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To info@unfccc.int
From Gareth.Phillips@pd-forum.net
Date 17 September 2011
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Subject **Unsolicited letter relating to the annotated agenda of the 63rd meeting of the CDM Executive Board / annex 10 (validation and verification standard)**

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Mr. Martin Hession,
Honorable Members of the CDM Executive Board,

The Project Developer Forum (PD Forum) welcomes the release of the draft CDM Validation and Verification Standard (Version 01), made available to the public on 12 September 2011 and we would like to thank the secretariat for its hard work on this document before and after the respective workshop in Bonn. We appreciate the approach to consolidate all guidelines and standards in one document that will be the sole guidance for the project developer in the near future.

In the spirit of cooperation that existed in Bonn at the Integrated Work Shop, we would like to point to some items that should be further adapted to improve the usability of the document. Some issues are obviously typographical and editorial errors that may create unnecessary misunderstandings at the DOE's side; some issues need more considerations as they may be difficult or sometimes impossible to be fulfilled by the project participants.

Please see our comments for each paragraph as follows:

11 (b) "should" is used for a recommended, but not mandatory, means for meeting a requirement.

Comment: The current text is at odds with the text in the Project Standard (PS) and should be brought into line. We suggested that the PS version should read as follows: "should" is used for a recommended, but not mandatory, means for meeting a requirement. This may need to be qualified further for the DOEs by stating that other practical options may be used which offer the same level of accuracy, reliability of data, etc.

18 (c) Assess the relevance, completeness, consistency, accuracy and conservativeness, and transparency of the information

Comment: needs to be brought into line with the principles listed in section 5 of the PS. Add accuracy

22 (b) Assess the completeness and accuracy or failing full accuracy, conservativeness of the claims and assumptions made in the PDD.

Comment: needs to be brought into line with the principles listed in section 5 of the PS.

24(a)(ii) Cross checks between information provided in the PDD and information from sources other than those used, if available, the DOE's sectoral or local expertise, and if necessary, independent

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background investigations”.

Comment: In order to allow for greater reliance upon DOE expertise, the statement should read as proposed.

25. Where no specific means of validation is specified, the DOE should apply the standard auditing techniques described in paragraph 24.

Comment: Does “these standard auditing techniques” refer to the techniques described in paragraph 24 or to some other guidance? Please change to the above or clarify.

35. The DOE shall acknowledge receipt of and take in to account all bone fide comments on the PDD of the proposed project activity submitted by authenticated stakeholders in accordance with the Project cycle procedure.

Comment: The VVS should recognize the requirement in paragraph 18 of PCP to check the authenticity of the stakeholders who submit comments on the PDD

37. If comments are not sufficiently substantiated or if they indicate that the proposed project activity does not comply with the CDM requirements, then the DOE shall have the option to request further clarification from the entity providing the comment. However, the DOE is not required to enter into dialogue with Parties, stakeholders, NGOs, or unauthentic individuals/organizations that comment on the CDM requirements. If no additional information or substantiation is provided in response to a request for clarification, the DOE shall proceed to assess the comments as originally provided.

Comment: With the recent influx of bogus comments from sources not even related to the project activity in question but intended to consume DOE time and clog up the process, DOEs should be given the latitude to ignore such comments and focus on those that are relevant.

38. The DOE shall report the details of the actions taken, if any, to take due account of the comments received during the validation process.

Comment: See above comment on para 37.

56. The DOE shall validate the corporate identity of the project participants and focal points and the personal identity, including specimen signatures and employment status, of their authorized signatories as per paragraph 55 above through:

- (a) Directly checking evidence for corporate, personal identity and other relevant documentation, and/or
- (b) Notarized documentation, and/or
- (c) Written confirmation from the project participant or the coordinating/managing entity who submits to it the MoC statement that all corporate and personal details, including specimen signatures, are valid and accurate.

Comment: Any one of the options should be sufficient to verify credentials so “and” is not needed.

