CDM Project Cycle – changes from existing procedure

Processes with minor modifications

- Ensuring consistency and improve clarity of language
- Timeframe expressed in (calendar) days throughout
- Introduction of the condition “at the latest 14 days before conducting site visit for verification” for publishing monitoring report
- Removal of the condition “within 60 days” for re-submission of rejected issuance requests
- Modalities of communication was formulated based on the on-going practice and clarifications/guidelines explained by the secretariat

Significantly restructured processes

- Consolidation and modification of 4 post-registration change processes (EB 61 guidance)
  - PDD change, MP revision, deviation from MP and change to start date of crediting period
- Possibility of notifying the change at issuance request stage
- Request for deviation from methodology
  - Can be done not only during validation, but also before publication of PDD
  - Requests handling process is aligned with the new post-registration change process

Newly Introduced Process

- Risk-based approach for secretariat’s check of registration and issuance requests (EB 61 guidance)
  - Completeness check, information and reporting check and/or summary note preparation for selected submissions
  - Criteria/modalities for selection of submissions for check needs to be developed separately
- Direct communication with DOE and PPs (EB 60 guidance)
  - Clarification by telephone on issues of editorial nature
  - Explanation by telephone of reasons of rejection after information and reporting check

- Reporting on status of registered projects/programmes
  - Similar requirements as reporting of validation status after PDD publication
  - Before publication of MR: PPs to report the status at 2 years after registration and 180-day intervals thereafter
  - After publication of MR: DOE to report the status at 180 days after publication of MP and 90-day intervals thereafter

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CDM Project Cycle procedure – Structure

I. Background
II. Scope and Applicability
III. Terms and Definition
IV. Pre-registration activities
   A. Prior consideration of seeking CDM status
   B. PDD publication (Submission and treatment of public comments)
   C. Reporting of validation status
   D. Modalities of communication
   E. Request for deviation from approved methodology (Submission and processing)
   F. Application of multiple methodologies in programme of activities.
V. Registration of project activity or PoA
   A. Request for registration (submission, processing, request for review, finalize)
   B. Review of request for registration (commencement, assessment, consideration, finalization).
   C. Withdrawal of request for registration (Submission, Processing).

CDM Project Cycle procedure – Structure (Contd ..)

VII. Pre-issuance activities
   A. Inclusion of CPA in PoA
   B. Changes to registered CDM project activity
      1. Submission of request for approval of changes
      2. Review of erroneous inclusion or renewal of crediting period of CPA
   C. Changes to Modalities of communication
      1. General requirements
      2. Specific requirements on change to focal point
      3. Specific requirements on change of co-ordinating entity for PoA
      4. Specific requirements on changes to project participants.

VIII. Issuance of Certified emission reductions
   A. Request for issuance (submission, processing, request for review, finalize)
   B. Review of request for issuance (commencement, assessment, consideration, finalization).
   C. Withdrawal of request for issuance (Submission, Processing).

IX. Renewal of crediting period.
   A. Preparation of revised project or PoA
   B. Request for renewal of crediting period (submission, processing, request for review, finalize)
   C. Review of request for renewal of crediting period

Pre-Registration activities

Prior CDM consideration
   • Project activities with start date on or after 2 August 2008 – Notify DNA/UNFCCC with in 180 days from start date of the project activity.
   • Notification is not necessary if
      – PDD is published prior to start date
      – A new baseline and monitoring methodology is proposed or a revision of an approved baseline and monitoring methodology is requested for the project activity before the start date in accordance with relevant procedures.
   • In case of no progress subsequent two (2) years after the initial notification communicate again to UNFCCC.
   • Project activities with a start date before 2 August 2008, follow procedures listed in project standard.

Pre-Registration activities (Contd…..)

Publication of PDD:
   • PP shall complete PDD in accordance with PS, contract DOE and publish it in UNFCCC website for CDM project (30 days for regular CDM/PoA and 45 days for A/R regular scale project.
   • Information to be furnished when submitting the PDD (7) or PoA-DD (8).
   • When submitting a request for registration of the proposed CDM project activity or PoA, all PP with a contractual relationship with the DOE for validation of the proposed CDM project activity or PoA shall be listed in the PDD or PoA-DD, unless they have provided a letter of voluntary withdrawal from the project activity or PoA.
   • The DOE may remove project participants that are listed in the PDD or PoA-DD published for global stakeholder consultation but do not have a contractual relationship with the DOE for validation from the PDD or PoA-DD at the time of the request for registration.
   • Methodology revision - no requirement of re-GSC process unless otherwise CDM-EB requests so, in case of change in methodology, re-GSC process is essential.
   • All authentic comments received during GSC process to be published.

Pre-Registration activities (Contd.....)

