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To cdm-info@unfccc.int
From Gareth.Phillips@pd-forum.net
Date 17th September 2011
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Subject **Letter relating to the annotated agenda of the 63rd meeting of the CDM Executive Board**

Honourable Members of the CDM Executive Board,
Dear Mr. Hession,

The Project Developer Forum (PD Forum) would like to express its support to the EB on the majority of the subjects it will discuss in the upcoming meeting, EB63. Due to the large number of substantive documents covered in the agenda, we are submitting comments on several items under separate cover.

As you may know, members of the PD Forum were very well represented at the recent integrated workshop held in Bonn and I wish to highlight this as evidence of our continued commitment to work with the EB and the Secretariat to achieve a common goal of improving the CDM. Nevertheless, we highlighted in our feedback letter to the Secretariat that the timing and particularly the short duration of the time for preparing feedback on these documents was such that many members were unable to comment. At times we felt that the documents were being rushed through the consultation and we were being given little choice but to accept the documents or delay the whole process. As such, while progress was made at the consultation, we felt much more could have been achieved had the release of documents been better timed.

Please find below a summary of our thoughts on each of the annexes to the annotated agenda:

Annex 2 - Compliance with indicative timelines/status publicly available

PD Forum has prepared a separate submission on this topic which we would like to bring to your attention.

Annexes 4, 5, and 6 - Draft standard for demonstration of additionality of a programme of activities; Draft standard for the development of eligibility criteria for the inclusion of a project activity as a CPA under the PoA; Draft standard for application of multiple CDM methodologies for a programme of activities

PD Forum has prepared a separate submission on these documents which we would like to bring to your attention. Please note that we do think these documents are ready for approval without further significant input.

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Annex 7 - Draft standard for sampling and surveys for CDM project activities and programme of activities

PD Forum has prepared a separate submission on this document which we would like to bring to your attention.

Annexes 9, 10, and 11 - Draft clean development mechanism project standard; Draft clean development mechanism validation and verification standard; Draft clean development mechanism project cycle procedure

PD-Forum is supportive of this initiative and we have prepared separate letters on each of the three documents. We wish to draw your attention to these letters.

Our main concern over the rapid preparation and commenting on these documents is that there has been no time to road test them to find out if there are any major inconsistencies or contradictions. It is our view that such problems are only likely to emerge when the stakeholders begin to work with them and therefore we would urge the EB and the Secretariat to design a suitable transition program whereby in the event that problems or bottlenecks occur, DOEs can revert back to the current guidelines and decisions, with the new documents finally being locked down after, for example, a 3 month trial period. We proposed this approach in our feedback letter following the integrated workshop and we still believe that it is a pragmatic approach to the adoption of these documents.

Annex 12 - Draft procedure for submission and consideration of standardized baseline (Will be made available in the course of the week of 12-16 September, 2011)

We note that this document is now expected on 19th September after the date for submission of comments. We wish to highlight that this is extremely disappointing given that members of the PD Forum devoted significant time to contributing to this topic in previous workshops. We request the EB to invite further comments on the next version of the document before considering it further.

No document was available at the last time of checking at 11 am CET Friday 16th. PD-Forum notes that progress on standardized baselines appears to be focussed on expanding the use of existing methodologies. Whilst this is a start, we have observed that many of the restrictions that we have on technologies and geographies are primarily due to the design of methodologies. For example, energy efficiency projects have not taken off because "conventional" methodologies restrict activities to one technological intervention, and recently perhaps two or more with specific EB approval. Similarly, the current approaches to additionality tend to favour particular types and scales of activities. We also noted that work to date has not addressed any issues concerning monitoring methodologies and it seems to assume that the existing monitoring methodologies will continue to be used, but if standardized baselines are successful in scaling up activities, then a more pragmatic approach to monitoring would be required.

Annex 13 - Draft work programme on suppressed demand

PD-Forum notes the draft work programme and encourages the Board to request the Secretariat to launch a call for public inputs on suppressed demand guidelines as soon as possible. Some of our members have already indicated that they wish to share their ideas and comments with the secretariat. We note the need to review methodologies and hope that this can be done with the minimum of interference given the current drive to complete registration of projects by the end of 2012. We would encourage the EB to think about a clear timeline for the introduction of revised methodologies and perhaps postpone the launch until January 2013 so that projects which are under-going validation do not need to make significant changes and hence miss their deadline.