58. Where the DOE decides to validate identity by applying paragraph 55 (c) above, the DOE shall ensure that the official who submits the MoC statement to the DOE # and the official who signed the written confirmation (if a different person) is/are duly authorized to do so on behalf of the respective project participant or coordinating/managing entity.

Comment: Replace “it” with “the DOE.”

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59. If the DOE is unable to validate credentials using 55(a), (b) or (c) above then the DOE may perform further validation activities in order to confirm that the corporate and personal details, employment status and specimen signatures included in the MoC statement are valid and accurate and comply with the requirements of this section.

Comment: We get a sense that because of the open ended approach to validating credentials, this could turn into an area of dispute and confusion. We recommend the preface be added to instruct the DOE that: if other means to validate credentials have proved unsuccessful, then try something else. Remove "satisfy itself" which is very subjective. Some auditors are never satisfied.

59 (a) The DOE shall confirm in writing that it has performed due diligence on the MoC statement in accordance with the requirements established in this standard.

Comment: Item (a) is a standalone sub paragraph (following para 59 but unrelated to paragraph 59. We suggest it be item "60" vs. item (a).

91. "and removal by sinks"

Comment: For completeness sake?

102. The DOE shall verify the justification given in the PDD for the choice of data and parameters used in the equations. If data and parameters will not be monitored throughout the crediting period of the proposed CDM project activity but have already been determined and will remain fixed throughout the crediting period, the DOE shall assess that all data sources and assumptions are appropriate and calculations are correct, applicable to the proposed CDM project activity and will result in an accurate, and failing that, conservative estimate of emission reductions. If data and parameters will be monitored or estimated on implementation and hence become available only after validation of the project activity, the DOE shall confirm that the estimates provided in the PDD for these data and parameters are reasonable.

Comment: Bring into line with the principles in the PS

113 (a) "... and/or notes and emails related to the consideration..."

113 (b) "...term sheets, ERPA's and other documentation, including emails, related to ..."

Comment: make it explicit that emails are an acceptable form of documentation.

131 (a) "...The DOE shall determine whether the existence of barriers is substantiated by independent sources of data such as relevant national legislation, surveys of local conditions and national or international statistics, or its sectoral or local expertise."

Comment: If the DOE can reject barriers on the basis of its own sectoral or local expertise then it should also be able to approve them.

136 The DOE shall confirm that the description of the monitoring plan in the PDD is based on the approved monitoring methodology including applicable tools.

Comment: Bring into line with the PS

137 The DOE shall apply a two-step process to meet the above requirement:

(a) To assess compliance of the monitoring plan description with the approved methodology and the applicable tool(s), the DOE shall:

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- (i) Identify the list of parameters required by the selected approved methodology including applicable tool(s) by means of document review;
- (ii) Confirm that the description of the monitoring plan contains all necessary parameters, that they are described and that the means of monitoring described in the plan complies with the requirements of the methodology including applicable tool(s).
- (b)(i) The monitoring arrangements described in the monitoring plan are feasible within the project design;

Comment: Bring into line with the PS

- 138 (a) State its opinion on the compliance of the monitoring plan description with the requirements of the methodology including applicable tool(s);
- 138 (b) Describe the steps undertaken to assess whether the monitoring arrangements in the monitoring plan description are feasible within the project design;
- 138 (c) State its opinion on the project participants ability to implement the described monitoring plan

Comment: Bring into line with the PS

147. This status update shall indicate one of the following conditions:

Editorial Comment: clarity

199. "The DOE shall determine whether, in establishing the boundary of the PoA,..."

Editorial Comment: sentence structure

200. The DOE shall confirm that the start date of any CPA is not prior to the commencement of the validation of the PoA, which is the date the CDM-POA-DD is first published for global stakeholder consultation. For the purposes of this requirement, local stakeholder consultation is not an indication of the start of the process.

Comment: To clarify that local SHC can be undertaken before submission of documents. Add following the requirement or as a footnote.

