



F-CDM-RtB

**CDM: FORM FOR SUBMISSION OF “LETTER TO THE BOARD”  
(Version 01.1)**

*(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>Name of the stakeholder<sup>1</sup> 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: +65 6578 9286 E-mail Address: <a href="mailto:gareth.phillips@pd-forum.net">gareth.phillips@pd-forum.net</a>
<i>Title/Subject (give a short title or specify the subject of your submission)</i>	Response to Call for input to EB65 annexes
<i>Please mention whether the Submitter of the Form is:</i>	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other Stakeholder, please specify <a href="#">PD-Forum</a>
<i>Specify whether you want the Letter to be treated as confidential<sup>2</sup>:</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 )

**Type I:**

**Request Clarification**                       **Revision of Existing Rules**

Standards. Please specify reference  
 Procedures. Please specify reference  
 Guidance. Please specify reference  
 Forms. Please specify reference  
 Others. Please specify reference

**Type II: Request for Introduction of New Rules**

**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/ revised 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).

<sup>1</sup> Note that DNAs and DOEs shall not use this form to submit letter to the Board.  
<sup>2</sup> 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** gareth.phillips@pd-forum.net  
**Date** 08 Nov 2011  
**Subject** **Input to EB 65 Annotated Agenda: Annexes 2, 4, 5, 6, 10, 11, 13, 17, 18 and 19**

Mr. Martin Hession,  
Honorable Members of the CDM Executive Board,

The PD-Forum welcomes the opportunity to submit comments on the Annotated Agenda. In addition to this submission we are submitting several others on Annexes 7, 8, 9, 14 and 15.

We note that a number of Annexes were not published at the start of the consultation period. Late publication of these documents, combined with the short period for submitting comments (7 days) and the overall volume of annexes hampers serious external input. This approach, which seems to be becoming increasingly frequent, is not conducive to the transparency and openness that the EB and stakeholders seek.

Para 5 / Annex 1. The business plan was not published at the start of the two week period and PD-Forum was unable to comment in time.

Para 6. The PD Forum has submitted a separate letter on this issue, recommending the inclusion of a PD Forum representative in the dialogue.

Para 8 / Annex 2. Timelines:

- Section II. The PD Forum has submitted several letters to the EB in the recent months covered by the graph. Given the average response time to our letters we believe the graph can not be accurate – we have still not received responses to the majority of our submissions.
- Section VII. The PD Forum is happy with the recent increase in processing, but believes the significant drop in processing in September should not have happened as the backlog was still existing and delays were still exceeding agreed time limits.  
However, the time before the commencement of the completeness check continues to be both unreported and far exceeding the 15 day limit. Additionally since mid-September no advance scheduling of completeness checks has been done.  
Since the introduction of backdating the registration date to the date of the submission of the documents in April, the average backdating has been 79 days. This exceeds the aggregate time of the agreed limits for each stage by 6 days (15 days prior to commencement, 7 day completeness check, 23 days information and reporting check, and 28 days requesting registration, which is in aggregate 73 days).
- Experience from PD Forum members shows that projects with minor incompleteness issues are continuing to be removed from the pipeline completely rather than allowed to amend the incompleteness.

Para 11 / Annex 4. Management plan:



- The PD Forum is happy to see that CDM posts are now 90% filled. However, with continuing considerable backlogs and a significant surplus, we believe more staff or external consultants should be hired to eliminate the backlogs and stop them from reappearing. The implementation of the risk-based approach of project assessment will also help to reduce backlogs.

Para 36 / Annex 5

The PD Forum notes the progress on the preparation of sampling guidance. We have several concerns which we request the Board to take into consideration:

- 1) Paragraph 8 gives precedence to statistical guidance in methodologies however in practice, PPs and DOEs have found that this is inconsistent and inappropriate. For example, in AM 97, whilst the principles of defining the sample size are discussed, the value of the parameters in the calculation of  $n$  are fixed (equation 4) resulting in a sample size of 380. The guidance in Annex 5 is superior. For this reason, we would request that the board start from the assumption that the sampling guidance takes precedence over sampling standards in methodologies. It was, after all, the inconsistent treatment of sampling in the methods that resulted in the need to prepare sampling guidelines.
- 2) We are concerned that Section V of the guidance will encourage DOEs to repeat sampling exercises at significant costs to the PPs. If this is the case, then another way of determining whether or not the PPs sample can be accepted is to simply test whether the confidence intervals of the PP's sample and the DOE's sample overlap. That said, we question the value of repeating samples. In the event that a DOE obtains a statistically different result, then what is to be done? Does the PP have to repeat their sample, and who is to say that the DOE's sample is any more representative than the PP's sample? We suggest that verification of sampling activities is restricted to a desk based exercise and that DOEs are invited to witness sampling activities whilst they are underway. Emphasis would then be placed on the suitability of the sampling design, training of sampling teams, quality control and calculations.
- 3) The possibility of grouping several CPAs into one sampling survey is only mentioned in footnote 13. This is however, a new aspect that will have a significant impact on a large number of PoAs. We therefore suggest to mention this principle, its possibilities and requirements in a separate paragraph to elaborate this in more detail.

