to be considered by the CMP at its eighth session.
3. At its sixty-eighth meeting (paragraph 119 of the meeting report), the Board agreed to recommend to the CMP that, in withdrawing or suspending a letter of approval, the Party would need to inform the Board of such withdrawal or suspension, the effective date of the withdrawal or suspension, and other relevant implications on the particular project activity or PoA. The Board also decided to consider requirements and measures to deal with the withdrawal or suspension of letters of approval/authorization by a Party involved.

1.2. Objectives

4. This procedure sets out the process by which the Board will process formal notifications from DNAs that withdraw approval/authorization for project participants/project activities or PoAs.

2. Scope, applicability, and entry into force

2.1. Scope

5. This procedure covers formal notifications received by the Board from DNAs that withdraw approval/authorization of project participants or, where the DNA is a Host Party, withdraw the approval/authorization in respect of a project activity or a PoA and its component project activities (CPAs) in the same Host Party.

2.2. Applicability

6. This procedure applies to all formal notifications withdrawing approval/authorization received by the Board from a DNA on or after the date of the adoption of the procedure.

2.3. Entry into force

7. This procedure enters into force upon its adoption.

3. Normative references

8. The following documents and decisions are helpful to understand the context of this procedure:
 - (a) Decision 3/CMP.1;
 - (b) “Clean development mechanism project standard”.

4. Definitions

9. The definitions contained in the “Glossary of CDM terms” shall apply.
10. In addition, the following definitions apply in this procedure:
 - (a) “Administration Period” means the period from the date of receipt of the Withdrawal Letter from a Host Party by the secretariat up to and including the date that is three calendar years later or the end of the additional period for fulfilling commitments pursuant to decision 27/CMP.1, section XIII in the Kyoto Protocol commitment period in which the Effective Date falls, whichever is the earlier;¹
 - (b) “Affected component project activity (Affected CPA)” means a component project activity (CPA) that is part of an Affected PoA and is located in the Host Party whose DNA has sent a Withdrawal Letter in relation to that PoA;
 - (c) “Affected Project Activity” means a project activity in respect of which the Affected project participant holds a Letter of Approval from a Host Party and in respect of which the secretariat receives a Withdrawal Letter from the DNA of that Host Party;
 - (d) “Affected programme of activities (Affected PoA)” means a programme of activities (PoA) in respect of which the secretariat receives a Withdrawal Letter from the DNA of that Host Party. Where the Affected PoA is a PoA that has more than one Host Party, each CPA in that PoA will either be an Affected CPA or an Unaffected CPA for the purposes of this procedure;
 - (e) “Affected project participant” means a project participant in respect of whom the secretariat receives a Withdrawal Letter, and includes, for the purposes of this procedure, the coordinating/managing entity (CME) of a PoA;
 - (f) “Effective Date” means the date on which the Withdrawal Letter is deemed to take effect in respect of:
 - (i) The Affected Project Activity/Affected PoA and its Affected CPAs; and/or
 - (ii) The Affected project participant(s);

¹ Note for information only: The end date of the Administration Period may be affected by future decisions of the CMP in respect of certified emission reductions (CERs) held in the CDM registry at the end of the additional period for fulfilling commitments (as set out in decision 27/CMP.1 section XIII).

with the result that the Affected Project Activity/Affected PoA and its Affected CPAs and/or the Affected project participant(s), as appropriate, no longer hold(s) a valid Letter of Approval;

- (g) “Letter of Approval” means, for the purposes of this procedure only, the formal notification from the DNA of Approval/authorization by each Party involved (as defined in the Glossary of CDM terms), in accordance with decision 3/CMP.1;
- (h) “Unaffected CPA” means a CPA that is part of an Affected PoA that has more than one Host Party but that CPA is located in a Host Party that has not issued a Withdrawal Letter in relation to that PoA;
- (i) “Withdrawal Letter” means a formal written notification from a DNA and addressed to the Board either:
 - (i) Where the DNA is the Host Party, withdrawing the Letter of Approval it had previously issued in respect of a registered CDM project activity/PoA and a project participant(s);
 - (ii) Where the DNA is an Annex I Party, withdrawing the Letter of Approval it had previously issued in relation to the participation of a project participant in a registered CDM project activity or registered PoA.

5. Withdrawal Letters from DNAs of Host Parties

5.1. Recommended content and submission of Withdrawal Letter

- 11. If a Host Party wishes to withdraw its approval/authorization of a project activity/PoA and/or project participant, the DNA of the Host Party should send a Withdrawal Letter by registered post to the CDM Registry at the secretariat, and, at the same time, a copy should be sent by email to the secretariat by using the email address <cdm-registry@unfccc.int>.
- 12. In order to assist the Board and the secretariat to process the Withdrawal Letter, a Withdrawal Letter from the DNA of a Host Party should:
 - (a) Be addressed to the Executive Board of the clean development mechanism;
 - (b) Be sent by the DNA for the Host Party to the secretariat;
 - (c) Specify the Effective Date;
 - (d) Be dated and duly signed or stamped;
 - (e) Identify the Affected project participants (namely, the project participant(s) to which the Withdrawal Letter applies);
 - (f) Identify the project activity(ies) or PoA to which the Withdrawal Letter applies (Affected project activity(ies) and Affected PoA/Affected CPAs);
 - (g) State the date of the original Letter of Approval;
 - (h) Set out the implications of the withdrawal;

- (i) Include the reasons for the withdrawal of the approval/authorization by the Party involved;
- (j) Contain all other relevant information considered necessary by the DNA;
- (k) If possible, be copied to all other project participants currently participating in the project activity or PoA.

