



**PROJECT
DEVELOPER
FORUM**

Session I – Improving efficiency in the operation of CDM

**7th CDM Joint Coordination Workshop
12 - 13 March 2011 in Bonn, Germany**

12 March 2011

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Overview of presentation

- CDM Management and Business Plan
- Future workload
- Timelines
- Availability of DOE capacity
- Efficiency measures developed by PD and DOE
- Digitisation of information
- Role of CDM post-2012

Management and Business Plan

- Recognition of 2012 being a crucial cut-off date for the market
- Stepping up capacities and improving processes for run up to 2012 while also attempting to make the CDM fit for post-2012
- Provides clarity over prioritisation of issues, objectives and deliverables
- Allows some planning by stakeholders
- Underlying assumptions are debatable
 - Forecast of issuance requests in 2011 and 2012:
 - Secretariat's forecast is based on linear extrapolation: current trend 35 projects per week, or 1820 projects in 12 months, or 3640 in 24 months
 - underestimating future workload
- Does not consider other bottlenecks outside of EB/Secretariat:
DOE/DNA

Future Workload - Survey Results

PDF Members - Expected volumes for Issuance

Period	2010		2011				2012				2013		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	
Corp 1			27	24	26	16	27	24	26	16	27	24	2.52%
Corp 2			3	7	9	5	11	18	20	69	11	18	1.26%
Corp 3			12	12	16	18	9	29	11	36	4	78	1.49%
Corp 4			5	14	11	11	12	17	27	15	19	22	0.23%
Corp 5			-	3	3	4	15	15	15	15	50	50	0.40%
Corp 6			14	16	13	18	19	28	31	44	21	50	1.49%
Corp 7	19	26	25	20	40	40	20	45	65	25	20	70	4.46%
Corp 8			10	10	7	6	6	14	25	14	6	16	0.64%
Corp 9			12	19	20	18	25	23	18	27	26	25	1.23%
Corp 10	5	0	3	4	6	6	10	15	15	8	12	20	0.51%
Corp 11			30	33	36	36	49	29	89	151			1.97%
Total			141	162	187	178	203	257	342	420	196	373	16.20%
Total Pipe			871	1,000	1,155	1,099	1,253	1,587	2,112	2,593	1,210	2,303	

Future Workload - Survey Results cont.

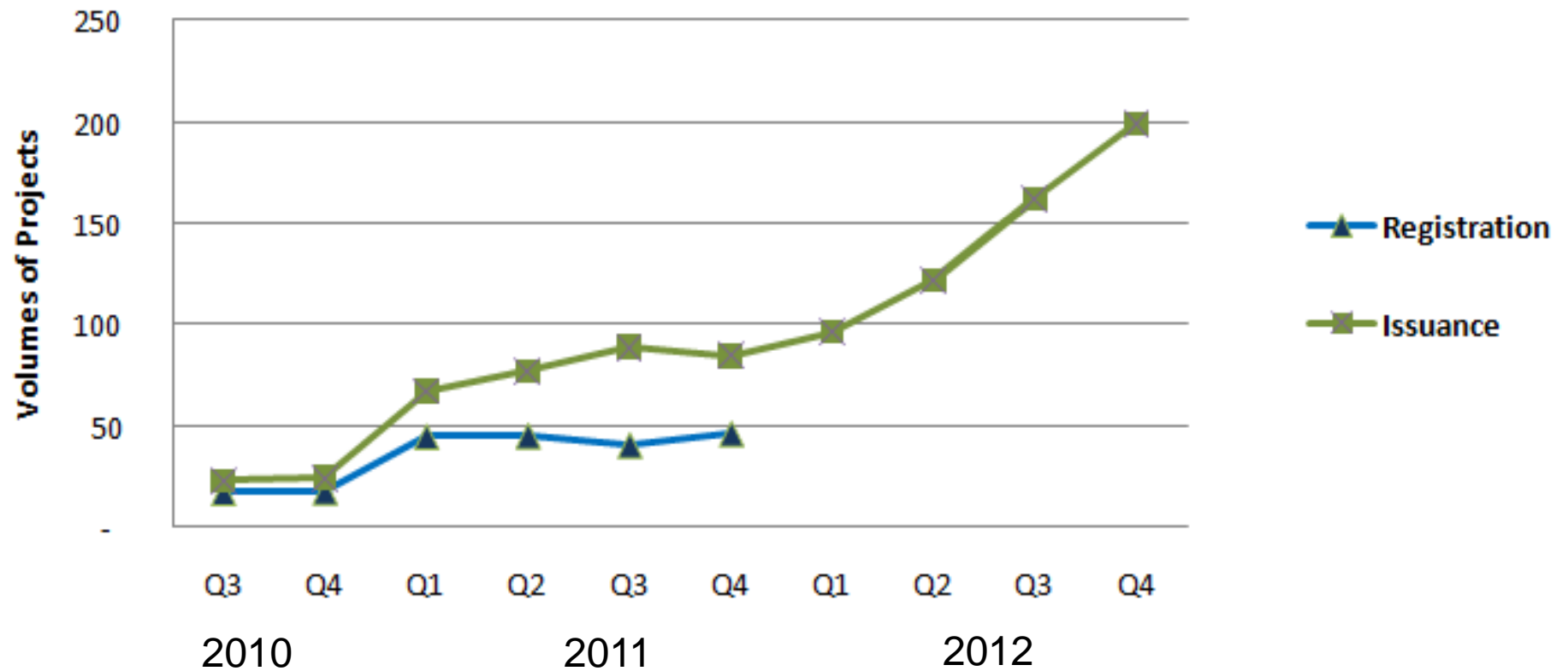
	2010		2011				2012			
Total Pipe	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Registration	219	224	580	587	525	599	296	401	216	37
Issuance	394	310	871	1,000	1,155	1,099	1,253	1,587	2,112	2,593

