CDM: FORM FOR SUBMISSION OF A "LETTER TO THE BOARD"
(Version 01.2)

This form should be used only by project participants and other stakeholders for submitting a "Letter to the Board" in accordance with the latest version of the *Modalities and procedures for direct communication with stakeholders*

Name of the stakeholder[1] submitting this form (individual/organization):	Project Developer Forum
Address and contact details of the individual submitting this form:	Address: 100 New Bridge Street, London, EC4V 6JA Telephone number: +65 6578 9286 E-mail address: office@pd-forum.net
Title/Subject (give a short title or specify the subject of your submission)	Crediting period renewal procedure
Please mention whether the submitter of the form is:	☐ Project participant ☒ Other stakeholder, please specify NGO
Specify whether you want the letter to be treated as confidential[2]:	☐ To be treated as confidential ☒ To be publicly available (UNFCCC CDM web site)

Please choose any of the type(s) below[3] to describe the purpose of this submission.

☐ **Type I:**

☐ **Request for clarification** ☒ **Revision of existing rules**

☒ Standards. Please specify reference AM TOOL 11 "Assessment of the validaty of the original/current baseline and update of the baseline at the renewal of the crediting period" & CDM-EB65-A05-STAN "Project Standard"

☐ 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 describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable).

[1] DNAs and DOEs shall use the respective DNA/DOE forms for communication with the Board.
[2] As per the applicable modalities and procedures, the Board may make its response publicly available.
[3] Latest CDM regulatory documents and information are available at: http://cdm.unfccc.int/Reference/index.html .

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Honorable Members of the CDM Executive Board,
Dear Mr. Stiansen,

The Project Developer Forum (PD Forum) welcomes the improvements made through the introduction by the EB of the new regulatory framework (the "VVS track"). Continued improvements remain necessary to align the whole inventory of EB decisions with the new framework. In the light of such continued improvements, the PD Forum would like to propose the removal of a tool and the introduction of clear guidance.

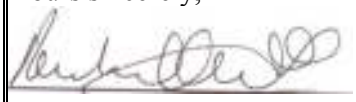
The Project Standard (PS), section 12.9, describes the requirements for PPs to update the project documents. Paragraph 230 of the PS states that where data and parameters are no longer valid, these need to be updated in accordance with the "Tool to assess the validity of the original/current baseline and to update the baseline at the renewal of a crediting period" (the Tool). This update would only require steps 1.4 and 2.2 of the Tool. However, the language of the tool adds nothing to the statement of the PS. Therefore, we would like to propose to remove the reference to the Tool.

The other steps of the Tool are not referenced in the PS (nor Validation and Verification Standard, or Project Cycle Procedure), and thus seem superfluous. Additionally, these other steps in the Tool add no information compared to the statement of the PS. Indeed, (some/many) methodologies also include the same language regarding the required update on renewal of the crediting period. Therefore, we believe that the other steps of the Tool are also superfluous, and thus the whole Tool should be withdrawn to improve the overall framework and remove unnecessary documents/requirements.

However, the requirements for updating, and the manner in which this needs to be incorporated in the project documents, are far from obvious. To date, still only a small number of the earliest registered projects have gone through this process, which has proven to be long and unjustifiably complicated; a much greater number of projects is coming up for crediting period renewal. Therefore, as the Tool adds no clarity over the information already included in the PS, and with the superfluous Tool withdrawn, clear guidance from the EB, ideally with examples for the most frequent project types, would be welcome for PPs, DOEs and consultants.

Your consideration of this suggestion would be very welcome, and we would of course be available to discuss them further with you.

Yours sincerely,



Rachel Child,
Co-vice Chair
Project Developer Forum

Please provide any specific suggestions or further information which would address the issue raised in the previous section, including the exact reference source and version (if applicable).
Examples in the guidance could include the following scenarios: • A renewable electricity generation project requests renewal. The feed in tariff has increased / reduced (due to pressure on the budget caused by rapid growth of renewable energy projects encouraged through the CDM). o There is no change. The baseline scenario is prescribed in the methodology, and thus not affected. The additionality is not re-assessed at the renewal of the crediting period. Therefore only the data and parameters are updated and a new grid emission factor is calculated. • A renewable electricity generation project requests renewal. A mandatory portfolio standard has been introduced, replacing feed in tariffs. o There is no change. The baseline scenario is prescribed in the methodology, and thus not affected. The project is not mandated (only a share in the generation (or supply) portfolio of large electricity companies is mandated).[4] The additionality is not re-assessed at the renewal of the crediting period. Therefore only the data and parameters are updated and a new grid emission factor is calculated. • A landfill gas project requests renewal. There are no mandatory requirements introduced, but more than 50% of landfills now include capture and flaring. All of these are CDM. o There is no change. The baseline scenario determination through the combined tool results in the same baseline scenario. Therefore only the data and parameters are updated and the new methodology/tool formulae used. • A landfill gas project requests renewal. Following the success of LFG CDM projects, a requirement has been introduced to capture and flare/use 50% of the methane for all landfills. All existing installations are CDM. The presumption in the development of this E- policy was that this requirement would be financed through CDM registration; this presumption is explicitly stated in the regulation. o There should be no change, but following the existing rules the baseline scenario needs to be adjusted to include the requirement to capture and use/flare 50% even though it was supposed to be financed from CDM revenues. The fact whether CDM registration is presumed in the regulation or not (even if it is explicitly stated in the regulation) seems to be irrelevant under the current rules for renewal. Thus the crediting period is renewed, but the baseline emissions are significantly reduced. • A waste heat recovery project requests renewal. Following the success of WHR CDM projects, the cost has dramatically reduced and an energy efficiency requirement has been introduced by the government to recover the waste energy for projects of this size. o The baseline scenario has changed as the implementation of the project is now mandatory. Neither the fact that the project required CDM registration to be implemented, nor the fact that it needed CDM revenues for more than one crediting period to make it economically attractive are relevant arguments according to the current rules, and thus the crediting period can not be renewed. • A seasonally-operating biomass cogeneration project requests renewal. A new lower-cost fuel has come on the market locally with a much higher Carbon content. o The baseline scenario has changed as the new least-cost fuel needs to be considered. The crediting period is renewed and baseline emissions are higher.

[4] A portfolio standard is normally implemented to create an effective premium for renewables, without the premium coming from government funds. And any penalties for enforcement are generally in the same order of magnitude of a (original) feed in tariff, and not forced shut down.

If necessary, list attached files containing relevant information (if any)	• [replace this bracket with text, the field will expand automatically with size of text]
Section below to be filled in by UNFCCC secretariat	
Date when the form was received at UNFCCC secretariat	
Reference number	

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History of document

Version	Date	Nature of revision
01.2	08 February 2012	Editorial revision.
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
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