



**PROJECT
DEVELOPER
FORUM**

Additionality - Module 2.1 Challenges of the new Additionality Tool 6.0 and related questions

24th March 2012

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NEW COMMON PRACTICE GUIDELINES HAVE UNCLEAR RULES AND THE
TIMELINE FOR INTRODUCTION IS NOT CLEAR

Issue

New **common practice guidelines** were introduced at EB63, the new additionality tool 6.0.0 at EB65. http://cdm.unfccc.int/Reference/Guidclarif/meth/meth_guid44.pdf

The timeline of validity has been theoretically clarified by introduction of the new AT version 6.0.0 but it is still not clear to all DOE when the new tool must be used.

Problem

1. From when should we apply these new guidelines?
2. Should we use the whole country as the common practice area (particularly in large countries like China, India etc.)
3. Is it required to fully investigate the statistics of $N_{\text{all}} / N_{\text{diff}}$ or is it sufficient to resolve the inequation $F < 20\% = 1 - N_{\text{diff}}/N_{\text{all}}$?

Solution

1. The new tool must be used only for projects with GSP after publication of the tool. All other can use the old one up to 25 July 2012. The additionality tool supersedes the guideline as the guidelines are incorporated now.
2. Common practice in large countries can still be considered at the provincial/state level e.g. if different tariff/grid/regulat... justified
3. E.g. if it can be shown that there is no similar project, $N_{\text{diff}}=N_{\text{all}}$ and $F=0\% < 20\%$ q.e.d. and unavailability of data to be justified

Issue

New common practice guidelines introduced at EB63 and incorporated into the new additionality tool 6.0.0 at EB65 raise more questions:

Problem

1. Do greenfield projects such as new hydro or wind projects have to use this tool?

2. What is considered to be a significant change in investment climate?

Solution

1. Yes, but to be explicitly clarified by the secretariat.

2. (i) Access to technology;
(ii) Subsidies or other financial flows;
(iii) Promotional policies;
(iv) Legal regulation
Privatisation, policy change, ...?

**THERE IS UNCERTAINTY ABOUT WHAT HAPPENS REGARDING GAPS IN PRIOR
CONSIDERATION DOCUMENTATION**

Issue

“For project activities for which a PDD has not been published for global stakeholder consultation or a new methodology proposed or request for revision of an approved methodology is requested, every **subsequent two years** after the initial notification the project participants shall inform the UNFCCC secretariat of the progress of the project activity.”

Is this rule set in stone, or can it be ignored if other clear evidence of prior consideration is provided

Problem

1. If one informs the secretariat on the progress 2 years and 1 day after the first notification even if there is a clear evidence of actions to achieve CDM status such as ERPA or DOE contracts?

Solution

1. If clear evidence (ERPAs, DOE contracts) is provided, the EB should accept that continuous action was made, even if a notification was not presented to the EB in time. At least if the letter has been sent in time but received after the deadline. There may be a limit of 1 year exceeding the deadline where exemptions are possible if justified.

Issue

For projects that don't use financial analysis, 3a of the additionality tool states: "If the CDM does not alleviate the identified barriers that prevent the proposed project activity from occurring, then the project activity is not additional."

Problem

1. If we show that a new technology bears a high technological risk (no financial analysis), which can be cross-checked by the fact there is no such plants in the country operating on commercial basis, is this enough to show that CDM is needed? Or do we still have to demonstrate how CDM helps to overcome the barrier exactly?
2. For other barriers it has to be shown how CDM overcomes the barrier.

Solution

1. By the way it is mentioned in the new additionality tool that projects falling under paragraph 6 which apply FOIK as a barrier do not have to show how CDM overcomes this barrier (they also do not have to show that the FOIK barrier would actually *prevent* the implementation of the project)).
2. This is extremely difficult.

Thank you for listening

The Project Developer Forum (PD-Forum) is a collective voice to represent the interests of companies developing greenhouse gas (GHG) emission reduction projects in international markets under the Clean Development Mechanism (CDM), Joint Implementation (JI) and other carbon emission reduction schemes and programs.

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