PROJECT DEVELOPER FORUM

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

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

t: +44 20 3286 2520
office@pd-forum.net
www.pd-forum.net

VICE CHAIRMAN

Your contact:
Leo S. Perkowski
m: +1.321.432.3081
leo.perkowski@pd-forum.net

Mailing address:
1990 W. New Haven Ave
Suite 201
Melbourne, Florida 32934
USA

To	cdm-info@unfccc.int
From	leo.perkowski@pd-forum.net
Date	13 November 2009
Page	1/8
Subject	**Chinese wind and E+/E- policy**

Honourable Members of the CDM Executive Board,
Dear Mr. De Jonge,

This letter covers three interrelated issues which we would like you to consider:

1) E+/E- policy and the importance of ensuring that policy decisions do not undermine future investment in low carbon technologies in non-Annex I countries.
2) The evolution of tariffs for Chinese wind power projects and the rapid growth in the level of subsidies being provided by the Chinese government to stimulate the industry.
3) The impact of the EB's decision making process upon Chinese wind power projects submitted for registration over the last nine months.

After discussing these three issues, the letter suggests some solutions and draws conclusions.

1) E+/E- policy

The existing guidance relating to E+/E- is given in EB22 Annex 3[1]. We understand that the EB may be considering making clarifications and/or amendments to its policy regarding E+/E- issues, however no such further detailed guidance exists at this moment. One of the possible aims of the EB appears to be to ensure that the CDM is not used as a substitute for government subsidies provided to clean energy technologies[2]. We believe that the perverse incentives the Board is minded to prevent are where policies were in place to support low carbon technologies prior to the Kyoto agreement and then have later been reduced, or removed, in order for them to be replaced wholly, or in part, by funding from the CDM[3].

In making its decision, we hope that the EB will take into account the following important principles:

- The principle that the existence of the CDM should not discourage non-Annex I countries from implementing policies which would encourage low carbon technologies[4].
- The principle that national authorities of any country are free to adjust the subsidies offered in respect of emissions reducing activities.

[1] "Clarifications on the Consideration of National and/or Sectoral Policies and Circumstances in Baseline Scenarios (Version 02)", revising the earlier guidance of EB16, according to EB22 paragraph 21, "The Board agreed to revise its clarifications regarding the treatment of national/sectoral policies and circumstances in baseline scenarios as contained in annex 3 to this report."
[2] In an interview with Point Carbon, it was reported that Lex de Jonge asked, "Is the CDM replacing government subsidies?", 23 October 2009.
[3] A case in point could be with biofuels in Brazil, if a methodology could be prepared which would enable these biofuels to obtain CDM funding, and the Brazilian government decided to change the policies which provide internal financial support for the industry.
[4] The Board states that, "National and/or sectoral policies and circumstances are to be taken into account on the establishment of a baseline scenario, without creating perverse incentives that may impact host Parties' contributions to the ultimate objective of the Convention." (EB22, Annex 3, paragraph 5).

- New rules should not be applied retroactively, as confirmed by CMP4, to projects that have applied approved methodologies and methodological tools, including using the latest existing guidance from the EB, and have been validated to that effect by operational entities accredited by the EB.

Interpretation of the existing E+/E- policy

Existing EB guidance states that E+ policies are "national and/or sectoral policies or regulations that give comparative advantages to more emissions-intensive technologies or fuels over less emissions-intensive technologies or fuels"; E- policies are "national and/or sectoral policies or regulations that give comparative advantages to less emissions-intensive technologies over more emissions-intensive technologies (e.g. public subsidies to promote the diffusion of renewable energy or to finance energy efficiency programs)"; and that E- policies implemented after 11th November 2001 *NEED NOT* be taken into account when determining the baseline, whereas E+ policies implemented after December 1997 MUST be taken into account. Therefore we understand that in situations where subsidised tariffs are reduced (compared to the highest tariffs offered in the past) the following are true:

i) If tariffs issued previously can be shown to be E- policies, then they can be ignored in the baseline determination and also in determining additionality.

ii) If they cannot be shown to be E- policies then they cannot be ignored in the baseline determination. However, the majority of PPs chose not to ignore the projects with subsidies in their baseline determination. This lead to three questions:

a) Does the EB believe that where there has been support for a technology in place prior to 11th November 2001, even if this was only for demonstration projects, this means that the E- policy was not implemented after that date.

