

Agenda item 4.1.

Paragraph 18 of the annotated agenda, Annex 3

Revision of CDM project standards, validation and verification standards, and project cycle procedures

CDM EB 111

Virtual meeting

30 August to 1 September and 7 to 9 September 2021



Procedural background

- At EB 65 (Nov 2011), the Board adopted:
 - a) CDM project standard (**PS**)
 - b) CDM validation and verification standard (**VVS**)
 - c) CDM project cycle procedure (**PCP**)
- At EB 93 (Mar 2017), based on the request from the CMP11, the Board adopted two sets of PS, VVS and PCP:
 - a) Set for project activities (**PS-PA, VVS-PA, PCP-PA**)
 - b) Set for PoAs (**PS-PoA, VVS-PoA, PCP-PoA**)
- At EB 101, the Board adopted ver. 02.0 of these documents.
- Since the adoption of ver. 02.0, the Board has issued several amendments and also considered several issues relating to the current CDM rules and agreed to change them in the next revision.
- The major revision of these documents this year is indicated in the Board workplan 2021.



Purpose

- The purpose of the revision of the two sets of the PS, VVS and PCP is to:
 - ✓ Incorporate the amendments already issued by the Board;
 - ✓ Address the issues considered by the Board or encountered by the secretariat;
 - ✓ Correct errors and inconsistencies found in the current versions.



Main changes from the previous versions

- a) Incorporate issued amendments
 - 12 amendments adopted during EB 104-109
- b) Address issues considered by the Board
 - Lack of deadline for the payment of registration fee and share of proceeds
 - Impacts on the use of the digitized methodology on regulations
- c) Other issues proposed by the secretariat to clarify
 - Process of registering or re-including formerly excluded CPAs – inclusion of deadline
 - Temporary deviation of monitoring – where to provide information
 - Monitoring results in different crediting periods – to be separated
 - Notification of post-registration changes of CPAs – cannot be combined with the issuance request



a) **Lack of deadline for the payment of registration fee and SOP**

- Currently no deadline (except for the cases where the applied methodology, tool or standardized baseline has been revised, withdrawn, suspended or expired)
- When switching to the temporary measures, the Board rejected all cases of pending registration fee (**EB 109**)
- The Board requested the secretariat to analyze the implications of the lack of a deadline for payment of the registration fee and propose recommendations (**EB 110**)



Key issues

	Request for registration	Request for issuance
Fee paid within 1 year	99.6 %	96.4 %
Regulatory implications of late payment	May be significant, as applied regulations may be outdated that are applied to newer cases	Small, as monitoring follows the registered PDD
Administrative implications of late payment	Risk of the contract with, or the accreditation of, the validating DOE expiring	
Recommendation	<p>Introduce 1 year deadline</p> <p>Cases missing deadline are deemed withdrawn. Resubmissions shall follow latest applicable regulations. New global stakeholder consultation (GSC) may be needed in case of changes after previous GSC</p>	<p>Keep current rule (no deadline)</p>



b) Impacts on the use of the digitized methodology on regulations

- The Board requested the secretariat to analyze the necessity of issuance a clarification on impact of the use of digitized tool to prepare a PDD on regulatory documents (**EB 110**)
- The Board agreed that if such a clarification, if needed should be a general one to accommodate any additional digitized tools

Analysis

- The digitized tool is a means to help PPs to prepare a PDD.
- The prepared PDD follows the same process of validation by a DOE and submission as part of a registration request.
- The digitized tool automatizes the compliance with some regulatory requirements (but not all). The compliance is conditional on correct input by PPs.
- Validation by a DOE is on the end-product (PDD). It should ensure the content of the PDD meets all relevant requirements.



b) Impacts on the use of the digitized methodology on regulations (cont.)

- It is not possible for a DOE to understand how the digitized tool is programmed (which requirements are automatized and how)
- At least the DOE needs to determine whether the PPs provided correct input in the digitized tool.
- IT tool is prone to programming errors and unpredictable – safety mechanism to correct any errors is needed (in particular on eligibility as CDM activity and calculation of emission reductions). Also, accountability would be put into question.

Recommendation

- Recommend not to introduce any paragraph on the implications of the use of a digitized tool (= process the PDD prepared using the tool in the same way as any other PDD)



Main changes from the previous versions

- c) Other issues proposed to be clarified by the secretariat (cont.)
 - Monitoring plan for PoA – delayed submission at PoA level is not possible; sequence of revision of monitoring plan at the PoA and CPA levels
 - Monitoring reports for PoA – how to prepare them in the context of batched issuance requests
 - On-site inspection by DOE for PoA – optional for validation, it could be the office of the coordinating/managing entity
- d) Correction or errors
- e) Restructuring and improvement of consistency



Impacts

- Revised PSs, VVSs and PCPs would benefit all stakeholders, as well as the Board and the secretariat, through improved clarity, consistency and environmental integrity.



Subsequent work and timelines

- Upon the adoption by the Board of the two sets of revised PSs, VVSs and PCPs, the secretariat will revise the relevant supporting operational documents such as forms and checklists.
- It is proposed to make the revised documents enter into force 4 weeks after the adoption by the Board.



Recommendations to the Board

- The Board may wish to:
 - a) Adopt the two sets of revised PSs, VVSs and PCPs
 - b) Agree on the proposed date of entry into force of these documents, and request the secretariat to prepare for the implementation;
 - c) Decide that for the purpose of resubmission of requests that had applied the previous version, the resubmission may continue to apply the previous version until 12 weeks after the adoption of the revised PSs, VVSs and PCPs.

