

Head and Members of the CDM Executive Board
Mr. Martin Hession
Chairman
UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D 53153 Bonn
Germany

Project Developer Forum Ltd.
100 New Bridge Street
UK London EC4V 6JA

Europe: +44 1225 816877
Asia: +65 6578 9286
Americas: +1 321 775 4870
office@pd-forum.net
www.pd-forum.net

To cdm-info@unfccc.int
From gareth.phillips@pd-forum.net
Date 23rd May 2011
Page 1/6
Subject **Unsolicited letter relating to the annotated agenda of the 61st meeting of the CDM's Executive Board**

CHAIRPERSON:
Gareth Phillips
gareth.phillips@pd-forum.net

CO VICE CHAIRPERSONS:
Leo Perkowski
Leo.perkowski@pd-forum.net
Rachel Child
Rachel.child@pd-forum.net

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

The Project Developer Forum (PD Forum) would like to express our support to the EB on the items it will discuss in the upcoming meeting, EB61. In addition, we would like to provide input on a number of items, as outlined below.

1. Draft revision to the tool to calculate the emission factor of an electricity system

The PD Forum welcomes the efforts of the EB and Meth Panel to include simplified options for project activities hosted in some countries with a paucity of relevant data. Calculation of the grid emission factor remains one of the key areas in the development of CDM projects where transaction costs (TCs) are accrued and, as such, efforts to simplify procedures in this area should be lauded.

However, the simplified options are only available for projects in LDCs or countries with less than 10 projects AND with a paucity of data. The proposed revision is therefore much more restrictive than the annotations suggest. Further, in the view of the PD Forum, it is unlikely that these proposed revisions would result in significant reductions in TCs for project developers.

The proposed revisions give an option for projects located in LDCs or in countries with fewer than 10 registered projects to use a zero weighting for the BM and thus base the CM on the OM only, which should be calculated using the 'average OM' method. While BM data is difficult to collect, in our experience, most effort is required in collecting and collating the data to calculate the OM and much of the data for the BM is generally – although not always - available once the data for the OM has been collected. Further, mandating the use of the 'average OM' which, in many cases 'dilutes' the OM, reduces the number of CERs that could be realised and the viability of the potential CDM project is, as a result, reduced.

The PD Forum would therefore prefer to see options to reduce the data collection requirements to calculate the OM, as well as the BM. This could include, for example:

- Requiring one year's (rather than 3 years') data for the calculation of the ex ante OM
- Increased use and extension of default values (such as those used for efficiencies given in Annex 1, noting that in some/ many LDCs reciprocating engine systems are often used to

supply power to the grid as well as in off-grid situations)

2. Draft revision to the guidelines on the assessment of investment analysis

It is the view of the PD Forum that the draft revised guidelines are now much improved when compared with the last draft and it is reassuring to see that the Secretariat has taken on board many of the views of stakeholders in how to improve the 'usability' of the guidelines. In particular, we are pleased to note that the use of default benchmarks (as provided in Annex A of the draft document) is optional and that project developers can also choose to calculate a project specific benchmark using the guidance in the document.

However, we regard it as unfortunate that the calculation of the default values is still not explained and detailed clearly, as requested and no indication of the frequency of updating the default values is given. Further in many instances, the default values are still too low to be credible (for example a default benchmark of 14.5% in Afghanistan cannot be considered plausible. There are many countries with inflation running at higher rates than the default value given).

3. Information note on the treatment of increase in future anthropogenic emissions of a host country

The PD Forum welcomes the information note and the suggestions for next steps in this area. We urge the EB to make this a matter of priority: as the emphasis of many project developers' shifts to under-represented areas of activity, LDCs/ SIDs and other countries currently under-represented in the CDM, this issue will become more and more pertinent. Addressing the issue of suppressed demand while at the same time ensuring that environmental integrity is not compromised in any way, will help to increase the financial viability of many projects in these countries.

To increase momentum in this area, we would request that the Board instruct the secretariat and SSC WG to draft revisions to ten approved methodologies to include suppressed demand in baseline and monitoring modalities including default values by Q3 2011.