3 months per Quarter & 4.34 weeks per month, gives a Weekly average of..

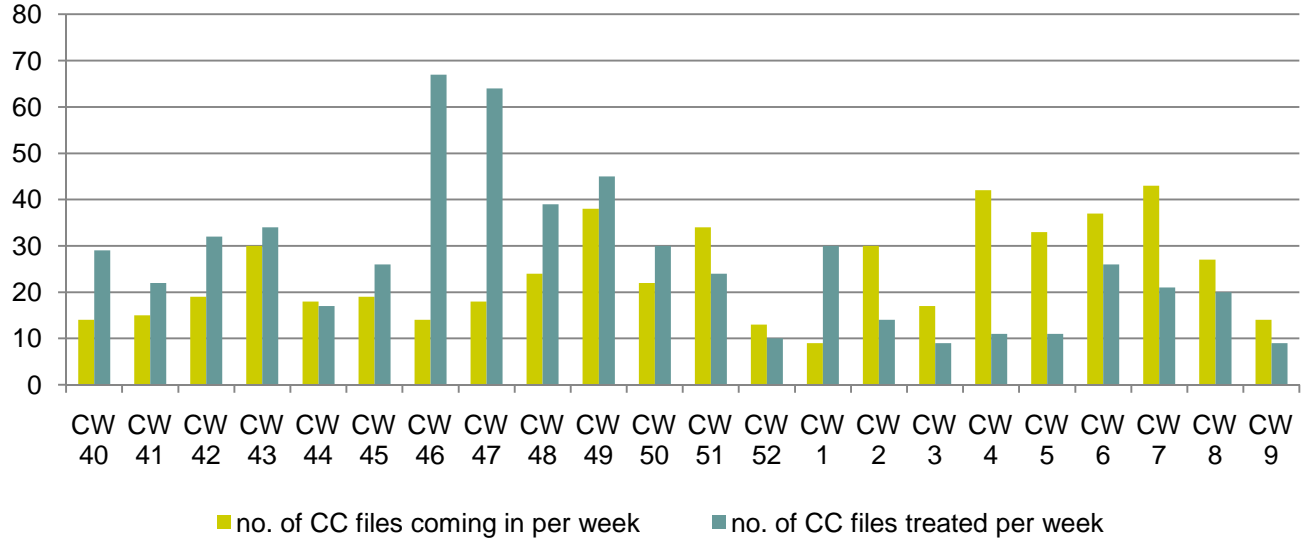
	2010		2011				2012			
Total Pipe	Wa - Q3	Wa - Q4	Wa - Q1	Wa - Q2	Wa - Q3	Wa - Q4	Wa - Q1	Wa - Q2	Wa - Q3	Wa - Q4
Registration	17	17	45	45	40	46	23	31	17	3
Issuance	23	24	67	77	89	84	96	122	162	199

Future Workload - Survey Results cont.