204. "The DOE shall confirm the additionality of a CPA added to a PoA has been established by means of..."

Editorial Comment: sentence structure

208. The DOE shall confirm that an analysis of environmental impacts of the PoA is undertaken as per requirements of the CDM modalities and procedures

209. If the analysis is not undertaken at the PoA but is to be conducted at CPA level the DOE shall confirm the analysis of environmental impacts is conducted as described in the CDM-POA-DD and the CDM-CPA-DD

Comment: for consistency with PS, replace environmental analysis with "analysis of environmental impacts"

219. "... report received from the project participants by whom it has been contracted...a DOE shall not perform verification functions on a large scale project for which it ..."

Editorial Comment: sentence structure and clarity

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220. The DOE shall assess both quantitative and qualitative information on emission reductions provided in the project documentation. Quantitative information comprises the reported numbers in the monitoring report. Qualitative information comprises information on internal management controls, calculation procedures, procedures for transfer of data, frequency of emissions reports, and review and internal audit of calculations.

Comment: What is meant by "frequency of emission reports?" Is this monitoring reports? We feel the term, if used, should be defined to avoid confusion both on the "frequency" and on the "emission reports."

223 (a) The registered PDD including any approved revisions or changes to the registered PDD

Comment: the registered PDD contains the description of the MP, so no need to specify it, otherwise it must refer to the description of the MP

226. The DOE shall only certify emission reductions that are based upon verifiable evidence

Comment: This paragraph relates to paragraphs 214 and 215 in the Project Standard which requires that DOEs make adjustments to, and certify ERs on the basis of unverifiable data (such as the assumption that a project source is operating at 100% capacity). We have proposed deleting paragraphs 214 and 215 in the PS and replacing them with an alternative approach. Please see our comments on the PS as well. The expectation that every CER can be verified is not realistic. 227 b) vii) acknowledges the existence of procedures to correct any errors or omissions in the reported monitoring parameters. We recommend that this clause is deleted.

227(a)(ii) A review of the monitoring plan provided in the Monitoring Report and monitoring methodology, including applicable tools, paying particular attention to the frequency of measurements, the quality of metering equipment including calibration requirements, and the quality assurance and quality control procedures;

227(b)(iii) Interviews with relevant personnel to confirm that the operational and data collection procedures are implemented in accordance with the monitoring plan in section D of the monitoring report;

227(b)(v) A check of the monitoring equipment including calibration performance and observations of monitoring practices against the requirements of the PDD, the monitoring plan provided in the Monitoring Report, and the selected methodology and corresponding tool(s), where applicable;

Comment: to make it explicitly clear that the full (vs. description) Monitoring Plan is contained in section D of the relevant Monitoring Report.

227(b)(vii) An identification of quality control and quality assurance procedures in place to prevent or identify and correct any errors or omissions in the reported monitoring parameters

Comment: How are DOEs expected to decide whether or not any such procedures are acceptable?

228. Where no specific means of verification is specified, the DOE should apply the standard auditing techniques described in paragraph 227.

Comment: Does "these standard auditing techniques" refer to the techniques described in paragraph 227 or to some other guidance? Please change to the above or clarify.

234 (a) Determine whether the project activity has been implemented and operated as per the registered PDD or any approved revised PDD, and that all physical features of the project, relevant to the technology, scale and type, demonstration of additionality, application of the selected methodology and the calculation of GHG emission reductions or net GHG removals, are in place;

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Comment: "all physical features" – this is back to 2 cm increase in the size of the flange. Para 29d in the PS describes the requirements for the technology and we should be consistent

234 (c) Determine whether actual monitoring systems and procedures comply with the monitoring systems and procedures described in the monitoring plan ~~or any revised approved monitoring plan~~, and the approved methodology including applicable tool(s);

Comment: there is no such thing as an approved monitoring plan. Delete "or any revised monitoring plan"

235 (a) Determine whether the project activity has been implemented and operated as per the registered PDD or any approved revised PDD, and that all physical features (technology, project equipment, and monitoring and metering equipment) of the project are in place

Comment: if the description of the Monitoring Plan in the PDD complies with the monitoring methodology and the Monitoring Plan in section D of the Monitoring Report complies with the monitoring methodology, then it follows that the Monitoring Plan will comply with the registered PDD or any revision thereof.