4. Recommendations related to POAs arising from stakeholder consultation

The PD Forum supports these efforts by the Secretariat to feedback the results of the stakeholder consultation on PoAs that took place in Bonn on 7-8 May 2011. As stakeholders who attended this workshop, we believe the feedback reflects the discussions that took place and will help to further operationalize PoAs going forward. We support and encourage the recommendations made.

We fully support the short term solution provided in para 8 to try to address the DOE liability issues as well as the longer term solutions in para 9. Para 16b of annex 4 to the annotated agenda outlines a solution suggesting that CMEs have simplified management systems for the determination of eligibility criteria for CPA inclusion. DOEs would then check the appropriateness of this management system rather than each CPA. We also welcome the introduction of this approach and believe that checking the overall management system makes more sense than checking individual CPAs. These points are interlinked and we encourage further development of these solutions in the context of the development of the VVS and PPS.

5. Assessment report of CDM cycle operations

The PD Forum welcomes the publication of the assessment report and the acknowledgement by the Secretariat and the Board of the need to make the issuance process more sustainable with more predictable timelines and to facilitate compliance with the quality standards and timelines. We provide specific comments on each of the streamlining proposals in turn below:

- (i) *Proposal A - Merging processes into the request for issuance procedure*: we strongly support this suggestion and suggest for it to be implemented with immediate effect as per the proposal in annex I. This improvement can be regarded as a 'quick win' as it is easy and simple to implement while not compromising the mechanism's environmental integrity in any way.
- (ii) *Proposal B - Minimums on the length of a monitoring period or monitored emission reductions within the period*: we are very concerned by the proposal to place limits on the length of monitoring periods. While we appreciate that this maybe an effective method of reducing the number of submissions, there are many cases in which a shorter monitoring period is desirable and necessary, as outlined below.
 - It may be preferable to have the first verification of a project shortly after registration to ensure that monitoring procedures are working properly and meet the requirements of the DOE and EB. By eliminating this option of an early first verification, delivery risks of the project will increase for the project developer, project owner and CER purchasing party. Even after the first issuance, only having a verification check once a year means there is a greater risk for investors.
 - Flexible monitoring periods are a very important risk management tool for project investors. At times, for operational reasons, it is very helpful to stop a monitoring period when a plant closes down for maintenance, in conjunction with a change in project activity, in conjunction with a request for deviation etc. AM0034 specifically links the monitoring periods to operational activities.
 - As highlighted in an earlier submission by the PD Forum¹, a Rfl with a shorter monitoring period may be made due to contractual obligations on the part of the Project Developer. PPs have, in many cases, agreed sales and timing for CER sales to April 2013 and this will often be for CERs from periods of less than 1 year. In addition, PPs have already signed contracts with DOEs to the end of 2012 – in order to give certainty to both parties. Given the fact that there are existing contracts in place, this proposal to set minimum monitoring periods could be regarded as a retrospective application of rules.
 - The proposal would disadvantage small projects and those located in LDCs/ SIDs. The percentage of the financing for projects supported by CDM is not necessarily directly related to CER volume and so it is just as important for owners of small projects to get funds early as it is for owners of large projects. Many projects, whatever their size, are dependent on paying back loans and have certain operational payments necessary during the course of a project. Specifying a minimum monitoring period will make it impossible for some of these projects to be operational.
 - The length of the CDM process, from the decision to apply for CDM to the first funds arriving from the sale CERs, is already in most cases more than 3 years. If this length of time is increased even more then it will have the effect of reducing the attractiveness of the CDM as many projects require proof of CER returns within the first few months to be able to continue the project and maintain investment interest in the project. The majority of projects would not be able to complete a verification exercise and post a request for issuance within the first 12 months of operation, delaying much needed cash flows until well into the second year of operations.

¹ PD Forum comments on annotated agenda to EB58 (available at <http://www.pd-forum.net/files/3f8d0c6e51d33bb6c5f40eb59b1a119b.pdf>).

- Finally, we believe that the proposal faces several challenges and may not deliver the desired outcome: For example, what will happen if CERs anticipated in the MR are 251k, but during verification fall to 249k? Further, in order to ensure maximum volume of issued credits in Q1 2013, project developers will aim to submit their monitoring plans around September 2012 allowing for up to 6 months for verification and issuance. This would then create an annual peak in the volume of monitoring reports around September each year going forward, defeating the purpose of the proposed changes.

