

 <p><b>CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD” (Version 01.2)</b></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 Modalities and procedures for direct communication with stakeholders</p>	
<i>Name of the stakeholder<sup>1</sup> submitting this form (individual/organization):</i>	Fernando Freitas / Essencis Soluções Ambientais S.A.
<i>Address and contact details of the individual submitting this form:</i>	Address: Rodovia dos Bandeirantes, km 33 Caieiras – SP, Brazil Telephone number: +55 11 4442 7311 E-mail address: ffreitas@essencis.com.br
<i>Title/Subject (give a short title or specify the subject of your submission)</i>	Registration fee and share of proceeds to cover administrative expenses (SOP-Admin) due for the issuance of CERs in the context of the current and forecasted market situation for the global carbon market (which faces very low levels of liquidity and price for CERs)
<i>Please mention whether the submitter of the form is:</i>	<input checked="" type="checkbox"/> Project participant <input type="checkbox"/> Other stakeholder, please specify:
<i>Specify whether you want the letter to be treated as confidential<sup>2</sup>:</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) below<sup>3</sup> to describe the purpose of this submission.</i>	
<input checked="" type="checkbox"/> <b>Type I:</b> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <input checked="" type="checkbox"/> <b>Request for clarification</b>  <input checked="" type="checkbox"/> Standards. Please specify reference  <input checked="" type="checkbox"/> Procedures. Please specify reference:  <input type="checkbox"/> Guidance. Please specify reference  <input type="checkbox"/> Forms. Please specify reference  <input type="checkbox"/> Others. Please specify reference         </div> <div style="text-align: center;"> <input type="checkbox"/> <b>Revision of existing rules</b>  <input type="checkbox"/> Clean development mechanism validation and verification standard  <input type="checkbox"/> Clean development mechanism project cycle procedure         </div> </div> <input type="checkbox"/> <b>Type II: Request for Introduction of new rules</b> <input type="checkbox"/> <b>Type III: Provision of information and suggestions on policy issues</b>	
<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>	

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

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

<sup>3</sup> 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 (CDM-EB),

We at Essencis Soluções Ambientais S.A. are the project owner and project participant for the registered CDM project activity "0171 Caieiras landfill gas emission reduction" (UNFCCC reg. no. 0171). We would like to have a bit of the attention and time of this Board for this submission of which content we believe is applicable not only for our organization, but also for most of the project participants for other registered CDM project activities (especially for the ones where CER revenues represents the only revenue source for the project activity and which are still under operations despite of the current adverse situation of the global carbon market (which faces low levels of liquidity and price for CERs)).

We envisage this communication a CDM market input to not only to the CDM-EB, but also for future COP/MOP meetings (if applicable).

**Registration fee and share of proceeds to cover administrative expenses (SOP-Admin) due for the issuance of CERs in the context of the current and forecasted market situation for the global carbon market (which faces very low levels of liquidity and price for CERs).**

As appropriately outlined in Appendix 1 of the CDM Project Cycle Procedure (CDM-PCP), the registration fee is applicable for proposed CDM project activities in accordance with decisions 4/CMP.1, annex II, paragraph 21; 6/CMP.1, annex, paragraph 13; 7/CMP.1, paragraph 37; 2/CMP.3, paragraph 31; and 2/CMP.5, paragraph 47.

As also established by the CDM-PCP, like any other project participant of registered CDM project activities, our organization shall pay share of proceeds to cover administrative expenses (SOP-Admin) to UNFCCC in the context of regular issuance of CERs as a result of operation of our registered CDM project activity.

While we aware that SOP-Admin are intended to cover administrative expenses at UNFCCC for operating the CDM the SOP-Adaptation are intended to assist in meeting the costs of adaptation; we highlight that the current fee level (for both registration fee and SOP-Admin) are unfortunately not aligned with current market price for CERs (below 0.20 Euro/CER). While we at Essencis Soluções Ambientais S.A. are suffering with the low levels of liquidity and price for CERs, we have thus not identified potential buyers for CERs who would be willing to pay more than 0.20 Euro per CER generated within the 1<sup>st</sup> commitment period of the Kyoto Protocol, we thus have not yet paid issuance SOP-Admin for the latest 2 accepted/approved request for CER issuance four our project activity (which account for more than 1 million CERs) in the accumulated value of more than 200 000 USD.

As informally informed by experienced CDM consultants/advisors that support us, we are also aware that other project participants for different CDM project activities have also adopted the practice of not immediately paying SOP-Admin for CER issuance requests due to the current and forecasted market situation for the global carbon market (which faces very low levels of liquidity and price for CERs).

It is also noteworthy the significant number of proposed CDM project activities of which requests for registration are listed under "*Pending publication / awaiting fee*" stage as outlined at UNFCCC's CDM website ([http://cdm.unfccc.int/Projects/completeness\\_check.html](http://cdm.unfccc.int/Projects/completeness_check.html)). Such list includes several proposed CDM project activities of which requests for registration were submitted in years 2011, 2012 and 2013. As also informally informed by experienced CDM consultants/advisors that support us, there are several proposed CDM project activities hosted in different countries where the project participants are willing to pay the registration fee only after they receive a better signal for the global carbon market.

Through this submission, we thus would like to kindly suggest the CDM-EB and/or COP/MOP to consider discussing/addressing (in their future meetings) this unpleasant and unfavourable situation for project participants regarding the attractiveness of payment of registration fee SOP-Admin through a more suitable and market oriented approach (vis-a-vis the current unfavourable market conditions).

<i>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).</i>	
We suggest that the CDM-EB discuss the viability that, under unfavourable market conditions for the commercialization of CERs (such as the current market conditions), alternative approaches for the determination of registration fee and SOP-Admin / SOP-Adaptation be applied by the CDM-EB.	
<i>If necessary, list attached files containing relevant information (if any)</i>	
<b>Section below to be filled in by UNFCCC secretariat</b>	
Date when the form was received at UNFCCC secretariat	24 April 2014
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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.
01	04 August 2011	Initial publication date.
<b>Decision Class:</b> Regulatory <b>Document Type:</b> Form <b>Business Function:</b> Governance		