Para 37 / Annex 6. POAs

- General comment: We welcome the consolidation of the three standards into one standard. Along with the considerable modifications made to the PoA standards, we kindly urge the EB to revise the PoA-DD and CPA-DD template as soon as possible.
- Para 7-10, 14. The standard is based on the distinction between Micro-scale, Small-Scale and Large Scale thresholds for each CPA. For PoAs with multiple micro-scale homogenous units, it does not make sense to apply this distinction by scale of the CPA: in practice, the decision of the micro/small-scale/large-scale limits in the context of CPAs with multiple homogenous units is arbitrary, often reflecting 1) a compromise between meeting the small-scale or micro-scale limits enabling application of less stringent methodological requirements, and 2) keeping the administrative burden limited. In applying the additionality approach of Annex 6, a large-scale CPA with multiple homogenous units like solar lamps will have the same strict criteria for additionality demonstration as a large-scale stand-alone CPA like a landfill gas project.
- Para 21-24. We note the conditions for updating eligibility criteria in section B2, for cases in which an immediate update is required. We would request that these conditions are only brought into force in the event that a PP wishes to include further CPAs in the PoA in that same crediting period. If there is no request to include further CPAs, then there is no need to update the eligibility criteria until the renewal of the crediting period.

Paras 38-40 / Annexes 7-9. As these Annexes have not been published at the same time as the annotated agenda we are preparing our comments under a separate workstream. Please see separate submissions.

Para 41 / Annex 10. Guidelines for the completion of the PDD.

- Para 8 should be (a) and (b)
- Para 17 Tables included in the template and their columns may not be modified or deleted, but rows may



be added, as needed. Tables which are not part of the template can not be treated in the same manner. For example, the table in B.6.4 of the PDD is not part of the (old) PDD template.

- B.5 states “Illustrate in a transparent manner all data used to assess the additionality of the project activity (variables, parameters, data sources, etc.)”. This implies that the data must be included in the PDD. However, the additionality tool sub-step 2c states: “Present the investment analysis in a transparent manner and provide all the relevant assumptions, preferably in the CDM-PDD, or in separate annexes to the CDM-PDD, so that a reader can reproduce the analysis and obtain the same results.” As it is now a requirement to submit a full calculations spreadsheet for the investment analysis with the request for registration, the detailed data for the investment analysis is better presented in the calculation sheet than in the PDD. Therefore the description in B.5. should also allow that the data is presented in separate annexes.
- Section F can generally not be completed at GSP stage. We recommend therefore that this is removed from the PDD template.
- Appendix 1. Some organisations have either fax or email, not necessarily both.

Para 42 / Annex 11. The Glossary of terms does not include indications of what has changed from the previous version which makes reviewing more difficult.

- Renewable biomass is defined differently that that indicated in the relevant methodologies and/or the documents relating to the recent call for stakeholder input.

Para 44 / Annex 13. The PD Forum is happy to see that thresholds are being proposed on an interim basis so that implementation can start in the spirit of learning by doing in the CDM, as well as the further development and improvement on these thresholds in consultation with panels, experts and DNAs. We note the reliance upon DNAs in countries with fewer than 10 registered CDM projects and we question whether these DNA’s can realistically fulfil this expectation without further support.

We also observe that the scope of the standardized baselines has continued to focus on additionality only and has not yet made significant progress on new ways of establishing the baseline and calculating emission reductions. We maintain that the existing monitoring methodologies are not well suited to scaling up of CDM through standardized baselines and we urge the EB to consider means of improving monitoring methodologies and procedures for the calculation of emission reductions under standardized baselines.

Paras 53 / Annex 14. As this Annex has not been published at the same time as the annotated agenda we are preparing our comments under a separate workstream. Please see separate submission.

Para 56 / Annex 15. Separate submission on significant deficiencies.

Para 59. PD Forum members are only aware of one study looking in to technology transfer, which however lacked credibility and analysis prior to asking for inputs from the project developers. Therefore this study is unlikely to have received much input. We are not aware of any other serious request for input from the project developers, who are the principle knowledge base, in these areas.

Para 60 / Annex 17.