Additionally, the impact of this requirement is very small compared to the improvements that can – and should – be achieved from adopting the Risk-based approach (iii), and becomes negligible if implemented in tandem with that approach.

However, if this requirement is introduced, then we suggest that the following principles should be adhered to, to avoid retrospective application of this ruling:

- the proposal should be introduced from 2013 onwards and not before;
 - it should exclude cases where contracts have already been signed with DOEs;
 - it should only be from the second monitoring period onwards;
- and
- Restrictions should be limited to allowing the submission of a maximum of two requests for issuance each year, with no restriction on how short the first monitoring period may need to be.

- (iii) *Proposal D - Risk based approach for project submissions*: we strongly support the proposal to conduct assessments on a sample of RfI submissions rather than all submissions as is currently the case. We have one main suggestion to build on the sampling proposals and recommendations made in this section of the report which, we believe, would negate the need to set minimum monitoring periods as in section C of annex 5 to the annotated agenda.

In section D, the analysis of risk feeds into risk categorization of projects to determine level of sampling. However, this analysis does not and will not give the full picture of the risk situation for projects as numerous other factors impact this risk. As a result, such an approach will not, we believe work well in practice.

Our suggestion here is to apply systematic random sampling already pursued in other areas within the UNFCCC process so that, for example, one in five requests for issuance are checked by the Secretariat. Such an approach will ensure that PPs and DOEs apply the same amount of care and attention to all MR and RfIs. Implementing a sampling approach will negate any need to set a minimum monitoring period length as recommended in section C. Under this approach, the workload will be reduced by 80% and only 20% of requests would be checked. Under Section C it is proposed that the restrictions on frequency and size would reduce the workload by 13%. If the sampling approach is implemented, then the marginal benefit of restrictions falls to only 2.6% (20% of 13%), which is small and does not justify the problems it would create for project developers and emission reduction projects.

6. Information note on improvements of guidance regarding stakeholder and public participation

The PD Forum would welcome more detailed guidance on the stakeholder consultation process in particular if developed through public consultation.

7. Comprehensive report on the status of resources and recruitment for the first quarter of 2011

We are happy to see that staffing levels are closer to approved levels than we have seen in

recent years. However, there are still 31 vacancies, which reduces the effectiveness of the CDM.

8. Compliance with indicative timelines for different processes

Figure VII of annex 8 does not indicate the CMP mandated deadline of 15 days for the period prior to the commencement of the completeness check. While massively improved since the end of 2010, it can be noted that the deadline/targets for the whole process have not been met so far. The actual completeness and I&R checks are being performed on time, but PPs still have to wait too long for the checks to commence. As this has been the case since the start of 2011, and the number of requests awaiting processing is not declining, we urge the EB to use the additional resources available to reduce the delays to acceptable levels.

9. Monitoring periods at the end of the first commitment period

The PD Forum welcomes the advice from the Board to project participants to avoid having monitoring periods that extend beyond the end of the first commitment period (EB60 para 102). However, we note that this advice is in direct contradiction to the proposed minimum monitoring period of 365 days as is presented in Annex 5 of the annotated agenda (and as discussed in section 5 of this letter).

In addition, in many situations it will not be practical to end the monitoring period on the last day of the first commitment period and in some cases it will not be possible at all due to the following factors:

