

Members of the CDM Executive Board
UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D 53153 Bonn
Germany

To cdm-info@unfccc.int
From rachel.child@pd-forum.net
Date 23 March 2014
Page 1/2
Subject **Call for input on "Issues included in the annotated agenda of the seventy eighth meeting of the CDM Executive Board and its annexes"**

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

Europe: +44 20 7121 6100
Asia: +65 6578 9286
office@pd-forum.net
www.pd-forum.net

CHAIRPERSON:
Gareth Phillips
gareth.phillips@pd-forum.net

CO VICE CHAIRPERSONS:
Sven Kolmetz
sven.kolmetz@pd-forum.net
Rachel Child
Rachel.child@pd-forum.net

Honorable Members of the CDM Executive Board,

The Project Developer Forum (PD Forum) welcomes the publication of the annotated agenda for EB78 and would like to provide the following input on the agenda and other issues.

Annex 1 - Concept note: Analysis of the net mitigation potential of the CDM

The PD Forum welcomes publication of this concept note although we would have appreciated if the note could have been published with the other annexes for EB78, thereby allowing sufficient time for thorough review before the close of the call for input.

We have been advocating for some time now the potential of the CDM to move beyond offsetting into a mitigation tool, potentially for CDM host countries and others. We support the view of the EB Chair, made at the ADP negotiations earlier this month¹, that the voluntary cancellation of CERs could be used to close the gap between Parties' 2020 mitigation pledges and the pathways consistent with meeting the 2°C goal.

As project developers, we believe we are in a unique position to assist the EB in better understanding the net mitigation potential of the CDM both from existing projects and potential new projects that could enter the pipeline should more favourable market conditions be established. We understand that a Call for Input will be launched shortly on this topic and will therefore submit our detailed views on this subject as part of this Call.

Para. 23 of the annotated agenda: Application of E- policy in investment analysis for additionality demonstration and selection of baseline scenario

The PD Forum welcomes the continued discussion on this topic and would like to remind the EB of our inputs on this issue in:

- Our response to the call for input on the annotated agenda for EB75²
- Our response to the call for input on the annotated agenda for EB74³
- Provided by letter, dated 8th May 2013⁴

¹ http://unfccc.int/files/documentation/submissions_from_parties/adp/application/pdf/adp_2-4_briefing_on_cers_cancellation_20140314.pdf

² <http://www.pd-forum.net/files/9d8c423bb178c92c36dbe22309b4bf0e.pdf>

³ <http://www.pd-forum.net/files/3a547ad841bebe82c719a2cd11ce216b.pdf>

⁴ <http://www.pd-forum.net/files/c5511e7a0cf371cbe8528a91cb7e226d.pdf>

Annex 11 - Concept note: Further work on batched issuance request for PoAs

We understand the seriousness of the possible occurrence of negative emission reduction and welcome the constructive dialogue on how to avoid such events.

We would like however, to bring to the attention of the EB that Option 2 as per the Concept note: Further work on batched issuance requests for PoAs would – as correctly stated - ensure that a CPA that is not mature yet would not affect the progress of other CPAs that are mature and performing. It would however, also remove the main benefit of allowing two tracks of separate issuance requests for different CPAs under a PoA.

Especially in current market conditions, where project developers face a vast oversupply of CERs, conditions of any deals made are dictated by the buyers. The importance of offering CERs from individual projects and CPAs and at the same time guaranteeing flexible delivery schedules to buyers can therefore not be overstated. At the same time, project developers need to reduce costs by making the maximum use of registered PoAs by including as many CPAs as possible. It is therefore important to be able to use one PoA to deliver CERs from a large number of CPAs to many different CER buyers at individual delivery schedules. Synchronizing the delivery of these credits already causes significant planning and transaction costs.

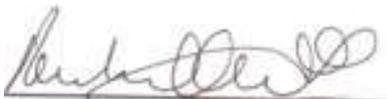
If the EB should agree on the proposed Option 2 and require all CPAs with previous issuances to be subject to the issuance dependency, this would take the limited amount of flexibility that project developers have and force PoAs into a strict and unified track of issuance requests. This would render any efforts to provide flexible carbon solutions to different buyers futile and even make it impossible for project developers to satisfy the increasing demands of CER buyers.

The rigidity of issuance requests would therefore again become a key barrier to the implementation of PoAs, and negate the efforts made in EB 75 towards streamlining and simplifying PoA regulations.

We would therefore like to request the EB to not consider the proposed Option 2 of the Concept note: Further work on batched issuance requests for PoAs, but rather increase the amount of flexibility in the management of PoAs by increasing the number of independent monitoring reports for a given monitoring period and reduce their interdependency.

We thank you for the opportunity to provide our comments on the annotated agenda and annexes and would be very happy to discuss them with you further,

Kind regards,



Rachel Child
Co Vice Chair, Project Developer Forum