b) If projects that received higher tariffs are taken into account in the baseline calculation, does the EB consider this to be sufficient, or do those projects need to be taken into account in the additionality assessment as well and therefore the project must not pass the benchmark using the highest tariff issued?

c) For cases where there has been even just a single higher tariff for a demonstration project since 11th November 2001, is this the tariff that needs to be used when assessing a project's additionality?

d) Is there is an existing rule which states that when determining whether a project is additional, projects must use the highest tariff offered historically, even in cases where it is no longer possible to receive this high tariff for the present project under consideration?

iii) We understand that some EB members believe that in cases where tariffs have reduced, then this should be considered to be an E+ policy[5]. However, our understanding is that any E+ policy implemented since Kyoto was agreed in 1997 needs to be taken into account. So, *we question why the EB has been suggesting that any higher tariff given to a project since 2002 (or 11th November 2001) needs be taken into account, instead of any higher tariff since December 1997*[6].

iv) It appears that if the DOE is able to prove that for all cases where projects received higher subsidies in the past the costs (either real, or also incorporating risk factors which may affect the cost of capital) were comparably higher, and so in real terms the net income to developers has not fallen with the reduction in subsidies, this would adequately address the question over additionality with respect to the E+/E- issue. *Is this something the EB the wishes the DOEs to undertake?* This has not been done systematically by PPs and DOEs as it does not appear to be a requirement according to any guidance, including the VVM.

v) The Additionality Tool sub-step 2c, footnote 8, refers to this EB guidance on the consideration of national/local/sectoral policies and measures for the baseline setting, (i.e. Annex 3 EB 22), with paragraph 7(b)) stating that E- policies, "need not be taken into account". Therefore, if these feed-in

[5] E+ policies are defined as, "National and/or sectoral policies or regulations that give comparative advantages to more emissions-intensive technologies or fuels over less emissions-intensive technologies or fuels (So called type E+, policy that increase GHG emissions)".

[6] Regarding E+ policies, EB 22 states that, "If such national and/or sectoral policies were implemented since the adoption of the Kyoto Protocol, the baseline scenario should refer to a hypothetical situation without the national and/or sectoral policies or regulations being in place." That is, if EB members believe that these are E+ policies, then the baseline scenarios should refer to a hypothetical situation with the highest tariffs having been in place.

tariffs can be shown to be E- policies they need not be taken into account when calculating the suitable financial indicators for the proposed CDM project activity. If this approach was indeed used, the project IRR would therefore need to be calculated not on the basis of the feed-in tariff, but on the basis of an alternative price available to the project.

It is our belief that as long as tariffs for CDM projects are not reduced below the average grid tariffs given to conventional power plants, these tariffs, "give comparative advantages to less emissions-intensive technologies over more emissions-intensive technologies" and therefore are so called E- policies according to paragraph 6(b) Annex 3 EB 22[7]. This is the case whether the tariffs are higher, or lower, than those previously granted. An increase in the tariff would lead to a greater comparative advantage compared to less emissions-intensive technologies, and a reduction in the tariff (whilst still remaining above the tariff for conventional projects) is merely a smaller comparative advantage to less emissions-intensive technologies. We do not believe that these heavily subsidised tariffs can be construed to "give comparative advantages to more emissions-intensive technologies or fuels over less emissions-intensive technologies or fuel" (i.e. they are not E+ policies, as do not lead to increases in emissions).

Indeed if EB members really do believe that subsiding renewable energy at the level determined by the non-Annex I Party is insufficient and that they should be maintained at the levels given to projects installed in the early phases of a technology's development within a country, then we believe that this would need to be introduced as new guidance, which should not be applied retroactively.

Potentially dangerous precedent

We are interested to know whether the EB intends that for all technologies in all countries, if there has been but one project that has received a high level of tariff or subsidy, this same level of support would need to be applied for all projects of that technology in that country applying for CDM registration to see if they would pass the benchmark. Would this be the case even if that one project was a demonstration project?