13. If the Withdrawal Letter does not specify an Effective Date, the Board and the secretariat shall not process the Withdrawal Letter and the letter shall be returned to the DNA.

5.2. Action upon receipt by the secretariat

14. The secretariat shall, within seven days, forward the Withdrawal Letter to the Board and place the Withdrawal Letter on the agenda of the next Board meeting. On an exceptional basis, a Withdrawal Letter arriving after the publication of the annotations to the agenda for that meeting may be considered by the Board at that meeting.

15. The secretariat shall, following receipt of the Withdrawal Letter, identify whether the Withdrawal Letter specifies an Effective Date and:

- (a) If no Effective Date is specified, shall return the letter to the DNA in accordance with paragraph 13 above and inform the DNA, on behalf of the Board, that the Withdrawal Letter cannot be processed without an Effective Date;
- (b) Where the Withdrawal Letter contains an Effective Date, shall:
 - (i) Confirm receipt of the Withdrawal Letter to the DNA;
 - (ii) Identify whether the Withdrawal Letter contains the information in paragraph 12 (d) to (j) and, where necessary, confirm further information with the DNA;
 - (iii) Identify all project participants (including the Affected project participants) and Parties involved and ensure all of them are notified of the Withdrawal Letter;
 - (iv) Notify the Effective Date to all project participants and Parties involved;
 - (v) Within 10 days of receipt, place the Withdrawal Letter on the UNFCCC CDM website.

5.3. Effective Date

16. The Effective Date shall be the date set out in the Withdrawal Letter, except where such date is earlier than the date of receipt by the Board (through the secretariat), in which case the Effective Date shall be the date of receipt of the Withdrawal Letter by the Board.

5.4. Consideration by the Board

17. In accordance with paragraph 14 above, the Board shall consider the Withdrawal Letter at the meeting where it is placed on the agenda and, where necessary, provide guidance to the secretariat in relation to the implications of the Withdrawal Letter.

18. The consideration by the Board of the Withdrawal Letter shall be recorded in the meeting report.

5.5. Administration Period

19. During the Administration Period:

- (a) The secretariat shall communicate with all project participants and Parties involved in order to assist them to settle outstanding matters in relation to the Affected Project Activity/Affected PoA and its Affected CPAs, including the completion of all issuance requests and forwarding requests in respect of emission reductions/removal enhancements achieved prior to the Effective Date and such other steps as are necessary to ensure the completion of outstanding matters in relation to the Affected Project Activity/Affected PoA and its Affected CPAs;
- (b) Each Affected project participant may, after the Effective Date, where necessary, be treated as if it were still a project participant by the Board and secretariat for the purposes of the “Clean development mechanism project standard” and the “Clean development mechanism project cycle procedure” in order to allow the secretariat to process instructions relating to emission reductions/removal enhancements achieved prior to the Effective Date from such Affected project participant(s) in relation to the Affected Project Activity/Affected PoA and its Affected CPAs;
- (c) Any of the project participant(s) and Parties involved may communicate with the secretariat using the email address <cdm-registry@unfccc.int> for the purpose of clarifying the effect of the Withdrawal Letter.

5.6. Impact on verification and certification

20. During the Administration Period, the verifying DOE may, in accordance with the “Clean development mechanism project standard” and the “Clean development mechanism project cycle procedure” make monitoring reports publicly available and submit verification and certification reports in respect of all emission reductions/removal enhancements achieved by the Affected Project Activity or Affected PoA (by the Affected CPAs) prior to the Effective Date.
21. The DOE shall not make any monitoring report publicly available for a period that includes any date that is on or after the Effective Date.
22. Where the Affected PoA is a PoA that has more than one Host Party, only the verification and certification of emission reductions/removal enhancements achieved by the Affected CPAs shall be affected by the Withdrawal Letter. The verification and certification of emission reductions/removal enhancements in relation to Unaffected CPAs shall be in accordance with the “Clean development mechanism validation and verification standard”.

5.7. Impact on issuance

23. CERs may be issued in respect of emission reductions/removal enhancements achieved prior to the Effective Date for the Affected Project Activity or Affected CPAs of an

Affected PoA in accordance with the “Clean development mechanism project standard” and “Clean development mechanism project cycle procedure”.

24. Where the Affected PoA is a PoA with more than one Host Party, only the issuance of CERs in respect of emission reductions/removal enhancements achieved in the Affected CPAs shall be affected by this procedure.