236. The DOE shall, by means of an on-site visit, assess that all physical features of the proposed CDM project activity proposed in the registered PDD are in place and that the project participants has operated the proposed CDM project activity as per the registered PDD. If an on-site visit is not conducted, the DOE shall justify the rationale of the decision.

Comment: same as 234 (a)

239. The DOE shall verify that the monitoring plan ~~in the Monitoring Report of the project activity~~ is in accordance with the applied methodology including applicable tool(s).

Comment:

240. The DOE shall confirm that the implementation of the Monitoring Plan in the Monitoring Report is in accordance with the provisions of the monitoring methodology, and that any deviations or changes are in accordance with the provisions of section 12.8.4 of the project standard.

Comment: This paragraph falls under the heading "Compliance of the MP with the MM including applicable tool(s)" and should be limited to discussions on the MP, not other areas of the registered PDD.

241. For monitoring aspects that are not specified in the methodology, particularly in the case of small-scale methodologies (e.g. additional monitoring parameters, monitoring frequency and calibration frequency), the DOE should bring to the attention of the Board issues which may significantly enhance the level of accuracy and completeness of the monitoring plan

Comment: This wording has led DOEs to request revisions of the monitoring plan that had no significant impact on accuracy or completeness of the monitoring plan.

242. delete "or an approved revised PDD"

Comment: not needed.

Section 9.4.3 , paras 244 to 247

Comment: there is no such thing as a registered monitoring plan. This complete section should be deleted. The DOE only needs to verify that the monitoring plan submitted in the monitoring report complies with the methodology and this has already been done under 9.4.2 above.

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250 (a) "... shall result in fewer claimed emission reductions"

Comment: It is not necessary to both lower baseline emissions and increase project emissions.

254. The DOE shall report whether the calibration is conducted at the frequency as specified by the methodology or the monitoring plan in the monitoring report.

Comment:

256. The DOE shall determine whether:

- (a) A complete set of data for the specified monitoring period is available. If only partial data are available because activity levels or non-activity parameters have not been monitored in accordance with the registered monitoring plan, the DOE shall check that missing data have been interpolated in a conservative manner, and corroborate the estimates with alternative sources of information. If the aggregated value of all of the missing data in the monitoring report divided by the aggregated value of the project emissions, baseline emissions and leakage emissions in the monitoring report in question, exceeds the thresholds defined in the Project Standard, the DOE shall either raise a CAR for the project participants to make a more conservative assumption in finalizing the verification report, or raise a request for deviation prior to submitting the request for issuance, if appropriate;

Comment: This text would bring this section into line with the proposed text in the Project Standard. failing this approach, we request that a definition of "most conservative assumption theoretically possible" be included in the guidance or training as some DOEs, in order to take no risk and be overly conservative, may interpret the most conservative assumption as '0' or 100%. For example, consider the following scenario. During a short period within the monitoring period the continuous flow meter readings for gas towards the engine are missing (malfunctioning, ...). However operational records clearly indicate that the engine has been running and producing electricity during the period of the equipment malfunction. The missing data on the volume of gas, can in this case be (back) calculated on the basis of engine running hours and load. A correlation between running hours and gas consumed could be based upon historical data set (or data set after restoring event) to support the validity of replacement data. PPs feel that taking this action would be the "most conservative assumption theoretically possible" since proof is provided that engine had been running. However, DOEs may feel the most conservative approach would be to simply resort to assigning zero (0) gas for the period.

260. "... have deviated from the ~~registered monitoring plan and/or~~ methodology, and where..."

