



**PROJECT  
DEVELOPER  
FORUM**

**Lessons learnt from recent findings**

**London Workshop – Workstream 1  
02 February 2011**

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## Target and expected outcome

Categorization and lessons learned from audit findings, incompleteness messages and review questions – next steps to improve documentation / processes and to reduce timelines and backlogs:

- **Analysis of latest re-occurring issues and presentation of lessons to be learned**
- **Coordinate joint communication with/to Secretariat/EB**
- **Share best practice examples of quality assurance before uploading**
- **Concrete improvement suggestions to the secretariat in terms of reduced timelines and transparent tracking**

## Audit findings, incompleteness messages, review questions

1. Definition of editorial changes as per the COP16
2. How to deal with singular issues that are not covered by the available guidance but is setting a new requirement/standard for all projects especially without considering country specific specialties (Definition of retroactive guidance as per the COP16)
3. Do unexpected changes after the investment decision (detected for example during the verification) that allows the financial indicator to cross the benchmark affect the additionality of the project?

## 1) Definition of editorial changes as per the COP16

Editorial changes should not lead to an incomplete message if they do not influence the eligibility, additionality or environmental integrity of a project

## Tricorona Examples 1:

- Hydro: turbine runner is 5 cm longer and there is a typo in the PDD (wrong lines): design change notification needed
- Hydro: emergency line not in MP, RfMP change needed
- Hydro: GZ1200-WP-670 whereas actual is GZ-WP-630. Difference: 40 cm shorter turbine and slightly different code by manufacturer: Absolutely no influence on the design. RfMP change needed
- Hydro: different type (GZTF07B whereas actual is GZTY07B) different rotation speed, water head and flow rate. RfMP change needed

## Tricorona Examples 2:

- Natural gas CC power plant: backup meters should have been infrared type but were turbine type. They were never used and at the time of the verification the infrared types were ordered (backlog at the manufacturer) and the DOE has confirmed that order. Still, RfR because the DOE did not request a MP change.
- WHR: PDD indicates a turbine N6.5-1.25 (steam pressure and temperature: 1.25Mpa and 300° C respectively, as per FSR), however the DOE verified turbine N6.5-1.27 was installed instead (1.27Mpa and 280° C respectively, as per turbine nameplate). The DOE should clarify why a request for changes in the PDD was not submitted prior to the fourth request for issuance as per EB48 Annex 66.

## 1) Definition of editorial changes as per the COP16

**Thesis:** the less information is disclosed the less mistakes may happen

**Action Items:** Agree consensual that qualitative information and limited quantitative information is sufficient to describe the project activity:

*PDD Section A.4.3:*

List of equipment and systems prior and after project implementation;

Age and lifetime; Installed capacity, load factor, efficiency

Monitoring equipment and location in the system

Energy and mass flows, balances

Auxiliary equipment that does not influence the emissions shall not be included: e.g. no turbine models, no pressure, no rated speed, no manufacturer

*PDD Section B.7.1*

Measurement method; Specification of industry standard; Measurement equipment (type); Calibration procedure; Accuracy (suggestion: no less than the valid industrial standard); Responsible person; Measurement intervall; no meter model!



## 2) Definition of retroactivity as per COP16

How to deal with singular issues that are not covered by the available guidance but is setting a new requirement/standard for all projects especially without considering country specific specialties



## Tricorona Examples 1:

- RfR 3882: Prior CDM consideration: the guideline only needs to confirm the continuing actions have been made to secure CDM. However, the questions about “what specific deliverables were obtained with the 1st CDM consultancy contract signed in March 2006” should not have been raised as per guideline.
- RfR 3165: 16% Shared investment in a project activity: There is no guideline for the 1st RfR question for shared investment. Then, the design report and the approval, should be accepted as evidence.
- RfR 4080: More detailed description of an expansion project and the suitability of assumed revenue after the expiring of the lifetime of the existing power plant: There is no such requirement for expansion projects. Is professionalism of a design institute and the assessment experts for the FSR sufficient?

## Tricorona Examples 2:

- Common practice: There are more and more RfR to ask why the investment and power generation data can be taken as essential distinctions compared with other similar projects, the PP/DOE should clarify why similar projects can be developed with lower investment or higher power generation. This is raised based on no reason. For a PP or DOE, how can they get the detailed information about other projects' investment and power generation based on public available resources? EB maybe can explain what other indicators can be used for comparison except the financial indicators?
- Initial verification: Project 2866 and 2845, RfR is asked about initial verification conducted prior to the cut off date. According to para 93 of EB 58: *The Board members responded and requested clarifications on some of the issues raised by the Chair of the DOE/AE Forum, especially regarding initial verification. The Board requested clarification on how it is performed and on why the DOEs consider that it is not a threat to impartiality. The Chair of the forum provided explanation and requested the Board to issue guidance in this regard.*

## 2) Definition of retroactivity as per COP16

**Thesis:** New requirements should not be implemented via request for review or incompleteness messages but only via new guidelines that are public available and the due date is announced before

**Action item:** prepare a consensual paper

### 3) Additionality and unexpected changes

Do unexpected changes after the investment decision (detected for example during the verification) that allows the financial indicator to cross the benchmark affect the additionality of the project?

## First Climate Example 1: COG re-use for electricity generation

- Instead of 2 x 6 MW one 7.5 MW was built.
  - Instead of buying the COG from coking plant it receives the gas for free.
  - Instead to the grid, it sells it back to the coking plant at a higher feed in price.
- Under such circumstances the benchmark for additionality test is crossed. The changed parameters were all externally imposed (County Government).

### Key discussion points:

**“permanence”**. Only permanent changes do inflict scrutiny of the CDM regulator. What is to be considered a permanent change in the context of purchase / off take agreements?

**“impact on additionality”**. Additionality relates to the commitment of the project owner at the time of investment decision. Under what circumstances may or may not changed parameter values used for the determination of the additionality alter the assessment ex ante, i.e. after the investment decision and the registration of the project? Is an additionality re-check required for events that could not be predicted at the time of the investment decision?

## First Climate Example 2: Hydropower, China

Installed equipment features different labels than mentioned in FSR (PDD), but identical rated flow rate, head and efficiency. Purchase price of the equipment differs from PDD but the total cost change is less than 5% as different changes cancel out themselves. This triggered an incomplete message:

*The DOE shall clarify how/why the difference between the actual cost of the turbines and generators purchased/finally installed and the ones estimated in the FSR/registered PDD does not impact the additionality of the project activity, as per the requirements of EB48, annex 66, paragraph 10 (c-i).*

### Key discussion points:

**“Cost of individual equipment vs. total cost”**. How are the DOEs to validate ideally changes in the purchase price, referring to the incomplete message of the secretariat? Apparently it is not sufficient to state “... the investment ... did not change.” Consequently, would the changing purchase price of any individual (key) equipment trigger the re-calculation and verification of the complete financial calculation, as ultimately only the complete investment determines the additionality?

## 4) Additionality and unexpected changes

Do unexpected changes after the investment decision (detected for example during the verification) that allows the financial indicator to cross the benchmark affect the additionality of the project?

*CMP.1: A CDM project activity is additional if anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the registered CDM project activity.*

### **Thesis:**

- a) It has to be validated if the changes have been or could have been foreseen
- b) It should not make a difference if the changes are permanent or not
- c) If changes after the investment decision are considered in the additionality assessment the consideration has to be complete not selective

**Action Items:** *Prepare a consensual paper?*



## Definition of next steps / Summary of action items

**To Do: What? Who? When?**

**Please see summary presentation**