If the policy would have been applied consistently to-date (even within the last 3 months), we believe that projects using a wide range of technologies in numerous non-Annex I countries would have been placed under review. We have seen the first case where this is used for a request for review for a hydro power project in China (UNFCCC ref: 2725) and if applied consistently it could also impact upon the following:

- Energy efficiency light bulb programmes in some countries were subsidies have been given for even a small number of light bulbs in the past.
- Hydro power projects in most developing countries if a single project had received a higher tariff, even where this project size is several orders of magnitude different to the proposed CDM project.
- Countries where CDM funds are channelled back to governments, or national authorities, in some form. So, even though the tariffs may not have been reduced, by taking some of the CDM revenue, this effectively may result in a reduction in the tariff provided to the developers by government compared to those provided in the past[8]. This appears to be the situation with regards to wind power in some provinces in India, for example. Indeed, the same could be argued for any country that levies a tax on the CDM revenue.
- In addition, it would be interesting to compare the impact of tariff evolution corrected for inflation in each country (for example, inflation has been much higher in Brazil, India and South Africa than inflation in China).

[7] Indeed the guidance itself gives the example of public subsidies to promote the diffusion of renewable energy as being an E- policy, thus this includes tariffs that provide higher payments to renewables compared to other conventional technologies that are presently on the grid.

[8] As an example, if developers received US$0.1/kWh in 2002 and now they still receive US$0.1/kWh, but the CDM revenue of US$0.04/kWh is split 75:25 between the developer and the state, the government is now effectively paying US$0.09/kWh to the developer, a reduction of 10% compared to the situation in the past.

It is widely appreciated that the first projects utilising a technology in a country will require a great deal of support to get a project off the ground. In later years the risks and barriers are less, so feed-in tariffs can be reduced. It would be important that any new ruling would not create the perverse incentive to governments such that they decide not to be too supportive of new technologies in their countries, as it may prove to be impossible for future projects to obtain CDM funding if subsidised tariffs are later reduced.

As part of their sustainable development, it is important for governments to use funds wisely to stimulate a new low carbon industry. If a developing country has €1 billion to promote wind power, for example, is it best to give 100 projects €10 million each to get them off the ground, or give 1,000 projects €1 million each and with the CDM they are able to be financially viable? In the latter case, effectively the CDM will have supported the growth of wind by 900% above the level it would have been without the CDM and as a consequence it will have put the wind industry on the path to becoming a vibrant industry where competition will drive down prices. At some time in the future wind power in that country might not need higher tariffs than fossil fuel projects. Indeed, by reducing tariffs over time, this is widely believed to lead to innovation and cost cutting, which is a benefit for the growth of the respective industry[9].

Moreover, in cases where governments are reducing subsidies, developers would face a further difficulty as there would also be less chance of the developer obtaining CDM funding. This could dampen development of renewable energy projects in developing countries.

If the EB were to introduce this as a new policy, it would also be necessary to distinguish between subsidies per unit and aggregate subsidies. For example, the wind industry in China is growing rapidly and the aggregate subsidies to the sector have grown exponentially, whereas the growth in India has been constant over the last few years.

Whilst the following example is anecdotal, it does go to show that CDM rejections do have impacts on future investment in low emission technology. Dalian Tuchengzi Wind 30MW project (UNFCCC ref 2209) was rejected earlier this year. While we do not have particular concerns about the reason for it being rejected, we know that the developer banked on the support from the CDM for the project, and had plans in place for phase 2 and 3 of the wind farm which would have added a further 100MW of wind power capacity. As a direct consequence of rejection of the project under the CDM, we are informed by the developer that these plans have now been abandoned as the developer considers the risks of rejection for the future phases to be too high and the projects to be non-viable as a result. We have no issue whatsoever with projects being rejected, but it does show the potential impact of a blanket ban on CDM registration where there happens to have been a higher tariff obtained by a single project (or a small number of projects) in the past. It would stifle the change in trajectory for developing countries aiming to introduce more low emission technologies.

2) **The situation regarding Chinese wind power projects**

Regarding wind power projects in China, EB49 Report, paragraph 48 states that, “With regard to certain project activities referenced in paragraph 42 the Board has remaining concerns related to the suitability of the applied tariff as a means of assessing additionality. These concerns are:

(a) Whether the higher tariff previously available could be considered an E- policy as it has not been demonstrated to be the result of a national or sectoral policy implemented after 11 November 2001; and

[9] Feed-in tariffs for solar power in Germany have decreased over time, but investment continues to rise. “Success story: Feed-In Tariffs Support renewable energy in Germany” by *E-Parliament, Climate and Energy Network*, states that by “Reducing the annual per kWh tariff rate for plants qualifying for connectivity to the grid under the FIT law encourages innovation and cost cutting. In Germany, for example, the 2005 tariff rates per kWh for PV plants connected to the grid were reduced by 6.5% in 2006. This annual digression of tariff rates has spurred on innovation and encouraged very rapid growth in the renewable energy sector”. http://www.e-parl.net/eparlimages/general/pdf/080603%20FIT%20toolkit.pdf

(b) That the tariff is lower than tariffs previously issued for similar projects in the same region, and this lower tariff may result in the reduction in the incentives for investment in renewable energy which may create a comparative advantage for more emissions intensive technology. It should be noted that the Board did not consider that it had been proven that the reduction in tariff was solely related to the reduction in investment costs."

