




F-CDM-RtB

 CDM: FORM FOR SUBMISSION OF “LETTER TO THE BOARD” (Version 01.1) <i>(To be used only by the Project Participants and other Stakeholders for submitting Letter to the Board as per Modalities and Procedures for Direct Communication with Stakeholders)</i>	
<i>Name of the stakeholder¹ submitting this form (individual/organisation):</i>	Project Developer Forum
<i>Address and Contact details of the individual submitting this Letter:</i>	Address: 100 New Bridge Street, London, EC4V 6JA Telephone number: +44 (0)20 7121 6100 E-mail Address: rachel.child@pd-forum.net
<i>Title/Subject (give a short title or specify the subject of your submission)</i>	Removal of unnecessary requirements PCP paras 9 & 180: Two-year subsequent notifications
<i>Please mention whether the Submitter of the Form is:</i>	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other Stakeholder, please specify PD-Forum
<i>Specify whether you want the Letter to be treated as confidential²:</i>	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
Purpose of the Letter to the Board:	
Please use the space below to describe the purpose for submitting Letter to the Board. (Please tick only one of the four types in each submission)	
<input checked="" type="checkbox"/> Type I: <input type="checkbox"/> Request Clarification <input checked="" type="checkbox"/> Revision of Existing Rules <input type="checkbox"/> Standards. Please specify reference <input checked="" type="checkbox"/> Procedures. Please specify reference: Project Cycle Procedures (paras 9 & 180) <input type="checkbox"/> Guidance. Please specify reference <input type="checkbox"/> Forms. Please specify reference <input type="checkbox"/> Others. Please specify reference <input type="checkbox"/> Type II: Request for Introduction of New Rules <input type="checkbox"/> Type III: Provision of Information and Suggestions on Policy Issues	
Please use the space below to describe in detail the issue that needs to be clarified/revise or on which the response is requested from the Board as highlighted above. In doing this please describe the exact reference source including the version (if any).	

¹ Note that DNAs and DOEs shall not use this form to submit letter to the Board.

² Note that the Board may decide to make this Letter and the Response publicly available



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To cdm-info@unfccc.int
From rachel.child@pd-forum.net
Date 15 April 2012
Subject **Removal of unnecessary requirements PCP paras 9 and 180**

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

The PD Forum would like to propose the removal of two specific clauses in the new Project Cycle Procedures (PCP) that, in our view, provide no added value in terms of environmental integrity of the mechanism but add to transaction costs and risk for many proposed project activities. Indeed PD Forum members are already experiencing the negative impact of these requirements on the registration chances of their projects. In our view, these clauses cannot be justified from the requirements in the Project Standard, and merely add procedural hurdles that add no value.

- *PCP para 9 repeats the requirement of para 5 of the guidelines on the demonstration and assessment of prior consideration of the CDM. However, it introduces a specific new requirement that the update uses the prior consideration form.*
- *PCP para 180 is a newly introduced requirement for projects that did not previously exist. It requires that each registered project updates the Secretariat of the status of the project "at two years subsequent to the registration" if no monitoring report has yet been published, and then at 180 day intervals thereafter.*

If a project has proven the prior consideration of the CDM, then it should not be necessary to repeat the same information every 2 years, as this evidence cannot be undone by failing to update the Secretariat. It should not be necessary to use the prior consideration form to provide an update on the progress of the project, as the form does not contain information regarding progress. Further, it is not clear what happens if the update is too late for the 2-year deadline, but still prior to the project start date, or still within 6 months of the project start date. PD Forum members are experiencing the situation that DOEs are refusing to take on projects where the Secretariat was not updated within exactly 2 years (730 days), but there is ample evidence of continuing actions to secure CDM status within this time. We do not believe this is the intension of this paragraph.

The average issuance delay, according to the UNEP Risoe CDM Pipeline, is 20 months, with 30% of projects taking over 2 years. Indeed, there are over 800 registered projects which have not yet issued after 2 years. The issuance delay is greater for smaller projects: with CER prices being low and verification costs being high, small projects will need several years of emission reduction generation before the transaction costs of a verification can be justified – in fact, PD Forum members experience that even large scale projects delay issuance for this reason. In our view, there is no added value to providing the update, which is why it is not part of the Project Standard and it is only an added administrative procedure. Small scale projects, in particular, will suffer, and many are likely to fail this requirement, and thus DOEs will be reluctant to undertake verification of these projects. We do not believe this is the intension of this paragraph.

Both these requirements are likely to hit small scale projects and projects in Least Developed Countries disproportionately hard.



If the EB believes that these requirements are absolutely necessary and is unwilling to remove them, we would like to request a clarification of the timeline of the requirements:

- First, the wording on the deadline of the required updates is unclear. Do the updates need to be provided *within 2 years* (i.e. 730 days), or is the deadline 2 years and 364 days? We believe the strict interpretation of the deadline as 730 days is unreasonable. And if the update were more than 2 years, then the DOE could still validate/verify that real and continuing action was taken.
- Secondly, we suggest that there needs to be a grace period (of the normal 8 months) for the introduction of the new requirements and that these new requirements cannot be in force from 1 May. Para 180 is completely new, and para 9 has a new requirement for the update to include the form F-CDM-PC. We believe the requirement of para 180 should not be applied to projects registered prior to 1 May 2012; and the requirement of para 9 for the update using the form should not be applied for projects that submitted their initial notification before 1 May 2012.

However, we trust the EB agrees that both the requirements are superfluous and are to be removed.

While in both cases the information may be 'nice-to-know' for the Secretariat, we suggest that the updates should not be requirements for the PCP. If the information is valuable, an email request can be sent to the PPs after two years, and many PPs will volunteer an update.

Therefore, we would like to request the EB to remove these procedural requirements, that are unjustified and unnecessary from the perspective of the Project Standard, that create additional work for PPs, DOEs and the UNFCCC, and that introduces risk for significant numbers of project

We would of course be very happy to discuss these points further with you,

Kind regards,

Rachel Child
Co Vice-Chair, Project Developer Forum

Please use the space below to any mention any suggestions or information that you want to provide to the Board. In doing this please describe the exact reference source including the version (if any).

[replace this bracket with text, the field will expand automatically with size of text]

If necessary, list attached files containing relevant information (if any)

- [replace this bracket with text, the field will expand automatically with size of text]

Section below to be filled in by UNFCCC secretariat

Date when the form was received at UNFCCC secretariat

History of document



Version	Date	Nature of revision
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
Decision Class: Regulatory Document Type: Form Business Function: Governance		