PD Members – Weekly Average of Forecast Volumes for Submission

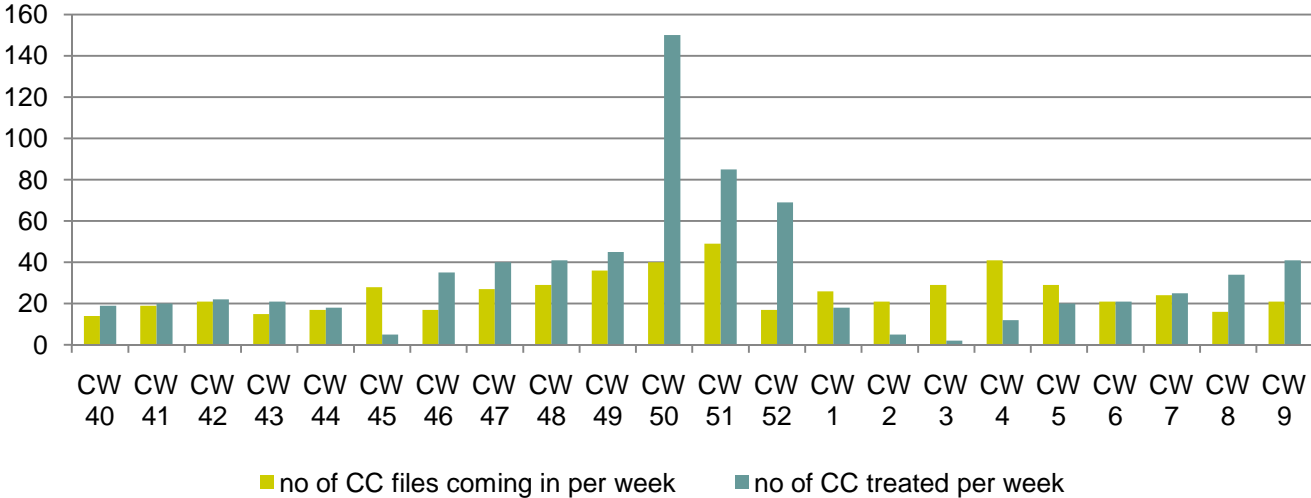


Secretariat Process Monitoring - Registration



- Improvements in CC process of registration requests observed in Q4 2010 reversed beginning of 2011: number of files entering process is larger than files being processed
- PDF survey forecasts an increase in incoming registration requests
- Capacity levels need to be further increased in order to keep up

Secretariat Process Monitoring - Issuance



- Improvements in CC process of issuance requests in Q4 of 2010 and Q1 of 2011: number of files being processed is larger than files entering process
- PDF survey forecasts a substantial increase in incoming issuance requests
- Additional requests, e.g. change to MOC, requests for revision to come in
- Capacity levels need to be further increased in order to keep up

Timelines

Completeness check

- Currently average waiting time before scheduling of CC for issuance requests is 24 days, well above 15 days agreed in Cancun
- Average processing time is 21 days, below maximum processing time of 30 days
- Files are not treated on first-in-first out basis, hence difficult to predict when files are scheduled and can be expected to pass CC

Review process

- Uncertainty over timeline of process
 - scheduling of reviews unpredictable => should be an automated step
 - Scheduled reviews are re-scheduled / delayed by up to 2 weeks
- Intransparency in terms of
 - when steps of review commence, e.g. when objection period of a review case starts
 - arguments made by the Secretariat and RIT need to be published
 - PPs are being informed about rejection reasons very late

Bottleneck on DOEs' side

- Availability of DOE capacity will be limited as validation requests in 2011 and verification requests in 2011 and 2012 will increase
- DOEs currently are not confident enough in p-2012 business as to be willing to increase capacity
- Will pose a major bottleneck in run-up to end of 2012 but also likely to lead to lack of capacity thereafter

Outcomes of Joint meeting between DOE Forum/DIA and PDF

- Bottom-up list of changes to be dealt with by DOE directly in Verification report without using the request for deviation, MP change and design change procedure:
 - E.g. change in amount of meters, meter accuracy or its location, etc
- Propose an immediate change in procedure to incl. all minor changes in Verification report (and possibly attach revised monitoring plan or new PDD version) -> drafts submitted
- Possibility for a 30 minute call within 48h between Sec and DOE
- Joint training workshops to increase common understanding of certain approaches (e.g. financial calculations, etc)
- EB to trigger additional resources whenever more than 15 days before completeness check starts
- Correction of wind and hydro tariff list as the errors have already been validated

Digitisation of information in the CDM

- Potential approach to work in a resource constraint environment
- Digitisation of entry of key parameters in fields – not transmission of data
- Enables automatic trend analysis of monitoring reports, comparison to predicted levels of activity in the PDD => much faster identification of issues and hopefully, faster approvals
- Requires the whole industry to use it, in particular the Secretariat
- Approach needs to be developed further
- Can learn from EU ETS experience

Role of CDM post-2012

- Risk of fragmentation of market if CDM loses its role as key provider of international credits (in the absence of new mechanism)
- Requires further standardisation of approaches to enhance attractiveness of mechanisms, while ensuring environmental integrity
- Confidence in the CDM post-2012 will depend on its current performance: capacity constraints undermine its effectiveness and financial attractiveness
- EB and stakeholders to work together on its ‘promotion’, i.e. highlighting its achievements