- (i) *Methodology constraints*: some methodologies limit the flexibility of when a monitoring period can end. For example if a project uses AM0034, the monitoring period cannot end part way through a project campaign. Therefore a procedure would be required to split a monitoring period in these cases, it may be the case that such a procedure will have to be methodology specific. Any solution to this problem should abide by the following principals:
 - CERs should be issued in respect to the commitment period in which they were actually generated.
 - The total CERs issued for the two parts of a split monitoring period should be equal to the CERs that would have been issued if the monitoring period was not split (i.e. that the total issued CERs from the project are in accordance with the methodology). In the specific case of AM0034 this could be achieved by dividing the CERs pro rata based on the nitric acid production in the first and second part of the split monitoring period.
- (ii) *Scale of project*: for some projects it may not be financially viable to verify a short monitoring period, therefore a procedure would need to be put in place whereby a DOE is able to verify two monitoring periods in one verification site visit (e.g. two monitoring periods: MP1 [01/06/12 - 31/12/12] and MP2 [01/01/13 - 01/06/13] could both be verified by the DOE at a single site visit in October 2013) and for the DOE to report on the verification in a single report, so as to limit the additional cost for the Project Participants
- (iii) *DOE capacity*: given the huge numbers of verifications that would be required following the end of the first commitment period, we anticipate that DOE capacity would be severely constrained which would likely lead to increased delays in issuance, corresponding capacity constraints at the Secretariat and potentially incidents of delays leading to project developers being unable to deliver credits to meet contractual obligations.
- (iv) This proposal is at odds with the proposal to restrict the frequency of monitoring reports and requests for issuance detailed above.

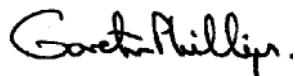
We therefore urge the EB to revisit this issue taking into account the issues raised above.

10. Meth panel clarification/ revision deadline

The PD Forum notes with concern that the deadline for submission of requests for revision and clarification of methodologies for MP40 was 18/04/2011. This deadline is considerably earlier than has been the case for previous Meth Panel meetings (10 weeks compared to the usual 6 weeks) and was not announced until nearly 3 weeks after it had passed, therefore being a retroactive application and thus not in line with normal procedures. Such an early deadline means that DOEs will have a long wait to receive responses to queries that they have and such ex-post announcements of deadlines makes it very difficult for DOEs and PPs to effectively plan their resources.

We hope that these inputs are helpful in your discussions going forward. Should there be any questions regarding our comments, please do not hesitate to contact me through the contact details provided above.

With kind regards,



Gareth Phillips
Chair



Steven Gray
Chair, CMIA Financial Mechanisms and
International Architecture Working
Group



Annex 1 – Proposed changes to procedures to request a deviation, to request a MP revision or to notify and request approval of changes from the PDD

Annex 66
PROCEDURES FOR NOTIFYING AND REQUESTING APPROVAL OF CHANGES
FROM THE PROJECT ACTIVITY AS DESCRIBED IN THE REGISTERED
PROJECT DESIGN DOCUMENT

A. Background

1. In accordance with paragraph 62(g) of the CDM Modalities and Procedure, the DOE contracted by the project participant to perform verification shall, “Identify and inform the project participants of any concerns related to the conformity of the actual project activity and its operation with the registered project design document. Project participants shall address the concerns and supply relevant additional information;”

2. If at verification a DOE identifies that the implementation or operation of a CDM project activity does not conform with the description contained in the registered Project Design Document (PDD), and the DOE determines that the changes do not raise concerns with respect to aspects outlined in paragraph 10(c) and the relevant guidelines established by the Executive Board¹, the DOE shall submit a notification of the changes with relevant documentation in accordance with Section C of this procedure, and the notification will be processed in accordance with Section D of this procedure.

3. If the DOE determines that the changes raise concerns with respect to aspects outlined in paragraph 10(c) and the relevant guideline established by the Board, the DOE shall not conclude the verification/certification of the emission reductions for the corresponding period, and shall notify and seek guidance from the Executive Board on the acceptability of these changes. In this case, the DOE shall submit a request for approval of changes with relevant documentation in accordance with Section C of this procedure, and the request will be processed in accordance with Section E of this procedure.

4. For the changes related to the improvement of accuracy and completeness of the monitoring and/or correct application of the applied monitoring methodology, the DOE shall consider if these can be appropriately addressed through the submission of request for revision of monitoring plan.

5. This document contains procedures for the DOE to notify and request the approval of changes from project description in the PDD the Executive Board. These procedures replace paragraph 75 of the report of thirty-third meeting of the Board.

