



Stakeholder Communication Form
(Version 01.0)

This form shall be used for any CDM-related communication with the UNFCCC secretariat or the CDM Executive Board. All the questions are mandatory unless otherwise indicated.

The completed form and any supplemental documents shall be submitted electronically to cdm-info@unfccc.int, or via fax to +49-228-815-1999 or via post to: Sustainable Development Mechanism (SDM) Programme, UNFCCC secretariat, P.O. Box 260124, D-53153 Bonn, Germany.

SECTION 1: COMMUNICATION HEADER

Please provide your contact information.

Title: Mr. **First Name:** Nuno **Last Name:** Barbosa

Name of Organization: UniCarbo - Energia e Biogás Ltda. **E-mail Address:** nuno@unicarbo.com.br

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04571-000 - São Paulo - SP **Phone Number:** 5511985960950
Country: Brazil *Include country code (e.g. +49-228-815-1999)*

Stakeholder Type: Consultant If other:

Please indicate from whom you would like to get an answer.

This communication is addressed to¹: Chair of CDM Executive Board (normal track)

SECTION 2: PROJECT ACTIVITY OR PROGRAMME OF ACTIVITIES (PoA)

If this communication refers to a specific CDM project activity/PoA, please answer questions in this section (otherwise proceed to Section 3).

Project/PoA Ref. Number	<i>5-digit# format 01234</i>	If applicable, CPA Ref. Number:	<i>8-digit# format 0123-4567</i>
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Project Cycle Stage	[Choose an item]	If other:
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If there is no specific CDM Reference Number, please answer the remaining questions in this section (otherwise proceed to Section 3).

Host Country(ies)

Project/PoA Title

Technology Type	[Choose an item]	If other:
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SECTION 3: YOUR COMMUNICATION

Title/Subject <i>Maximum 250 characters</i>	Flexibilizing the rule for starting date of renewed 7-year crediting period for project activities as an additional measure to further improve the efficiency and effectiveness of the CDM
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Communication Text <i>Include background, details, and conclusion (unlimited length)</i>	We at UniCarbo - Energia e Biogás Ltda. (UniCarbo) act as CDM consultancy/advisory service provider (with special focus in initiatives/project activities (PAs) promoting collection and destruction and/or utilization of landfill gas (LFG). As active CDM practitioners, we are aware that, as outlined in the FCCC's "Annual report of the Executive Board of the clean development mechanism to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol", it has been a mission of this Board to continuously improve the efficiency and effectiveness of the mechanism in order to have the CDM keeping on proving results-based climate financing (e.g allowing Parties and donor agencies to target investment and verify results and attracting climate financing). We also acknowledge that interesting measures were recently implemented by the CDM-EB. At its 86th meeting (EB 86), the CDM-EB hopefully agreed on
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¹ In accordance with the "Procedure: Direct communication with stakeholders" (version 02.0), stakeholders may address communications either (a) to the secretariat, in order to seek a fast-track technical or operational explanation regarding the implementation of existing CDM rules, or (b) to the CDM Executive Board, in order to communicate to the Board their views on CDM rules and their implementation, or to seek official clarifications of CDM rules.

several proposals that would indeed further simplify and streamline the CDM. Under this context of regulatory improvements; we at UniCarbo thus judge as opportune to raise the attention for a particularly relevant situation/aspect related to renewal of 7-year crediting period currently faced by a number of CDM project activities that represents an window of opportunity for also improving the efficiency and effectiveness of the mechanism and we hereby propose an additional simplification measure that would definitely represent alleviation of a barrier currently faced by a number of so-called "vulnerable" registered CDM projects that are currently seeking for climate financing under the very unfavourable market conditions (like it is the case of a number of registered CDM project activities promoting collection and destruction of landfill gas located in Latin America that we at UniCarbo support in terms of both day-to-day operational issues as well as CDM related issues). Vulnerable CDM project activities Regarding CDM project activities considered as vulnerable, based on our experience and expertise of years dealing with LFG collection and destructions initiatives under the CDM (for which CDM revenues represent an only and crucial revenue source), it is our opinion that the below-quoted definition of vulnerable CDM project activities (as defined by the Carbon Credit Program from the Government of Norway and other entities/initiatives and scholars/researchers) is deemed appropriate and relevant under the current unfavourable market conditions (extremely low prices and liquidity for CERs) that unfortunately pose serious challenges for keeping projects under such categories under regular operation:

"(...) registered and commissioned projects whose continued emissions reduction activity depend on a higher carbon price than achievable under current market conditions. Vulnerable projects include projects that may already have shut down the emissions reductions activity due to lack of revenues from sales of carbon credits. (...) facing a risk of discontinuation of the emission reduction activity due to lack of revenues from sales of carbon credits (...) Vulnerable projects are typically characterized by negative cash flow, i.e. the operating expenses (OPEX) exceed revenues or savings (if any)." Source: The Norwegian Ministry of Climate and Environment (MoCE)"
Source: <https://www.regjeringen.no/contentassets/86680864084e47118f0086fccc0855fd/invitation-to-submit-proposal.pdf>