5.8. Forwarding

25. The secretariat, acting as CDM registry administrator, shall forward CERs issued in respect of emission reductions/removal enhancements achieved prior to the Effective Date, in accordance with forwarding requests, the modalities of communication and the “Clean development mechanism project standard” and “Clean development mechanism project cycle procedure” for the Affected project activity or Affected CPAs of an Affected PoA.

6. Withdrawal Letters from DNAs in Annex I Parties

6.1. Recommended content and submission of a Withdrawal Letter

26. If an Annex I Party wishes to withdraw its approval/authorization of a project participant, the DNA of the Annex I Party should send a Withdrawal Letter by registered post to the CDM Registry at the secretariat, and, at the same time, a copy should be sent by email to the secretariat by using the email address <cdm-registry@unfccc.int>.
27. In order to assist the Board and the secretariat to process the Withdrawal Letter, Withdrawal Letters from DNAs in Annex I Parties should:
- (a) Be addressed to the Executive Board of the clean development mechanism;
 - (b) Be sent by the DNA for the Annex I Party to the secretariat;
 - (c) Specify the Effective Date;
 - (d) Be dated and duly signed or stamped;
 - (e) Identify the Affected project participants (namely, the project participant(s) to which the Withdrawal Letter applies);
 - (f) Identify the project activity(ies) or PoA to which the Withdrawal Letter applies;
 - (g) State the date of the original Letter of Approval;
 - (h) Set out the implications of the withdrawal;
 - (i) Include the reasons for the withdrawal of the approval/authorization by the Party involved;
 - (j) Contain all other relevant information considered necessary by the DNA;
 - (k) If possible, be copied to all other project participant(s) currently participating in the project activity or PoA.
28. If the Withdrawal Letter does not specify an Effective Date the Board and the secretariat shall not process the Withdrawal Letter and the letter shall be returned to the DNA.

6.2. Action upon receipt by the secretariat

29. The secretariat shall, within seven days, forward the Withdrawal Letter to the Board and place the Withdrawal Letter on the agenda of the next Board meeting. On an exceptional basis, a Withdrawal Letter arriving after the publication of the annotations to the agenda for that meeting may be considered by the Board at that meeting.
30. The secretariat shall, following receipt of the Withdrawal Letter, identify whether the Withdrawal Letter specifies an Effective Date and:
 - (a) If no Effective Date is specified, shall return the letter to the DNA in accordance with paragraph 28 above and inform the DNA, on behalf of the Board, that the Withdrawal Letter cannot be processed without an Effective Date;
 - (b) Where the Withdrawal Letter contains an Effective Date, shall:
 - (i) Confirm receipt of the Withdrawal Letter to the DNA;
 - (ii) Identify whether the Withdrawal Letter contains the information in paragraph 27 (d) to (j) and where necessary, confirm further information with the DNA;
 - (iii) Identify all project participants (including the Affected project participants) and Parties involved and ensure all of them are notified of the Withdrawal Letter;
 - (iv) Notify the Effective Date to all project participants and Parties involved;
 - (v) Within 10 days of receipt, place the Withdrawal Letter on the UNFCCC CDM website.

6.3. Effective Date

31. The Effective Date shall be the date as set out in the Withdrawal Letter except where such date is earlier than the date of receipt by the Board (through the secretariat), in which case the Effective Date shall be the date of receipt of the Withdrawal Letter by the Board.

6.4. Consideration by the Board

32. In accordance with paragraph 29 above, the Board shall consider the Withdrawal Letter at the meeting where it is placed on the agenda, and, where necessary, provide guidance to the secretariat in relation to the implications of the Withdrawal Letter.
33. The consideration by the Board of the Withdrawal Letter shall be recorded in the meeting report.

6.5. Impact on verification and certification

34. The receipt by the Board of a Withdrawal Letter from the DNA of an Annex I Party in relation to an Affected project participant shall not prevent verification and certification of emission reductions/removal enhancements achieved by the project activity or by the CPAs in the PoA after the Effective Date of that Withdrawal Letter.

6.6. Impact on issuance

35. The receipt by the Board of a Withdrawal Letter from the DNA of an Annex I Party in relation to an Affected project participant shall not prevent issuance of CERs for the project activity/PoA after the Effective Date of that Withdrawal Letter.

6.7. Forwarding to the Affected project participant

36. Until the Effective Date, the secretariat, acting as the CDM registry administrator, shall forward CERs to the Affected project participant(s) in accordance with forwarding requests, the modalities of communication and the “Clean development mechanism project cycle procedure” and “Clean development mechanism project standard”.
37. No forwarding to the Affected project participant(s) of CERs issued in respect of the project activity/PoA shall be possible on or after the Effective Date.
38. The receipt by the Board of a Withdrawal Letter from the DNA of an Annex I Party in relation to an Affected project participant shall not affect the forwarding of CERs to other project participants of the project activity/PoA.

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