~~6. In the future the Executive Board may, as appropriate, make publicly available types of changes from the project description in the PDD, which are considered minor in nature and can be addressed through the verification stage by the DOE without submitting a notification or a request for approval of changes from project description in the PDD.~~

B. Applicability

7. The procedure shall be applied by the DOE for *permanent* changes from the registered project activity under one of the following situations:

- (a) The project has never been implemented in accordance with description in the registered PDD; or
- (b) Permanent changes occur after the project activity has been implemented in accordance with the description in the PDD and issuance of CERs has taken place.

C. Submission of Notification and Request for Approval of Changes from Project Activity as described in the registered PDD

8. ~~Together with the request for issuance, Prior to requesting issuance of CERs,~~ the DOE shall submit a notification or a request for approval of changes from Project Description in PDD.

9. The submission by the DOE shall contain:

- (a) A Validation Opinion;
- (b) Revised Project Design Document;
- (c) Supplemental documentation as appropriate.

10. The Validation Opinion by the DOE shall contain:

(a) A clear description of the changes as compared to the description in the registered PDD;

(b) An assessment on when the changes occurred, reasons for these changes taking place, whether the changes would have been known prior to registration of the project activity, and how the changes would impact the overall operation/ability of the project activity to deliver emission reductions as stated in the PDD;

(c) An assessment, following the guideline by the Board, regarding whether or not the changes would impact the following aspects:

- (i) Additionality of the project activity;
- (ii) Scale of CDM project activity;
- (iii) Applicability and application of Approved Baseline Methodology under which the project activity has been registered.

~~11. Upon receipt of submission by the DOE the secretariat shall expeditiously process the request to determine whether all information and documentation requested has been provided by the DOE. Once deemed complete, the secretariat shall proceed with processing the notification of the changes as outlined in Section D, or the request for approval of changes as outlined in Section E.~~

D. Processing Notification of Changes from Project Activity as described in the registered PDD

~~12. No specific action needed other than what is already part of the completeness and information and reporting check. The secretariat shall within 10 working days prepare an assessment on the notification and documentation submitted by the DOE.~~

~~13. The secretariat shall inform the Chair of Executive Board if based on this assessment the changes are considered acceptable and the subsequent requests for issuance may be allowed.~~

~~14. The original PDD shall be revised to include the changes submitted by the DOE and the document shall be made available to the public on the UNFCCC CDM website. This version of PDD shall be applied for future requests for issuance.~~

~~15. If based on this assessment the changes are not considered acceptable, the secretariat shall, in consultation with the Chair of Executive Board, recommend further consideration by the Executive Board at a subsequent meeting.~~

E. Processing Request for Approval of Changes from Project Activity as described in the registered PDD

~~16. In line with the current procedure for submitting request for issuance of CERs, an appraisal shall be prepared by a registration and issuance team (RIT) member in accordance with the existing procedure for RIT. The appraisal shall be submitted to the secretariat within a period of 10 working days.~~

~~17. Upon receipt of RIT Member appraisal, the secretariat shall within 10 working days prepare a summary and assessment of the request and forward this assessment together with the request and all documentation to the Executive Board for its consideration at a subsequent meeting.~~

~~18. The Board's consideration to different situations of project changes will be determined on a case by case basis and may vary, depending on the type of change and its potential impact on the~~

~~Board's earlier decision to register the project. The Board, in certain cases, may request, the relevant panel(s) and/or working group(s) to provide technical inputs on the submission.~~

~~19. The Board shall decide on each request whether:~~

~~(a) To accept the changes and allow the subsequent requests for issuance;~~

~~(b) To accept the changes and allow the subsequent requests for issuance, but limit the Certified Emission Reductions up to the level estimated in the original PDD;~~

~~(c) To reject the changes and not allow the subsequent requests for issuance.~~

~~20. Once a decision has been made by the Board, the secretariat shall inform the DOE regarding the decision and any guidance provided by the Board and make this decision and guidance publicly available.~~

~~21. The PDD shall be revised to include the changes as approved by the Board and the document shall be made available to the public on the UNFCCC CDM website. This version of PDD shall be applied for future requests for issuance.~~

Annex 26

PROCEDURES FOR REQUESTS FOR DEVIATION PRIOR TO SUBMITTING REQUEST FOR ISSUANCE

(Version 01)

I. INTRODUCTION

1. At its twenty-first meeting, the CDM Executive Board (hereinafter referred to as the “Board”) agreed to the following clarification: “A DOE shall, prior to requesting registration of a project activity or issuance of CERs, notify the Board of deviations from approved methodologies and/or provisions of registered project documentation and explain how it intends to address such deviations. The DOE shall only proceed with further actions after receipt of guidance from the Board. The Chairs of the panels shall provide an input as to whether the issue should be considered or not by the panels. The Board shall, if needed, address these issues by electronic decision. When providing such guidance, the Board shall consider issuing general clarifications to all DOEs and project participants, as appropriate.”