While there are several CDM project activities where CDM revenues represents the only income source for amortization of all previously occurred capital expenditures (CAPEX) and operation and maintenance (O&M) costs, the assurance of a fair and sufficient long-term revenue source is a crucial requisite for continuation of operations or reverse of very low activity level faced by a number of project activities under this situation (e.g. project activities promoting CH4 abatement through destruction of biogas in landfills, manure wastewater treatment using biodigestors, etc.). Procedure for communicating intention of renewal of crediting period of a CDM PA We highlighting that, in accordance with applicable requirement from the CDM Project Cycle Procedure (CDM-PCP), it is required to have a draft version of the revised PDD valid for the subsequent 7-year crediting period (CP) being enclosed to the communication to be submitted to the CDM Secretariat informing PP's intention/whish to renew the 7-year crediting period of the PA in question as follows:

"290. The new crediting period shall start on the day immediately after the expiration of the current crediting period regardless of the date when the crediting period is deemed renewed in accordance with paragraph 308 below. However, if the notification of the intention to request a renewal of the crediting period was not received by the secretariat by 180 days prior to the date of expiration of the current crediting period in accordance with paragraph 291 below, and if the date when the renewal of crediting period is deemed renewed after the expiration of the current crediting period, the project participants or the coordinating/managing entity shall not be entitled to claim the issuance of CERs from the first day of the next crediting period until the last day before the renewal of crediting period is deemed renewed or until the number of days equivalent to the delay in the notification have elapsed since the notification submission deadline, whichever is earlier."

"291. The project participants or the coordinating/managing entity wishing to renew the crediting period of a registered CDM project activity or PoA shall notify the secretariat of the intention to renew the crediting period by sending the "Intention of renewing crediting period notification form" (CDM-RENN-FORM) and an updated PDD or PoA-DD to the secretariat by e-mail or through a dedicated interface on the UNFCCC CDM website, within 270 to 180 days prior to the date of expiration of the current crediting period."

In this particular context, it is noteworthy, there are significant number of vulnerable projects for which it was not and/or it will be not compiled + submitted to the CDM Secretariat the required draft version of the revised PDD valid for the subsequent 7-year crediting period within the period from 270 to 180 days prior of the expiration of the 1st crediting period due to cost related issues mainly. We at UniCarbo are aware that, in several cases, the unique reason for the non-completion of the draft version of the PDD for the 2nd crediting period and its submission to the CDM Secretariat within 9 to 6 months prior to the end of the CP is basically the cost burden for the PPs. While the compilation of a PDD applying, for example, the latest version of the CDM baseline and monitoring methodology ACM0001 (version 16.0) + all applicable methodological tool for a LFG collection and

	<p>destruction initiative is widely acknowledged as being a relatively complex task (that often requires services from external competent CDM consultants/advisors), such draft versions of updated version of the PDD are normally not being completed and submitted to the CDM Secretariat. In the current context of general lack of capital budget from PPs of vulnerable CDM PAs, PDDs are not being completed due to lack of resources.</p> <p>The reason we raise this issue is that we have noticed that the non-submission of the draft version of the revised PDDs are unfortunately currently paradoxaly preventing a number of vulnerable CDM project activities to potentially take advantage of the very limited opportunities for climate finance (purchase of CERs) currently available in the market, thus potentially keeping such PAs under very low activity level and/or preventing their continuation of operations in the long term (due to lack of revenue sources). Thus, while there are a number of vulnerable CDM project activities that due to capital resource constraints have missed or will miss the opportunity to submit a draft version of the revised PDD for the next 7-year crediting period (within 270 to 180 days prior to the end of the expiring crediting period) and are/will be prevented to have a new crediting period starting right after the expiration of the previous one, thus potentially undermining or jeopardizing existent and/or future CER commercialization opportunities. While the limited CER purchasing programmes currently active (such as the Worldbank's "Pilot Auction Facility for Methane and Climate Mitigation" and the calls from proposal from the NEFCO Norwegian Carbon Procurement Facility (NorCaP), etc.) defines in most of the cases inflexible CER delivery schedules, such adverse situation (reducing the capacity of the PAs to deliver CERs) clearly represents an additional barrier for the continuation of operation or the operation of the PAs under a higher activity level. This is a barrier faced by a number of implemented CDM PAs with attractive GHG abatement costs (such as the typical case of inter alia methane abatement initiatives).As a proposal to this respectful board, we suggest that the above-quoted rule of the CDM-PCP for renewal of 7-year crediting period is retroactively flexibilized for at least allow vulnerable project activities (or project activities with CDM revenues as the only or major revenue source) not to compromise the starting date of the subsequent CP due to the non-submission of a draft version of the revised PDD.</p> <p>In summary, we hope the CDM-EB fairly consider our suggestion of regulatory improvement.</p>
<p>Supplemental Documents <i>If applicable, list the title(s) of any attached file(s) or link(s)</i></p>	
<p>This communication may be made public</p>	<p>Yes</p>

Document information

Version	Date	Description
01.0	02 March 2015	<p>This form supersedes and replaces the following:</p> <ul style="list-style-type: none"> • F-CDM-RtB: <i>Form for submission of Letters to the Board</i> (version 01.2) • F-CDM-RtB-DOE: <i>Form for communication on policy issues initiated by AEs/DOEs</i> (version 01.1) • CDM-RtB-DNA: <i>Form for communication on policy issues initiated by DNAs</i> (version 01.1)

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