Reporting of validation status:
   • 180 days from initial GSC process, inform the CDM-EB one of the following:
      – Termination of validation contract – DOE to provide reason on confidential basis.
      – Issued a negative validation opinion;
      – Raised one or more CAR/CR/CL, no response from PP, provide a summary of the issues raised and update or reconfirm the status of the validation activities at 90-day intervals thereafter.
      – Fulfilled a positive validation opinion with the exception of the receipt of a LOA, indicate the party involved.
      – Not yet sent any CAR/CR/CL, provide an explanation on the length of time taken and update or reconfirm the status of the validation activities at 90-day intervals thereafter.
Pre-Registration activities (Contd.....)

Modalities of communication:
- Who is a focal point and three scopes of authority of focal point:
  - Communicate in relation to requests for forwarding of CERs to individual accounts of project participants;
  - Communicate in relation to requests for addition and/or voluntary withdrawal of project participants;
  - Communicate on any other matters related to registration and issuance not covered by (a) or (b) above.
- Who can designate a focal point – PP
- Can a focal point be other than PP – Yes
- How may focal point can be added – max 5 in case of PoA, or equal to the number of host Parties if greater than five.
- Type of focal point role – Sole, Shared, Joint
- Can the function/responsibilities be shared – Yes.
- Can a PP specify individual contractual relationship in MoC - No
- What are confidential information - specimen signatures, contact details and other personal information

Pre-Registration activities (Contd.....)

Application of multiple methodologies in programme of activities:

Regular Scale methodology:
- If a combination (two regular scale), (regular scale and SSC) are explicitly permitted in methodology, proceed to request for registration without pre-approval by the Board, otherwise seek a clarification from board on combination.

SSC Methodology:
- If the PoA applies only small-scale methodologies, and if cross effects exist between the technologies or measures applied, the CME shall propose methods to account for such cross effects and request approval by the Board. Before submitting such request, the CME may seek clarification from the Board on cross effects in the proposed combination of technologies or measures.
- Where possible, such clarification requests shall be treated under the fast track of the procedure and the clarification shall be provided within 28 days.

Process of Registration & Issuance,
Review procedures,
Changes in PDD,
Implementation of the monitoring plan

Day 3

Post-Registration activities

Inclusion of component project activities in programme of activities:
Submission of CPA:
- CME submit completed specific CPA-DD to the DOE, after confirming all requirements in the PoA-DD are met.
- DOE submit to EB and upload in interface (upload once in a month).
- If an methodology that is applied to the PoA is put on hold or withdrawn for any reason other than for the purpose of inclusion in a consolidated methodology, no new CPAs shall be included in the PoA.
- If the methodology, subsequent to being placed on hold, is revised, the CME shall revise the PoA-DD including updating the eligibility criteria for inclusion of CPAs in the PoA to be in line with the revised methodology, and the generic CPA-DD applying the updated eligibility criteria, to be validated by a DOE and approved by the Board.
- The Board's approval defines a new version of the PoA-DD and the generic CPA-DD. Such revisions to the PoA-DD and the generic CPA-DD are not required in cases where the methodology is revised or withdrawn to be included in a consolidated methodology without being placed on hold, unless otherwise indicated in the report of the EB at which the Board approved the revised or consolidated methodology.
- Once the revised PoA-DD and generic CPA-DD have been approved by the Board, the inclusion of all new CPAs shall be based on the new version of the generic CPA-DD.
- The CPAs that were included before the methodology was put on hold shall apply the latest version of the generic CPA-DD at the time of the renewal of the crediting period.

Pre-Registration activities (Contd.....)

Request for deviation from approved methodology
Submission:
- What is the role of the DOE – Identify the requirement (Deviation / Revision / Clarification)
- When a deviation can be submitted – While performing the validation and/or prior to GSC process itself.
- Processing:
  - Secretariat to keep all the request in open domain. Initiate schedule for consideration, once initiated conclude the completeness check in 7 days.
  - Editorial issues, then give 2 days for the DOE to respond otherwise explain the rationale and the DOE to re-submit.
  - Preparation of summary note by secretariat in 14 days and submit to board, in case during this process if clarification is required request DOE to submit the same in 14 days, after the receipt of comments from PP, send the summary note to CDM-EB.
  - Opportunity for the PP to seek a clarification via tele con if submission rejected, secretariat to respond the PP with in 3 days from request to schedule a call.
  - In case the issue need to placed with Panel/WG, after receipt of the inputs from the panel or working group within 14 days submit to the CDM – EB.
  - In 20 days if the CDM-EB do not have any objection to secretariat conclusion finalize the place in agenda of EB.
  - The course of action is either (a) Approve or (b) Request to submit a revision not deviation.

Post-Registration activities (Contd....)