In addition, the scope of reviews for projects have often then gone on to state:

> "i.e. the DOE has not confirmed that there was a reduction in applicable tariffs between 2002 and the start date of the project activity and if so whether a higher tariff could be considered an E- policy or whether any such reductions could be a comparative advantage for more emissions intensive technology."

There are several important points which we hope EB members are aware of:

i) The Chinese feed-in tariff system has been implemented after 11 Nov 2001. Prior to this time, the Chinese power sector was not reformed and was composed of large vertically integrated power companies. A handful of demonstration projects were implemented in China prior to that date, often funded through overseas aid.
ii) Most Project Participants do in fact take the projects which received higher tariffs into account in determining the baseline, in that they reduce the Build Margin and Operating Margin, resulting in a lower Emissions Factor than would otherwise be the case if these were considered to be E- policies and excluded from the calculations of Emissions Factor. The EF calculation is therefore conservative as it awards fewer reductions to the projects than are actually achieved. If they were not taken into account, but instead the average grid price was used when calculating the financial indicators in the additionality assessment, the project IRR would be significantly lower.
iii) The existing guidance demands that all *relevant* costs and revenues are taken into account, and as historic tariffs cannot be considered relevant for current and future projects, and only current and future tariff levels are relevant, these need to be used rather than historic tariffs which cannot be obtained by the project participants. Also, taking the highest tariff is not a reasonable measure to assess whether tariffs in general have increased or decreased as a single tariff may be applied for project specific reasons; if this were of any interest to the additionality assessment, the average tariff would be more appropriate.
iv) The feed-in tariffs awarded to wind farm projects in China have all been well above the price levels provided to conventional thermal power plant. Therefore, the tariffs, "give comparative advantages to less emissions-intensive technologies over more emissions-intensive technologies"[10].
v) The feed-in tariffs awarded to wind farm projects have no impact on the price levels that conventional thermal power plant receive, whichever level the feed-in tariff is set at, whether higher or lower, as the price levels for conventional power are set completely independently from any consideration regarding the tariffs for wind power. Therefore, the feed-in tariffs for wind power cannot be considered in anyway to, "give comparative advantages to more emissions-intensive technologies or fuels over less emissions-intensive technologies or fuel", which are so called E+ policies according to paragraph 6(a) Annex 3 EB 22.
vi) As well as the feed-in tariffs for wind projects in China being significantly above the average grid price, they are also above the price paid by consumers. Indeed, total subsidies for the wind power industry in China increased approximately 20-fold from 2002 to 2008, whilst annual added capacity has increased approximately 200-fold. We hope that the Chinese government is not minded to restrict the use of CDM funding, as it is in turn leading at an increasing requirement for subsidies given to wind power projects.[11]

[10] Therefore they may be regarded as so called E- policies according to paragraph 6(b) Annex 3 EB 22.
[11] There are several examples of Annex I parties that have drastically reduced their support programmes (or indeed completely cancelled them) for renewable energy as a result of unexpected popularity and rapid growth.

vii) The wind power sector in China in 2002 was very immature. Nevertheless, tariffs provided today, whilst generally being below the highest tariff issued previously for a handful of projects, **are not lower than average tariffs provided between 2002 and 2007**, as shown below in Table 1[12].

