

CDM-PA9784-RULE01

Ruling note

Request for registration for “SHPs Coronel Araújo and Passo Ferraz CDM Project (JUN1059), Brazil”

Version 01.0



United Nations
Framework Convention on
Climate Change

1. The Clean development mechanism Executive Board (CDM EB) decided to reject the above proposed project activity on 17 July 2014 in accordance with the *Clean development mechanism project cycle procedure* (PCP), version 05.0, paragraphs 93 and 99 (the procedures). In accordance with paragraph 100 of the procedure, the ruling shall contain an explanation of the reasons and rationale for the final decision, which are as follows:
 - (a) The DOE (TÜV NORD) failed to demonstrate the real and continuing actions taken to secure status of CDM for the project activity, especially, for SHP Passo Ferraz, in line with *Guidelines on the demonstration and assessment of prior consideration of the CDM* (EB62, Annex 13), paragraphs 6 (b) and paragraph 8 (c) and *Clean development mechanism validation and verification standard* (VVS), version 03.0, paragraphs 108 (b) and 111.
 - (b) The relevant requirements in full are:
 - (i) EB62 Annex 13, paragraph 6 (b) states that "The project participant must indicate, by means of reliable evidence, that continuing and real actions were taken to secure CDM status for the project in parallel with its implementation. Evidence to support this should include one or more of the following: contracts with consultants for CDM/PDD/methodology services, draft versions of PDDs and underlying documents such as letters of authorization, and if available, letters of intent, emission reduction purchase agreement (ERPA) term sheets, ERPAs or other documentation related to the potential sale of CERs (including correspondence with multilateral financial institutions or carbon funds), evidence of agreements or negotiations with a DOE for validation services, submission of a new methodology or requests for clarification or revision of existing methodologies to the CDM Executive Board, publications in newspaper, interviews with DNAs, earlier correspondence on the project with the DNA or the UNFCCC secretariat".
 - (ii) EB62 Annex 13, paragraph 8 (c) states that "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".
 - (iii) VVS version 03.0, paragraph 108 (b) states that "Demonstrated that real and continuing actions were taken to secure CDM status for the project in parallel with its implementation. Evidence to support this could include one or more of the following: contracts with consultants for 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 agreements (ERPA) term sheets, ERPAs or other documentation related to the potential sale of the certified emission reductions (CERs) (including correspondence with multilateral financial institutions or carbon funds), evidence of agreements or negotiations with a DOE for validation services, submission of a new methodology or requests for clarification or revision of existing methodologies to the Board, publication in a newspaper, interviews with the DNA, and earlier correspondence on the project with the DNA or the secretariat".

- (iv) VVS version 03.0, paragraph 111 states that “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”.
 - (c) The reasons and rationale for the final decisions are :
 - (i) The three meeting minutes between project start date of SHP Passo Ferraz (08 December 2007, acquisition of generators) and the date of local stakeholder consultation (09 June2011) recorded discussion/consideration of the project participant, rather than indicating actions carried out by the project participant as listed in EB62, Annex 13 paragraph 6 (b).
 - (ii) Without these actions, there would be a gap of more than 3 years between the project start date (08 December 2007, acquisition of generators) and the local stakeholder consultation carried out on 09 June 2011.
2. Please note, however, that, with appropriate revisions, this project activity may be resubmitted for validation and registration provided it meets the requirements for validation and registration, in accordance with paragraph 42 of the CDM Modalities and Procedures (Decision 3/CMP.1).

Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	15 August 2014	Initial publication. Related to the <i>Clean development mechanism project cycle procedure</i> , version 05.0 (paragraphs 93, 99 and 100).

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