2. The Executive Board now wishes to integrate this procedure directly in the request for registration/issuance as follows:

II. Submission of a Request for Deviation

3. Together with the request for registration/issuance, the DOE shall submit a request for deviation.

4. The request for deviation shall contain:

(a) A Validation Opinion;

(b) Supplemental documentation as appropriate.

5. The validation opinion shall contain the following:

(a) A confirmation that the deviation does not require a revision of the methodology, the monitoring plan or changes from the project activity as described in the registered project design document;

(b) A description of the impact of the deviation on the estimates of the emissions reductions for the proposed project activity with the use of the approved methodology as existing and with the deviation. The estimations shall be substantiated with relevant and verifiable data.

III. Processing a Request for Deviation

6. No specific action needed other than what is already part of the completeness and information and reporting check.

~~Section II of this document contains revised procedures for the submission of requests for deviation prior to submitting request for issuance during verification/certification stage, by a designated operational entity.~~

3. Sections III-IV of this document contain procedures for the consideration of such requests by the relevant panel/working group and the Chair of the Board and Chair of relevant panel or working group.

4. This procedure, along with the Procedures for requests to the Executive Board for deviation from an approved methodology (version 01, EB 49, Annex 4), replaces the Procedures for requests for deviation to the Executive Board (version 02, EB 24, Annex 30) and includes revisions in the procedures with respect to requesting deviation prior to submitting the request for issuance.

II. SUBMISSION OF A REQUEST FOR DEVIATION PRIOR TO SUBMITTING REQUEST FOR ISSUANCE

5. If a DOE determines at verification that project participants deviated from the provisions of the registered monitoring plan it shall not conclude the certification of the emission reductions for the verified period, and inform the Board accordingly, or seek guidance from the Board on the acceptability of the deviation prior to concluding on its verification/certification decision.

6. If guidance is sought, the DOE shall submit the form for submission of a request for deviation “CDM: Form for submission of requests for deviation prior to submitting request for issuance” (F-CDM DEV-ISS) through the dedicated internet interface on the UNFCCC CDM website. The submission by the DOE shall provide complete, clear, and precise assessment and a description of the impact of the deviation on the emission reductions from the project activity.

7. Upon submission of the form, the secretariat will do the completeness check on ‘first come first serve’ basis, in no longer than twenty (20) working days to assess that:

—— UNFCCC/CCNUCC CDM — Executive Board EB 49 Report Annex 26 page 2

(a) The “CDM: Form for submission of requests for deviation prior to submitting request for issuance” has been completed by the DOE, including the monitoring period for which the deviation is requested¹ ;

(b) The proposed request for deviation is not a request for revision of monitoring plan² or request from changes in the project design document;

(c) Relevant technical information is submitted.

8. If the secretariat considers that the form and documentation are incomplete, it shall ask the DOE to resubmit the request for deviation, addressing the concerns raised.

9. No request for deviation shall be considered confidential and the request as well as the decision on the case shall be made publicly available. However, additional information provided as supporting document may be submitted by the DOE as a confidential document.

10. If the secretariat assesses that the request satisfies the deviation criteria, it shall promptly publish the deviation request on deviation section of the UNFCCC CDM website. The secretariat after publication of the request shall prepare a summary note with its recommendation and forward it to the Chair of the Board and Chair of the relevant panel or working group, within ten (10) working days.

11. If the secretariat during the summary note preparation requires further clarification from the DOE, it shall ask the DOE to submit the clarification. The DOE shall submit the clarification within ten (10) working days to the secretariat after receiving this request. The secretariat upon

receiving this clarification shall finalise the summary note with its recommendation and forward it to the Chair of the Board and Chair of the relevant panel or working group, within ten (10) working days.