Table 1: Average tariffs by region provided to wind power projects in China (2000-2007)

West Inner Mongolia	Tariff now set at RMB 0.51/kWh. Three projects received a higher tariff (RMB 0.559/kWh on average), but several concession projects received significantly lower tariffs (RMB 0.382/kWh). Thus the present tariff is higher than the average of the historical tariffs.
North Hebei	Tariff now set at RMB 0.54/kWh. A few projects were awarded a higher tariff of RMB 0.60/kWh and lower tariffs were awarded to projects under the concessions approach. Thus the present tariff is higher than the average of the historical tariffs.
South Hebei	There are no higher tariffs then the present tariff now set.
Shandong	There are no higher tariffs then the present tariff now set.
Jilin	Tariff now set at RMB 0.61/kWh. One project received a higher tariff of RMB 0.63/kWh, but concession projects received RMB 0.509/kWh. Thus the present tariff is higher than the average of the historical tariffs.
Liaoning	There are no higher tariffs then the present tariff now set.
Heilongjiang	Three demonstration projects received higher tariffs (RMB 0.72-0.79/kWh), but all recent tariffs are the same at RMB 0.61/kWh.
East Inner Mongolia	Tariff now set at RMB 0.54/kWh. There has been one demonstration project which received a higher tariff, but also one concession project which received less.
Jiangsu	No tariffs were issued above the current level, though there have been several concession projects with low tariffs.
Fujian	Tariff now set at RMB 0.61/kWh. Earlier tariffs were provided at between RMB 0.478/kWh to RMB 0.627/kWh.
Guangdong	Previously only a concession project was awarded RMB 0.5013 /kWh and current tariffs are higher.

viii) While the wind power sector in China has been an enormous success ever since the CDM registration of the first wind project in 2005, the capacity additions achieved are still only marginal if compared to the total capacity additions. For example, using the latest energy statistics, the capacity additions from wind in the North China Power Grid, which is the biggest wind region in China, is only 2.5% of total additions over the last few years as shown in the EF_{BM} calculations for these projects. Wind is far from business as usual, with thermal power additions accounting for more than 95% of aggregate additions. It is the CDM that has in part stimulated the exponential rise in investment in wind power in China.

It appears that some EB members are concerned that China may have been adjusting the tariff given to projects in order for each project to be additional. While we believe that the Chinese authorities will demonstrate that this is definitely not the case[13], this is in fact not an issue for the project participants to answer, nor is this a matter that can be resolved through the review procedure. We believe that the issue as to whether there is an orchestrated approach by the Chinese authorities to cheat the system[14] appears to be more an issue for the COP/MOP to address as it sees fit. And given that Chinese support for the wind sector has grown by an order of magnitude since 2002, to us the outcome does not appear to be in doubt.

3) **The impact upon Chinese wind power projects due to the lack of a clear guidance on the E+/E- issue**

[12] Further details are provided in the individual responses to reviews submitted to the EB.
[13] We understand that a document is being prepared by the Chinese government that clearly shows the evolution of tariffs for the wind power sector in the country, and that it would be inconceivable for these to be being set in order to prove that projects were additional, given nature of the approval process and the number of projects being given the same tariffs.
[14] As implied by the article in Point Carbon, "*Wind decision a test for CDM credibility: de Jong*", 23 October 2009.

Some of the EB's requests for review and reviews refer to the E+/E- guidance[15]. However, it appears that the EB has been divided in its own understanding of the existing E+/E- guidance, and so it would appear that project participants have not been able to adequately answer this question to the satisfaction of the EB, **no matter what response they would have provided**. This appears evident from the present situation where, following corrections, the EB Chair has decided he is not able to approve corrections until the next EB meeting (EB51) where the EB will provide clearer guidance on this issue. The EB might therefore be considering to effectively apply rules retroactively. Indeed, some people have commented that the reference to the E+/E- issue in the review questions does not appear to be a genuine request for information by the EB for the specific projects, but rather it appears to be the only way the EB could postpone the registrations of the project whilst it attempts to make a decision. We therefore request that the EB considers allowing all projects requested for review to-date for this issue to be registered and indeed for the registration date to be the date on which these projects would have been registered if there had not been a request for review[16]. Given the unusual circumstances, this approach appears to be reasonable. The continued delay over the last six months due to the EB not being able to make a decision on the issue has caused a great deal of additional work to Project Participants and DOEs, and has put extra strain on the resources from the Secretariat, in part leading to further delays for all projects going through the registration process. It has also led to developers losing a large proportion of pre-2013 CERs.

Indeed, we urge that all the EB's future decisions to request a review, or undertake a review should be substantiated in more detail with arguments provided, in line with the EB's own proposal to the CMP (EB50 Annex 53). However, without further guidance, when it appears no rule is being broken and when cases already exist where identical projects have been registered, projects submitted for registration should not be penalised, rather they should be registered without delay.