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Annex 14 - Summary note of the public inputs received from the call on the use of first-of-its-kind barrier and the assessment of common practice

Members of the PD-Forum were not supportive of the summary of public inputs, the methodology applied, the analysis of the comments or the conclusions as expressed in Annex 15.

Our understanding of the analysis of a call for inputs is that it should focus on the technical content of the submissions made and then provide a summary. In this case it seems that yes / no answers to questions have been counted and used to justify a conclusion, ignoring (at least in our submission) the reasoning given for the answers. It also seems that submissions have been afforded the same weighting irrespective of whether they come from groups, companies or individuals. This is not a fair representation of our membership, nor a good use of anyone's time.

Annex 15 - Draft proposal on the use of first-of-its-kind barrier and the assessment of common practice

I. First-of-its-kind

The PD Forum does not agree to the removal of the reference to barriers due to prevailing practice / FOIK. One of the original objectives of the CDM was to trigger and promote sustainable development and transfer of up-to-date technology to developing countries/regions. The concept of FOIK is fundamental to reach this target. The PD Forum strongly believes, therefore, that FOIK should remain one option for demonstrating the additionality of a project; either as part of the barrier analysis or as a separate category. Along the requests of the CMP (Decision 3/CMP.6 par. 37) to give highest priority to finalize guidance on the use of first-of-its-kind barrier, we encourage the development of further guidance in the application of FOIK both for project participants and DOEs. Should the Secretariat wish to further discuss our submission, we would be pleased to make ourselves available.

II. Common practice

The PD Forum welcomes further guidance on common practice, but are in partial disagreement with several of its aspects:

The Common Practice test was introduced as a credibility check for large-scale projects to increase the environmental integrity of the CDM. However it is often very difficult to collect the data required for the analysis. Due to the difficulties in data availability, the quality of data presented in the PDD and the level of assurance is lower than is desirable. This suggests that there is limited 'value added' to the environmental integrity of the CDM by continuing with the CP test in its current form. We would suggest that rather than having a separate CP credibility check, that a CP element is incorporated into the existing barrier and investment analysis for large scale projects.

It is the view of the PD Forum that definition of "similar activity" should lie with the PD and be validated by the DOE. The listed criteria in the current Additionality Tool do generally capture a reasonable selection of 'similar'. We do not believe that further definition is necessary as situations vary according to technology and country, in particular when we get to sectors and countries that are less represented in the CDM.

The "Draft guidelines on common practice" introduce various criteria for "similar activities", unfortunately using very ambiguous terms like "applicable geographical area". The "applicable geographical area" for a project is largely dependent on whether or not the project involves an "internationally homogeneous technology". Despite its significance, this latter term is not further defined. At first glance most CDM projects involve internationally homogeneous technologies, like wind, hydro biogas in which technology and output are homogeneous. We assume it is not the intention of the Board that project participants should have to analyse common practice globally, but clarification on this issue would be greatly appreciated.

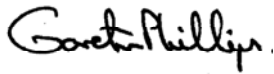
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Annex 16 - Information note on addressing significant deficiencies in past validation, verification or certification report (Will be made available in the course of the week of 12-16 September, 2011)

We note that this document is now expected on 19th September after the date for submission of comments. We wish to highlight that this is extremely disappointing given that we have devoted significant time to commenting on the draft documents at the Integrated Workshop and we request the EB to invite further comments on the next version of the document before considering it further.

Furthermore, the PD Forum was not supportive of this document when it was discussed at the integrated workshop. Overall, our conclusion was that the original mandate from COP had been significantly exceeded. Furthermore, we consider that the original mandate, and the concept that every excess CER must be returned to make the system whole again is impractical and unworkable. PD-Forum members noted that there is already a very significant pool of un-issued CERs generated through the use of demonstrably conservative factors and calculations. For example, the widespread use of the default combustion efficiency of flares (90%) significantly under-estimates the methane destruction efficiency of this technology. Our recommendation is that this topic is returned to the CMP for reconsideration in the light of a better understanding of the nature of the services which DOEs can supply and already conservative nature of the monitoring methodologies.

With kind regards,



Gareth Phillips
Chair of the PD Forum