III. CONSIDERATION OF A REQUEST FOR DEVIATION BY PANEL/WORKING GROUP

12. If secretariat during the summary note preparation identifies that the proposed request requires further consideration by the relevant panel or working group, it shall in consultation with the Chair of the relevant panel or working group put the case on the agenda of a subsequent Panel or working group meeting. The secretariat shall inform the DOE about the request being considered by the Panel or working group. The secretariat shall finalise the summary note with its recommendation including inputs of the panel or working group and forward it to the Chair of the Board and Chair of the relevant panel or working group, within ten (10) working days.

IV. CONSIDERATION OF A REQUEST FOR DEVIATION

13. Upon receiving the secretariat summary note, the Chair of the Board, in consultation with the and Chair of the relevant panel or working group(s), shall decide within five working days:

- (a) To accept the request for deviation; or
- (b) To reject the request for deviation.

¹

In certain circumstances such as a delayed installation/operation of a monitoring is observed please refer to paragraph 57 of the forty third meeting report of the Board.

²

For certain cases when a request for deviation may be applicable not only for the monitoring period under verification but also for the remaining of crediting period please refer to paragraph 58 of the forty third meeting report of the Board.

UNFCCC/CCNUCC CDM— Executive Board EB 49 Report Annex 26 page 3

14. If the Chair does not provide his/her decision within five working days, the secretariat recommendation is deemed to be accepted by the Chair.

15. The Chair of the Board, in consultation with the Chair of the relevant Panel or working group, may decide to discuss case(s) in the Board meeting, if it is considered that the request for deviation requires further discussion on some policy issue(s). The Chair of the Board in consultation with the secretariat shall put the case(s) on the agenda of a subsequent Board meeting.

16. The decision of the Chair as referred to in paragraph 13, 14 or 15 shall be communicated to all Board members. In exceptional cases, Board member(s) may disagree with the decision of the Chair, the concerned member(s) within ten working days of receiving this communication shall request the Chair, giving reasons in writing, to put the case for further consideration by the Board at its subsequent meeting.

17. Once a decision has been made the secretariat shall promptly inform the DOE about the decision. In case where the Chair decided to discuss the case in the Board meeting, the DOE

shall be informed about it. The decision the Board shall be made publicly available on the CDM website. If the Board decides to issue general guidelines it shall be made publicly available in the UNFCCC CDM website and through the CDM news facility.

Annex 28

PROCEDURES FOR REVISING MONITORING PLANS IN ACCORDANCE WITH PARAGRAPH 57 OF THE MODALITIES AND PROCEDURES FOR THE CDM

(Version 02)

A. Background

1. Paragraph 57 of the modalities and procedures for the CDM allow project participants to revise monitoring plans in order improve its accuracy and/or completeness of information, subject to the revision being validated by a Designated Operational Entity.

2. At CMP 4, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol requested the Executive Board to establish timelines for the revision of monitoring plans.

3. If a DOE during verification finds that the monitoring plan is not in accordance with the monitoring methodology applied to the registered project activity and/or does not reflect the actual monitoring activity based on the registered PDD, the DOE shall request a revision of the monitoring plan.

4. This procedure provides further detail on how such revisions can be requested, and under what conditions they can be accepted.

B. Applying for a revision to the monitoring plan

5. In accordance with paragraph 56 of the modalities and procedures for the CDM project participants shall implement the monitoring plan contained in the registered project design document. Project participants may only apply a revised monitoring plan once it has been validated by a DOE~~accepted by the Chair of the Board in consultation with the Chair of relevant Panel or working groups in accordance with this procedure.~~

C. Submission for revising monitoring plans

6. ~~Together with the request for issuance~~Prior to requesting issuance of CERs, the DOE shall submit a request for revising monitoring plan, ~~as appropriate, to the secretariat via a dedicated interface on the CDM website.~~

7. The submission by the DOE shall contain:

~~(a) Request for revision of monitoring plan form (F-CDM-REVMP)~~

(b) A Validation Opinion;