- The PD Forum notes the progress made on sustainable development co-benefits and negative impacts of the CDM. We have several comments to make, firstly relating to the structure of the Annex and secondly to the content:
- Structure:
  - 1) The first comment refers to the method of analyzing the responses to calls for input and once again, we note that emphasis has been placed on the number of submissions expressing particular views. The Annex starts with the phrase “Most (6 out of 12)...” The PD Forum does not agree that 50% can ever be expressed as a majority and as stated in our response to the summary of the call for inputs on first of a kind and common practice, a call for input is not a voting exercise but a means of gathering information which should then be considered by the secretariat as part of an informed analysis.
  - 2) The annex refers several times to the UNFCCC study “Benefits of the CDM 2011”. However, this study has not been published (to our knowledge). The PD Forum would like to see publication of the study for



transparency.

- Content: The conclusion of this annex is heading towards significantly strengthened stakeholder consultation and sustainable development reporting requirements. This concerns us for several reasons
  - 1) It will inevitably increase transaction costs. Although the EB is, correctly, not concerned about international carbon prices and focuses on regulating supply, the EB should be concerned about steps which increase the cost of supply and add transaction barriers, particularly at a time when prices are so low
  - 2) Increasing the on-line stakeholder consultation period to 60 days will directly add an additional 30 days to the registration timeline, since DOEs cannot start validation until the GSP has been completed. In our experience, the 30 day time line has never shown to be a problem for stakeholders and DOEs have, again in our experience, never adhered rigidly to the 30 day period. In cases where they have received comments outside the commenting period, they have always taken them into consideration. We are not aware of cases where DOEs have rejected valid stakeholder comments irrespective of the time that they were submitted.
  - 3) Requiring a two stage stakeholder consultation process places much greater demands on PPs and also stakeholders. There is a very real risk that doubling the stakeholder interactions and at the same time intensifying them, will simply lead to fatigue amongst stakeholders and compromise the quality of any feedback that we receive.
  - 4) Placing additional reporting requirements on individual projects overlooks the ultimate objective of the Framework Convention which makes it clear that by reducing GHG emissions, projects are contributing to sustainable development:

“The ultimate objective of this Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system. Such a level should be achieved within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner.”
  - 5) Finally, the similarity between the proposals and the existing requirements of the Gold Standard are such that if adopted, they would erode the difference between the CDM and the Gold Standard. The Gold Standard has played a very important role in the development of the carbon markets and as one of the leading voluntary initiatives, with the ability to develop new kinds of methodologies and address a growing niche in the markets. Removing their unique selling point would risk losing diversity in the marketplace and push the CDM more towards a monopoly on offsets.

Para 63 / Annex 18. In order to achieve the objective of saving time and streamlining the process, the “guidelines on baseline determination for a measure” should probably be an Information Note rather than formal Guidelines. An Information Note aids understanding, whereas Guidelines introduce new and additional rules. In the event that guidelines (or information note) are approved, we propose that they are implemented in a manner which is sympathetic to the current pipeline of projects seeking registration by the end of 2012.

Para 64 / Annex 19. The PD-Forum notes and welcomes the progress on the development of capacity building and training resources as described in Annex 19. We note that you have recognised the collaboration between the Secretariat and the Project Developers Forum which amounted to several Secretariat staff attending the courses organised by the PD-Forum. We also note that the Secretariat attended a two day co-ordination and training meeting between the PD-Forum and the DIA. The PD-Forum is planning to repeat this meeting in February 2012 and we hope the Secretariat will be able to join us once again.

We have frequently highlighted the need for more training and we believe that the proposals in Annex 19 will go quite some way towards fulfilling these needs. We would like to propose that the EB take the training program one step further and, reflecting the approach taken in some ISO standards, offer accredited training courses for practitioners – which would include Secretariat staff, consultants, DOEs and PPs. Rather than placing all of the burden on the Secretariat, an accredited training program would accredit third parties to run courses on the CDM, on the basis of their independence and competence to remain up to date with changes in CDM rules, guidelines and procedures. The Secretariat would then instruct the training organisations on the correct interpretation of new rules etc and it would be the responsibility of the trainers to then disseminate that information to practitioners in an accurate manner. Then, and only then, will all practitioners have the same interpretation of guidelines and procedures.



Rather than burdening the Secretariat, this would be a revenue generating mechanism, whereby the accredited entities pay a fee to the Secretariat to receive the regular updates. Practitioners achieve personal qualifications which are portable and which are maintained through professional development records. This approach would be much more efficient than the current approach whereby “training” is provided via the accreditation teams and the issues they raise on surveillance and spot check visits. Development of an accredited training program is one of the PD-Forum’s topics for CMP7.

Kind regards,

**Gareth Phillips**  
**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).

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

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**Section below to be filled in by UNFCCC secretariat**

Date when the form was received at UNFCCC secretariat

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**History of document**

Version	Date	Nature of revision
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
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