

Date 7th February 2011
Page 1/5
Subject **Unsolicited feedback on EB58's agenda**

PROJECT DEVELOPER FORUM

Head and Members of the CDM Executive Board
UNFCCC
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

CHAIRMAN

Your contact:
Gareth Phillips
m: +44 7764 636260

To cdm-info@unfccc.int
From Gareth.Phillips@pd-forum.net
Date 7th February 2011
Page 1/1
Subject **Unsolicited Input relating to the annotated agenda of the 59th meeting of the CDM's Executive Board**

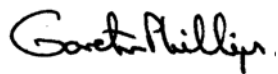
Honourable Members of the CDM Executive Board,
Dear Mr. Mahlung,

The Project Developer Forum (PD Forum) would like to provide input on a number of subjects listed on the annotated agenda to EB 59. Although this submission is sent after the official deadline for the upcoming EB meeting, we hope the comments and recommendations contained can be considered since they address the annotated agenda which is only published after the official deadline and thus an earlier submission is not possible. For your information the JISC already accepts such comments on annotated and considers the inputs valuable. We would like to note that our inputs are always published on our website prior to the start of the EB meeting, and thus publicly available.

Additionally, the PDF have just concluded a two day workshop with the newly formed DIA – Designated Operational Entity and Independent Entity Association. The workshop was welcomed by participants and was also attended by a representative from the Secretariat. The outputs of the discussion will be submitted to you in the form of unsolicited letters with some suggestions and proposals on improvements in the CDM. A first summary of its outcomes and follow-up items can be found on the [PD-Forum website](http://pd-forum.net/files/17c1da85903766d9a3c13492b522b07a.pdf)¹.

We continue to hope that our comments are of value to you.

With kind regards,



Gareth Phillips
Chair of the PD Forum

¹ <http://pd-forum.net/files/17c1da85903766d9a3c13492b522b07a.pdf>

Para 8 First-of-its-kind and common practice

While there are overlaps in approaches, the use of the first-of-its-kind barrier and common practice are two distinct issues. The difficulties in agreeing changes to the consideration of common practice should not hold back the agreement of guidance on the first-of-its-kind barrier, where much less contention can exist. Please note that with regards to the latest draft guidance that was published, it is our opinion that any projects that justified their additionality cannot be considered common practice, no matter how common such projects become.

Para 9 - Annex 1 - Guidelines on the assessment of investment analysis

We are looking forward to the workshop to be organised on this subject. We hope the workshop is organised in due time and that participants are given sufficient notice for making time to attend.

Para 26 & 33 - Review cases

While the new registration and review procedures have improved some issues, there is still little clarity over projects going through the review process with regards to timeframes, in particular the scheduling time of reviews, and the assessments and arguments made by the Secretariat and RIT. Please see our separate unsolicited letter of 27th January 2011 on this subject and the section on review timelines below.

Para 29 – Annex 2 - Draft “Procedures for request for registration of proposed CDM project activities”

In response to the CMP.6 request of para 56 Decision 3/CMP.6, the proposed draft procedure outlines that the effective date of registration shall be the date that the DOE had submitted a complete request for registration. The PD Forum welcomes this immediate response, however, the wording in the text is ambiguous and leaves room for different interpretation. We request therefore further clarification.

We understand the meaning of the CMP request is that the registration date would be the date of the submission of the documents (by the DOE through the dedicated interface) and confirmation of payment of any registration fees if applicable. However, the text could be interpreted as the referring to the date when the request for registration has successfully passed the completeness check. We believe this latter interpretation would go against the CMP request.

The current wording could be extended to define the event effectuating the submission, e.g. “The date when the DOE submits the request through the designated electronic interface”. This approach also gives additional incentive to provide complete submissions as effectively more than 56 days could be saved (waiting and scheduling time and passing of completeness check plus the time of the registration request being made available to EB members).

Figure 1 below illustrates the implication of the change to the registration date as decided by the CMP.