(c) Revised Monitoring Plan (in clean and track change versions); and

(d) Supplemental documentation as appropriate

~~8. For the cases where the Board requests the PP/DOE to revise the monitoring plan via deviation, request for issuance and/or request for review, the DOE shall indicate it in the F-CDM-REVMP.~~

9. The DOE shall prepare a validation opinion including information on how:

(a) The proposed revision of the monitoring plan ensures that the level of accuracy and completeness¹ in the monitoring and verification process is not reduced as a result

of the revision. The DOE shall, using objective evidence, assess the accuracy and completeness of each proposed revision to the monitoring plan including the frequency of measurements, the quality of monitoring equipment (eg. calibration requirements, and the quality assurance and quality control procedures).

- (b) The proposed revision of the monitoring plan is in accordance with the approved monitoring methodology applicable to the project activity. In cases where the proposed revision refers to a later version of the applied methodology, the DOE shall ensure that this application does not compromise the conservativeness in the monitoring and verification process and of the emission reduction calculations.
- (c) The findings of previous verification reports, if any, have been taken into account.

D. Processing Request for a Revision to the Monitoring Plan

~~10. Once the CERs are issued, Upon receipt of submission by the DOE, the secretariat shall expeditiously carry out a completeness check of the documentation submitted and when deemed complete assign the proposed revision to a member of the Registration and Issuance Team (RIT) to prepare an appraisal. The appraisal shall be submitted to the secretariat within a period of 10 days. However, for cases where the request for revising monitoring plan is submitted as per the request by the Board via deviation, request for issuance, request for review and/or under review, the secretariat shall proceed directly with summary note preparation and forward the assessment together with the request and all documentation to the Chair of the Board and a relevant panel or working group within 10 working days.~~

~~11. Upon receipt of the RIT Members appraisal, the secretariat shall within 10 working days prepare a summary and assessment of the request and forward the assessment together with the request and all documentation to the Chair of the Board and a relevant panel or working group.~~

~~12. If the secretariat during the summary note preparation requires further clarification, it shall request the DOE to submit the clarification. The DOE shall submit the clarification within two weeks to the secretariat after receiving this request. The secretariat upon receiving this clarification shall finalise the summary note with its recommendation and forward it to the Chair of EB and Chair of the relevant panel or working group, within 10 working days.~~

E. Consideration for a request for revision of monitoring plan

~~13. The Chair in consultation with the Chair of relevant Panel or working groups shall decide on each request within five working days whether:~~

- ~~(a) To approve the revised monitoring plan;~~
- ~~(b) To approve the revised monitoring plan with corrections, or~~
- ~~(c) To reject the revised monitoring plan~~

+

Completeness refers to inclusion of all relevant information for assessment of GHG emissions reductions and the information supporting the methods applied as required. For examples, if the DOE identifies an on-site generator for emergency 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.

UNFCCC/CCNUCC CDM— Executive Board EB-49 Report Annex 28 Page 3

~~14. If the Chair does not provide his/her decision within five working days, the secretariat recommendation is deemed to be accepted by the Chair.~~

~~15. The Chair of the Board, in consultation with the Chair of the relevant Panel or working group, may decide to discuss case(s) in the Board, if it is considered that the request for revision of monitoring plan requires further discussion on some policy issue(s). The Chair of the Board in consultation with the secretariat shall put the case(s) on the agenda of a subsequent Board meeting.~~

~~16. The decision of the Chair as referred to in paragraph 13, 14 or 15 shall be communicated to all the Board members. In exceptional cases, Board member(s) may disagree with the decision of the Chair, the concerned member(s) within ten working days of receiving this communication shall request the Chair, giving reasons in writing, to put the case for further consideration by the Board at its subsequent meeting.~~

~~17. Once a decision has been made, the secretariat shall inform the DOE.~~

~~18. For cases where the Chair approves the revised monitoring plan with corrections, if the secretariat considers the corrections as satisfactory, the revised monitoring plan shall be approved, otherwise the request shall be rejected in consultation with the Chair of the Board.~~

~~19. [The approved revised monitoring plan and validation opinion shall be made publicly available on the UNFCCC CDM website. This version of the monitoring plan shall be applied for future requests for issuance.~~