Moreover, at this sensitive time in negotiations for the UNFCCC post-2012, we trust that the EB's decision on this matter will remain independent of any international negotiation position regarding developing country mitigation contributions. The randomness of the system adds to much uncertainty, and industry will have to adjust its investment decisions accordingly, which will be to the detriment of investment in low carbon technology.

4) Suggested solutions

Solutions to the E+/E- issue could include some of the following:

a) Using a positive list-type approach for all new renewable energy technologies, such as wind, solar, geothermal, wave and tidal energy, without the need for an additionality assessment. This should be the case for technology types where the IPCC and/or IEA are clearly showing that these technologies are generally significantly more expensive than conventional power and will remain so for many years (e.g. over 4 years). A positive list approach, with perhaps a lower than average Emissions Factor being used, would dramatically reduce the amount of work needed, without loss of environmental integrity of the mechanisms.
b) In cases where lower emissions technology are receiving tariffs that are more than those received by conventional projects, the use of this tariff to demonstrate additionality would be justified and not questioned. There would be no justification for demanding the use of the highest historical tariff under any circumstance as each historical tariff may have been issued for legitimate reasons

[15] It appears that the only policy agreed upon by EB members regarding E+/E- is that contained in EB16 and EB22.
[16] Some projects were submitted for registration in February 2009 and were due to be registered in May 2009 and we now understand that even following submission of corrections following a review, the projects will not be considered for registration until during EB51 in December 2009. This is a delay in registration of over 6 months, whilst the EB policy on the E+/E- issue has not even been formulated. It appears that the present rules in themselves would not enable the EB to reject the projects and it does appear to be internal disagreement amongst EB members which has caused the ongoing delays. We understand that the COP/MOP has requested the EB to avoid applying rules retroactively. Perhaps any new E+/E- policy should only apply projects that are not presently under validation, or even only those for which a prior consideration form is still yet to be submitted.

concerned with the specific technical nature of that project, for example. Any tariff used under the additionality assessment should be appropriate to the project at the time of making the assessment.

c) Only in cases where the technology was already mature previously could it be argued that the previous tariff levels issued be taken into account in assessing the additionality, however, this does depend on project specific circumstances. It would be important to determine whether a project with a higher tariff was issued when the technology was in a demonstration or early uptake phase in the country. Indeed, any project that received foreign subsidies should be excluded from the tariffs considered to be the highest issued. If the technology had not attained greater than 5% penetration within the sector, for example, then the technology would not be considered to be mature and these higher tariffs could be ignored.

5) Conclusions

a) In determining any new E+/E- policy, if necessary, the bigger picture should be taken into account regarding the potential negative impact of possible decisions on investment in low carbon technologies in non-Annex I countries, rather than just focusing on ensuring that no single project could ever be considered to be non-additional. Increasing the capacity of low carbon emission technologies which are more expensive than conventional fossil fuel-fired power generation, should be one of the main aims of the CDM, as it assists in meeting the objective of the Convention.

b) The issue is an important one and a decision by the EB should not be put off any longer as this would elongate the delays already being imposed upon project participants. As noted above, the situation in China is not that support has reduced or remained the same; support for wind has increased by several orders of magnitude. Additional time should spent focusing on the evolution of the Chinese wind industry, the changes in tariffs and the stages of development at which those tariffs were utilised. We encourage reading the various reports produced on this issue during November 2009 as well as the responses from DOEs and PPs sent previously regarding the issue.

c) As further guidance has not yet been provided on the E+/E- issue, projects which have been subjected to requests for review, review and/or delays following submission of corrections, should be retroactively registered as of the day they would have been registered if there had been no request for review. Indeed, if no decision can be reached between EB members at EB51, the projects submitted should be registered automatically, and retroactively, as the EB would not have provided any coherent argument for a decision otherwise.

d) In our assessment, few renewable energy projects in the electricity sector in major non-Annex I countries would be registered in future if the highest tariff since 11 November 2001 would need to be applied.

In addition, in the spirit of transparency, we request that the EB considers disclosure of the reports of appointed external consultant regarding these issues, and that the discussions on this issue are held in an open session. This transparency is vital to the credibility of the decisions made by the EB.

Yours sincerely,

Leo S. Perkowski
Vice Chairman, Project Developer Forum

CC: - UNFCCC Secretariat, Director SDM, John Kilani
- UNFCCC Secretariat, Daniele Violetti