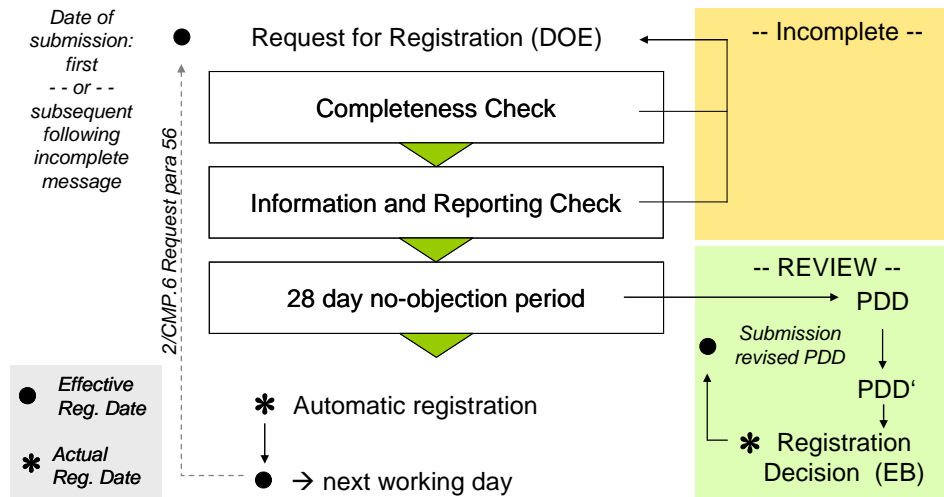


Figure 1: Implication on decision 2/CMP6, para 56 on the registration date

The PD Forum would also like the procedure to clarify that in cases of incompleteness messages or requests for review that require only clarification but no changes to the documentation, the same registration date is used, e.g. "Projects for which a change to the documentation is required as a result of a review are to be registered on the date the revised PDD was submitted. Projects for which no change is required the effective registration date shall be the date of the initial successful submission of the request for registration."

Para 31 – Annex 6 to EB58 annotated agenda - Draft "Guideline for decision-making in request for review cases"

As stated in our comments on the EB58 annotated agenda, we recommend that the review assessments by the Secretariat and RIT are made available to the PP/DOE at the same time they are being forwarded to the EB. Only through transparency on these assessments will the review procedures be credible. In particular in light of a future appeals mechanism it will be essential to make these assessments available to PP/DOE.

Para 38 - Annex 3 & 4 - Draft CDM business & management plans

The PD Forum welcomes the proposed CDM business plan as it serves the strategic implementation of the EB's mandates and goals. In particular the indication of which subjects will be discussed at what meeting throughout the year will help stakeholders to better anticipate changes to process and the overall system.

We recommend that the business plan should include indications on which topic the EB intends to consult stakeholders in order for them to be better able to prepare their submissions. Stakeholders will have meaningful input to many of the outlined topics in the form of data, anecdotal evidence or recommendations.

We have often called for more workshops and interactions to aid the development of the CDM, and we are very happy to see that the plans include the organisation of several stakeholder workshops on key issues. We believe that true two-way discussions at such meetings will greatly help the achievement of many of the specific objectives identified in the plans. The potential of a learning-by-doing mechanism is greatly reduced by lack of communication, therefore we encourage the EB to organise the stated workshops as well as continue the general stakeholder workshops that were established during 2009 and 2010.

Stating “to ensure that the functioning of the CDM continues to improve to meet the evolving needs of Parties and other stakeholders” as one of the key objectives of this business plan indicates that the EB is to some extent aware of the closing window of opportunity for investments. We would like to stress the uncertainty over a post-2012 climate framework and the restricted eligibility rules for CER within the EU ETS after 2012. While these issues are outside of the influence of the EB, this context within which the CDM operates means that inefficiencies will need to be fixed very soon, as the closer we get to the end of 2012 the less likely it becomes to get projects registered on time. We expect a considerable number of projects, which are already under contract or validation, will never materialise and get registered because of this approaching deadline.

