

# Review of key CDM reform proposals and focus areas

DNA Forum

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# Why CDM reform?

#### Official Mandate

Pursuant to decision 3/CMP.1 the first review of the CDM modalities and procedures is to be carried out no later than one year after the end of the first commitment period of the Kyoto Protocol.

#### – Other rationales:

- Adapting CDM M&P to current practice (Housekeeping)
- 2. Removing operational hurdles
- 3. Strategic changes to the CDM
- 4. Post 2020: Anchoring the CDM in the new agreement



# Summary of reform proposals: Note by the co-chairs - SBI 40 June 2014

- Contains reform proposals submitted by Parties and CDM EB integrated into original CDM M&P
- 44 boxes with 117+ individual reform suggestions
- SBI 40 managed to narrow down the list through green highlights and strikethroughs, yet many individual issues remain
- As no decision was adopted at co-chairs note has no formal status

#### Overview of issues

## 1. "Housekeeping"

- Since adoption of the Marrakech Accords additional rules have emerged through recommendations from the CDM EB and annual guidance, e.g.
  - Introduction of Programmes of Activities
  - Roles and responsibilities of the DNA
  - Contents of the LoA
  - Role of the EB support structures (Panels, Secretariats)
  - → CDM M&P should be updated to reflect current practice



## 1. "Housekeeping" continued

- Consolidate all decisions relating to the CDM into one single document
- Develop a leaner, streamlined and principlebased version of the CDM M&P that allows for flexibility, e.g.
  - remove Appendices B (development of the PDD) and C (development of methodologies) and include principles in the body of the text
  - Remove other overly prescriptive technical details from the M&P (e.g. baseline approaches, time indications)

#### **Overview of issues**

#### 2. Removing operational hurdles

- Simplification of the project cycle, e.g.
  - allow for the registration of automatically additional projects using standardized baselines based on standardized template, without validation
- Simplification of the PoA project cycle, e.g.
  - Option for simplified validation and verification process for micro-scale projects (registration of PoA without a CPA, inclusion of CPA by CME)
  - Unlimited issuances for CPAs within a monitoring period (currently 2 are allowed)
  - Remove the size threshold for CPAs
- Alternative treatment of DOE liability to compensate for issuance of CERs resulting from significant deficiencies



# 3. Strategic changes

- Use of the CDM is changing from a pure offsetting tool to broader usage, e.g.
  - MRV tool for results-based climate finance
  - CERs used beyond targets/pledges
  - Use in NAMAs and domestic offsetting schemes,
- → Facilitate voluntary cancellation, e.g. through national cancellation accounts and an online cancellation system

#### **Overview of issues**

#### 3. Strategic changes continued

- Change the set-up of the CDM EB, e.g.
  - Additional seats for LDCs (voting) and private sector / NGOs (non-voting)
  - Time limits for individuals serving on the board
- Shorter or technology dependent crediting periods
- Strengthen requirements for local stakeholder consultations
- Exclusion of certain project types
  - HFC23, NF3, N2O from adipic acid plants, coal-based power without CCS



#### 4. CDM post 2020

- "CDM should evolve with the strategic developments of the broader context, in particular with the elaboration of the post-2020 agreement and in ensuring the consistency with other market mechanisms under the KP and the Convention and avoiding double counting across market mechanisms" (SBI 40 Co-chairs note)
- "Net mitigation"
- Merge JI and CDM governing bodies
- Continuation of registered CDM projects post 2020
- Relating CDM to INDCs

# Where to address issues? (Rough guide)