Comment: delete registered monitoring plan

271. The DOE shall verify if there are permanent changes from the ~~registered monitoring plan and/or~~ methodology"

Comment: delete registered monitoring plan

272. "...unable to implement the monitoring plan described in the registered PDD..." or better would be "...unable to implement the monitoring plan in accordance with the monitoring methodology..."

Comment:

274. "...report on how the revised monitoring plan reflects the application of the approved guidance..."

Comment:

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275. "...provisions of the ~~registered PDD and/or~~ methodology..."

Comment: remove reference to registered monitoring plan

280 (d) "The compliance of the ~~description of the~~ monitoring plan..."

Comment:

285. "...provisions of the ~~registered~~ monitoring plan and/or methodology..."

Comment: delete "registered" before monitoring plan

286 (c) The level of accuracy of the monitoring compared with the requirements contained in the ~~registered monitoring plan~~ monitoring methodology.

Comment: This is in line with the revision of the PS to highlight that the PDD contains a description of the monitoring plan and that in the PDD, the PP lists the minimum uncertainty requirements according to the monitoring methodology.

Section 9

There exists the potential for a major disagreement between the VVS and PS. Throughout section 9 there are references to the "registered monitoring plan" and "approved monitoring plan." There is no such thing as a registered or approved monitoring plan. What exists is a validated and registered PDD which contains a description of a monitoring plan for the proposed CDM PA as indicated in the Project Standard (PS), paragraph 49.

The Monitoring Plan is in the PDD to provide a description to the DOE on how PPs intend to monitor the project activity according to the methodology – hence we identify and show that we are aware of the parameters which need to be monitored, the minimum uncertainty requirements, the frequency, QA/QC procedures, etc., but these are NOT set in stone because this is a description of the plan not THE plan.

In the Monitoring Report in Section D, we then provide the actual monitoring plan and this is what the DOE verifies. The DOE verifies

- a) that this complies with the relevant monitoring methodology and*
- b) that we have collected the reported data in compliance with the plan.*

If a PP chooses to change the monitoring plan (eg how to monitor a parameter) in the next monitoring report, the PP should be able to do so AS LONG AS it remains in compliance with the relevant monitoring methodology. If the PDD only describes the minimum requirements, and is in compliance with the methodology, then it would follow that the revisions in the Monitoring Plan would still be encompassed within the description in the PDD.

We believe that this is a better approach and one which is consistent with the Project Standard and what we presented and discussed with all stakeholders in Bonn.

Sections 9 & 10

References to the registered project design document in some cases also include "any approved revised PDD" and in some cases do not (compare for example paragraph 237 b(i) which only refers to the registered PDD and paragraph 234 which refers to the registered PDD and any approved revised PDD). Other paragraphs refer to "any revised PDD" rather than "any approved revised PDD" For consistency all

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references to the registered PDD in sections that deal with verification should also refer to any revised approved PDD. The inconsistency appears in several places including paragraphs:

227 b(i)	235 (a)	236	238(c)	244
254	272	277	282	287

Footnote #5

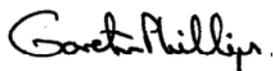
Editorial Comment: Missing coma between CDM-CPA-DD and etc.

Footnote #47 Completeness refers to inclusion of all relevant information for assessment of GHG emissions reductions and the information supporting the methods applied as required. ~~For example, if the DOE identifies an on-site generator for emergency use which was not included in the monitoring plan during the verification process, the monitoring of fuel consumption of this generator should be included in the monitoring plan via this procedure.~~

Comment: This wording has led DOEs to request revisions of the monitoring plan that had no significant impact on accuracy or completeness of the monitoring plan. Paragraph 90 of the VVS refers to sources which are expected to contribute more than 1% of the overall expected annual emission reductions. We suggest that this limit is used to determine where un-reported sources need to be included or not.

Again, we thank you for the opportunity to comment on these documents.

Kind regards,



Gareth Phillips
Chair, Project Developer Forum