

PROJECT DEVELOPER FORUM

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To COP18 Delegates
From Project Developer Forum Ltd.
Date 22 November 2012
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Subject **Project Developer Forum input to COP18 Delegates**

Dear Delegates,

The Project Developer Forum is the CDM's biggest grouping of investors and technology transfer, capacity building and sustainable development operators. We have important comments on the **key overarching issues** that we feel must be resolved in Doha to address climate change and ensure the long-term success of the flexible and other new and evolving market mechanisms. These general issues are followed by a summary of **issues related to the CDM**. Our input is deliberately short and we welcome one-on-one discussions to expand upon or clarify any particular issue listed below.

Key overarching issues

- *We call upon Parties to recognize the increasing evidence of the link between GHG emissions and the frequency and severity of extreme weather events and contrast this against Parties' levels of ambition – the lack of urgency within governments is alarming!*
- *Increased ambition and demand for emission reductions are urgently needed at the international, regional and national level. Without support for carbon pricing mechanisms, the economic signal for incentivising investment in low carbon technologies will disappear.*
- *We urge Parties to continue their support for the CDM allowing access to CERs to all Parties as a key step towards market readiness and uniform standards of environmental integrity.*
- *PD Forum requests Parties to support proposals for a CDM Fund or Reserve Facility to purchase CERs as clear commitment from governments to market continuity.*

CDM specific issues

- *Request the CDM Executive Board to undertake further impact analysis and make new proposals for the treatment of significant deficiencies in the CDM.*
- *Reconsider the CDM Executive Board's recommendation regarding the withdrawal of host country Letters of Approval.*
- *Continue the development of a transparent and fact based appeals process.*
- *Support the recommendations of the CDM Policy Dialogue and provide for the Panel's continued involvement in the review of the CDM*

Thank you for your consideration and please feel free to call on us at any time.

Gareth Phillips,
Chairman

Sven Kolmetz,
Co Vice Chairperson

Rachel Child,
Co Vice Chairperson

Annex I: Detailed Input on CDM Issues

I. General

1. *Congratulates* the Executive Board of the clean development mechanism on the registration of the 5000th CDM project and the issuance of the 1 billionth CER and we note that existing registered CDM projects are projected to issue in excess of 5.4 billion CERs between 2013 and 2020.
2. *Commends* the work of the High Level Panel and *welcomes* the publication of the final report of the CDM Policy Dialogue.
3. *Requests* the Executive Board to ensure that the High Level Panel are invited to participate in the forthcoming review of the CDM.
4. *Urges* the Executive Board to continue to acknowledge the very grave threat that the CDM is currently facing due to a lack of demand for CERs and consequent low prices, bearing in mind that all CDM project activities are reliant upon additional sources of financial revenues from the sale of CERs and if these revenues are insufficient, many CDM projects will fail.
5. *Urges* the Executive Board to highlight their support for mechanisms to increase the demand for CERs.
6. *Urges* the Executive Board to make further progress to overcome the challenges facing the issuance of CERs arising from Programme of Activities.
7. *Commends* the Project Developer Forum for cancelling 25,000 CERs via the CDM Registry Voluntary Cancellation Account, to offset the estimated emissions from delegates and observers attending the CMP8.

II. Governance

8. *Commends* the Executive Board for the work undertaken to implement the Project Cycle Procedure (PCP), Project Standard (PS), and the Validation and Verification Standard (VVS).
9. *Commends* the Executive Board for the work undertaken to minimize the impact of the EU's 2012 deadline for registration of projects that are not located in LDCs.
10. *Requests* the Executive Board to undertake further impact analyses on the treatment of significant deficiencies and propose further procedures for consideration at CMP9.
11. *Requests* the Executive Board to adopt procedures for the fact based and transparent treatment of appeals.
12. *Requests* the Executive Board to undertake further impact analyses on the withdrawal or suspension of Letters of Approval and propose further procedures for consideration at CMP9.

III. Accreditation

13. *Requests* the Executive Board to operationalize procedures for sampling of requests for registration and issuance without further delay.
14. *Requests* the Executive Board to work with Designated Operational Entities to reduce transaction costs whilst continuing its work to further improve the consistency, efficiency and transparency of decision making.
15. *Requests* the Executive Board further consider the areas of decision making that should be delegated to the DOEs in order to decrease the administrative burden associated with significantly increased numbers of requests for deviations, monitoring plan changes and post registration PDD changes.

IV. Baseline and monitoring methodologies and additionality

V. Standardized baselines

16. *Requests* the Executive Board in consultation with the Methodology Panel, DNAs and other stakeholders, to develop new types of tools and methodologies to fully exploit the potential of standardized baselines as defined at CMP6;
17. *Urges* the Executive Board to adopt a flexible approach to standardized baselines recognizing that standardized baselines may not be suitable for all sectors, technologies, project types or countries.

VI. Registration of clean development mechanism project activities and issuance of certified emission reductions

VII. Regional and sub-regional distribution and capacity-building

VIII. Resources for work on the clean development mechanism

18. *We request* the Executive Board to analyze the impact, with the aim of returning to project proponents a portion of, or all of the registration fees paid for registered projects which ultimately were not implemented post registration or resulted in significantly less emission reductions than estimated in the registered PDD.