Review of erroneous inclusion or renewal of crediting period of CPA:
- Who would initiate an erroneous inclusion – DNA / CDM-EB Member
- In what time period this can be done – within one year of inclusion of CPA or with in 180 days after the first issuance.
- Who has authority to include this in agenda or not – CDM – EB chair
- If included in agenda as review who are communicated – CME/DOE
- What time is provided for CME to respond – 28 days
- What are the options available with CDM-EB – Exclude the CPA or Initiate full review.
- Who submits a review report – An DOE not conducted any activity w.r.t PoA
- Which CPA are reviewed – Preceding to the last 1 year prior to review or first issuance in the 180 day period preceding the request for review.
- Who assess the DOE report – Assessment team (AT) and submit its evaluation in 14 days, the AT has opportunity to discuss elements of report with the DOE / CME.
Post-Registration activities (Contd....)

Review of erroneous inclusion or renewal of crediting period of CPA:
- What finding shall the AT make: (a) Whether any CPAs have been erroneously included in the PoA; and (b) Whether the compliance of each of the CPAs reviewed with the eligibility criteria for inclusion in the PoA was adequately assessed by the including DOE in accordance with the validation requirements established by the Board and applicable at the time of the inclusion and, if any, validation requirements established in the CDM-PoA-DD.
- What shall the EB do with AT finding: Consider both the DOE and AT report and decide to exclude any of the CPAs from the PoA if it concludes that they have been erroneously included.
- Can an excluded CPA be added to any other PoA or qualify as single CDM project activity – No.
- Penalty for wrong inclusion: If EB decided that DOE failed to adequately assess their compliance with the eligibility criteria in accordance with the CDM – VVS, the DOE shall acquire and transfer, within 30 days of the exclusion of the CPA, an amount of reduced tonnes of carbon dioxide equivalent to the amount of CERs issued for the CPAs as a result of the CPAs having been included, to a cancellation account in the CDM registry maintained by the Board.

Pre-Issuance activities

Publication of MR: PP shall complete MR and the DOE shall make the MR publicly available through a dedicated interface on the UNFCCC CDM website no later than 14 days before undertaking the site-visit for the verification.

Reporting of validation status:
- 2 years after registration, if no MR is published, the PP shall update the board.
- Whether the project activity or PoA is under implementation, has not yet been implemented, update the CDM-EB in interval of 180 days thereafter.
- If project is implemented but not yet decided to start verification, project has been stalled, any other reason update the CDM-EB.

If the MR is published but verification is not concluded in 180 days then, DOE shall inform the CDM-EB one of the following:
- Termination of verification contract – Provide reason on confidential basis.
- Issued a negative validation opinion.
- Raised one or more CAR/CR/CL, no response from PP, provide a summary of the issues raised and update or reconfirm the status of the verification activities at 90-day intervals thereafter.
- Not yet sent any CAR/CL/CL provide an explanation on the length of time taken and update or reconfirm the status of the validation activities at 90-day intervals thereafter.

Renewal of crediting period

Notify secretariat, 270 to 180 days prior to the date of expiration of the current crediting period on the intention to renew, failing to do so PP/CME will not be entitled to claim the issuance of CERs for the period from the expiration date of the current crediting period until the last date before the crediting period is deemed renewed.

Identify any change in PP; if not changed no new IoA is required.

Processing of request and review of request for renewal of crediting period: Same as regular CDM project activity.

Requesting review of request for renewal of crediting period: In 28 days after publication as request for registration.

Appendix 1 – Fee schedule

- USD 0.10 per CER issued for the first 15,000 tonnes of CO2 equivalent for which issuance is requested in a given year;
- USD 0.20 per CER issued for any amount in excess of 15,000 tonnes of CO2 equivalent for which issuance is requested in a given year.
- A/R projects up to 15 K$/Annun do not need to pay any registration fee.
- The max fee payable by project is USD 350,000
- No registration fee for LDC, countries with less than 10 registered CDM projects on day of requesting for registration.
- The registration fee shall be deducted from the share of proceeds due for the issuance of CERs.
- In effect, the registration fee is an advance payment of the share of proceeds due for the issuance of CERs likely to be achieved during the first year.

Appendix 2 – Requesting a review and making decisions and objections regarding review assessments DAY 2 Review Process

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Clean Development Mechanism
Project Standard

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Scope of the Project Standard

What is this?

- Requirements for PPVs in designing and implementing projects/PoAs
- Consolidation of all general requirements applicable to project participants for:
  - Project design
  - Project implementation and monitoring of emission reductions
- New document, mainly comprised of existing requirements contained in various documents:
  - Guidelines for completing PPDs
  - Validation and Verification Manual
  - EB reports
  - Guidelines, clarifications, procedures
- Also contains some new requirements related to Post Registration Changes
- Main user: project participants
- Positioned below CMP decisions and above specific standards, such as methodologies, tools, and other applicable documents
- Consists of general requirements that apply to any type of project activities and PoA

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Application of the Project Standard

Why this is done?