The PD Forum notices that the staffing levels remain significantly below the approved (and required) level. The UNFCCC Secretariat remains more than 25% under-staffed which will significantly limit their abilities to implement improvements at this critical point in time. In the absence of fulltime staff we commend the continued use of externally contracted resources will need to continue to enable the Secretariat to meet the increasing workload, particularly with respect to requests for issuance.

We welcome that the EB intends to prioritize communication with stakeholders and would like to suggest the secretariat be authorized with immediate effect to:

- o provide the DOEs/PPs with a chat function available for 3 times 3 hours a day (to allow access from different time zones) where project-specific matters can be discussed in response to incompleteness messages and review questions;
- o provide PPs with a dedicated email address to send project-specific queries to in response to incompleteness messages and review questions e.g. projectclarification@unfccc.int; and to
- o contact us directly, requesting a 30 minute call within 48 hours on a need-basis.

Para 40 - Annex 6 - Compliance with indicative timelines

The PD Forum would find it helpful if the document presenting the date on timelines would include a short analysis of the presented data such as linking the presented trends with certain measures implemented, e.g. clarification for the substantial drop of cases waiting for commencement of completeness check over November to December in 2010 which was due to the fact that external experts have been hired and 150 file in one week have been processed.

This kind of analysis would help assessing what measures are most effective and should be further enhanced. We would be interested to hear whether the use of external experts for processing request for registration and issuance is undertaken on an ongoing basis, which the current processing rate does not suggest, or on an ad-hoc basis.

Completeness check timelines

The PD Forum commends the Secretariat for having reduced the processing time of files considerably, beyond our expectations in such a short time. However, we would like to bring to the Board attention the fact that the current scheduling and processing rate at which the Secretariat operates will not lead to a decrease in the remaining backlog.

For example, over the past 5 weeks the Secretariat has commenced 18 completeness checks of issuance requests per week, which is in line with its scheduling rate, but does not mirror the number of files coming in which was on average 26 files per week. If 18 requests is the maximum that the secretariat's internal resources can deal with, then it is imperative that external resources remain contracted in order to be able to meet the CMP deadline of a maximum of 15 days delay before checks start. The same is true for requests for registration where the delays have also been consistently over 15 days.

Please note that the number of requests for issuance in particular is expected to grow rapidly over 2011 and 2012, as indicated in previous unsolicited letters. PDF has been gathering data from its members and will shortly prepare and submit an unsolicited letter on the expected number of registration and issuance requests through 2012. We hope that this will assist both the Secretariat and DOEs in their future planning.

We would like to ask the EB to authorize the triggering of additional resources to assess issuance and registration requests automatically whenever the waiting time passes the 14 days, in line with the CMP guidance.

Review timelines

Page 12 and 16 of annex clearly show that the waiting time for review cases has increased tremendously:

- Average waiting times for reviews of issuance requests tripled from October to December 2010 (from 13.7 days to 44.8 days)
- Average waiting times for reviews of registration requests jumped from 5.5 days to 65.9

The queuing times are unacceptable and illustrates in our view that still not sufficient resources are available at the Secretariat to deal with the actual case load that. In the light of the uncertainties related to the lacking post-2012 climate change framework and the change in regulation regarding the eligibility of CERs within the EU ETS, as outlined above, we urge the Board to take this matter seriously as every week that a project is registered counts.

Para 41 - Further guidance relating to the clean development mechanism

The PD Forum sees this item as a key item for the first meeting in 2011 and is concerned with the fact that it is listed under 'V. Other matters' on the agenda and only '*may*' be considered. We therefore urge the EB to devote sufficient time to this subject in order to set its priorities for the year according to the mandates provided by the CMP. We feel that the CDM business plan should serve as a key means to implement the CMP guidance. In this regard we would like to raise the Board's attention to a PD Forum submission outlining [suggestions regarding key mandates to the Board from CMP6](#)².

² Letter sent on 28 January 2011, available at <http://pd-forum.net/files/239d3f3da5c4d97f843f6bb533b5bbf5.pdf>