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Gareth Phillips
Chair of the Project Developer Forum
100 New Bridge Street
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United Kingdom

Date: 27 January 2012
Reference: 61-1
Direct line: +49 228 815 1687

Sent by email to: gareth.phillips@pd-forum.net

Re.: Letter on revision to the guidelines on the assessment of investment analysis

Dear Mr. Phillips,

Thank you for your letter dated 25 March 2011, which has been made available to the CDM Executive Board.

On behalf of the Chair of the Board, please accept my apologies for the delayed response.

First and foremost, I would like to inform you that the Board considers the projects developers as important stakeholders in the clean development mechanism and therefore encourages you to submit submissions to the Board. I would like to inform you that the Board, in its sixty-second meeting approved the revised "Guidelines on the assessment of investment analysis", as contained in annex 5 to the EB62 report which transparently mentions the method of calculation of the default benchmark values and clarifies that: (a) if the benchmark is based on parameters that are standard in the market, the cost of equity should be determined by either of the options: by selecting the default values (provided in Appendix) or by calculating the cost of equity using best financial practices; and (b) the default values for the expected return on equity are calculated after taxes.

Thank you once again for contacting the Board with your concerns and requests.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Andrew Howard'.

Andrew Howard
Secretary to the CDM Executive Board