Three main objectives:

- Enhance consistency and clarity of requirements applicable to any type of project activities and PoA, and facilitate and promote a clear and common understanding by all parties involved in the CDM
- Facilitate the improvement of the quality of PDDs and MRs prepared by project participants and submitted in the CDM project cycle
- Enhance the overall efficiency and integrity in the CDM

How is it to be used?

- Project participants must comply with all requirements in the Project Standard (in addition to requirements in the selected methodology, applicable tool(s) and all other CDM requirements)
- Project participants must demonstrate compliance with all requirements by providing all necessary information and documentation in the PDD and MR

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Structure of the Project Standard

Following apply to all projects, at all stages:

- Chapter 6: General requirements
- Following apply to all projects, at design stage (unless stated otherwise)
- Chapter 7: Project design requirements for all project types
- Following apply to specific types of projects, at design stage:
  - Chapter 8: Small-scale project activities
  - Chapter 9: Afforestation or reforestation project activities
  - Chapter 10: Small-scale afforestation or reforestation project activities
  - Chapter 11: Programme of activities
- Following apply to all projects, at implementation/monitoring stage:
  - Chapter 12: Requirements for project implementation and monitoring for all project types.

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Methodology approval process

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Net Meth approval (2)

Submit clarifications to the MP in highlighted form

Max. 4 weeks

If B: submit changes in highlighted form
If A: Finalize PDD and submit for validation
If C: resubmit NM

Revision of MP

Submit F-CDM-AM-Rev, PDD and AM with highlighted changes

Submit projects for registration
4 weeks if meth on hold
8 months if meth revision or withdrawal*

or payment received within 40 days
Proof of payment uploaded within 20 days

Clarification to Methodology

Submit query via interface
Forward to MP and EB

Forward to DOE and EB

New Development in Methodologies

Standardized Baseline

Background:
- Why Standardised baselines?
  - Reduce transaction costs;
  - Enhance transparency, objectivity and predictability;
  - Facilitate access to the CDM; and
  - Scale up, while ensuring Environmental Integrity.
- What is standardized baseline?
  - Baseline established for a Party or a group of Parties to facilitate the calculation of emission reductions and removals; and/or
  - Used for determination of additionality for CDM project activities, while providing assurance for environmental integrity.
- CMP6 decision
  - Parties, PPs, and other admitted entities, through the host country’s DNAs, may submit proposals for SBs, for consideration by the Board;
  - Requests the Board to develop SBs, as appropriate, in consultation with relevant DNAs, taking into account the outcome of the workshop on SBs.

Measures* as per SB guideline
- Broad class of GHG emission reduction activities
- Possessing common features
- Four types of “measures” covered:
  - Fuel and feedstock switch
  - Switch of technology with or without change of energy sources (incl. RE and EE)
  - Methane destruction
  - Methane formation avoidance

Applicability
- For Stationary sources, but not A/R
- Cover most types of project activities

Standardized baselines
- For a country or a group of countries
  - Demonstrate additionality: positive lists
  - Identify baseline technology/fuel
  - Determination of baseline emissions
Clean Development Mechanism
Validation and Verification Standard

Scope of the VVS

What is this?
• What is the VVS:
  • A consolidation of existing requirements applicable to Designated Operational Entities (DOEs) in conducting validation and verification activities
  • Applicable to DOEs who are under contractual arrangements with project participants to validate/verify any CDM project activity including:
    – Small-scale (SSC)
    – Afforestation/reforestation (A/R)
    – Program of activities (PoA)
What will change from the VVM?
• VVM contains requirements for DOEs, PPs, as well as procedural requirements
• The VVS establishes requirements only for DOEs
  – Requirements for PPs were migrated to the CDM Project Standard
• Procedural requirements were migrated to the CDM Project Cycle Procedure (PCP)
• Existing requirements from CDM documents including all standards, procedures, guidelines, clarifications, forms, information notes, and EB decisions (up to EB 62) are also included in the VVS.

Application and structure of the VVS

Application
• DOEs shall comply with the VVS when validating/verifying any CDM project activity or PoA and determining whether the project meets all applicable CDM requirements including those specified by the:
  – CDM Project Standard;
  – Applied CDM methodology; and
  – Applicable tools and guidelines
Structure:
• Most requirements in the VVS are organized as follows (similar to VVM):
  – Validation/verification requirement
  – Means of validation/verification
  – Reporting requirement
• Where the means of validation/verification is not specified, the DOE is required to apply standard auditing techniques
MORE DETAILS ON VVS WILL BE SHARED ON 2ND DAY.