

**CDM-EB85**

# Meeting report

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## CDM Executive Board eighty-fifth meeting

Version 01.0

Bonn, Germany

Date of meeting: 20 to 24 July 2015



**United Nations**  
Framework Convention on  
Climate Change

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## Agenda item 1. Agenda and meeting organization

### Agenda item 1.1. Opening

1. Mr. Lambert Schneider, Chair of the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board), opened the meeting and asserted that the quorum requirement was met.
2. Table 1 below represents the attendance of members and alternate members at the meeting. The names of members and alternate members present at the meeting are in bold print. Where only the name of an alternate member is in bold print, the alternate participated as a member.

Table 1. Attendance

Members	Alternates
<b>Mr. Eduardo Calvo<sup>b</sup></b>	<b>Mr. Arthur Rolle<sup>b</sup></b>
<b>Mr. Martin Enderlin<sup>b</sup></b>	<b>Mr. Olivier Kassi<sup>b</sup></b>
<b>Mr. Balisi Gopolang<sup>b</sup></b>	<b>Mr. Joseph Amougou<sup>b</sup></b>
<b>Ms. Natalie Kushko<sup>a</sup></b>	<b>Ms. Diana Harutyunyan<sup>a</sup></b>
<b>Mr. José Miguez<sup>a</sup></b>	<b>Mr. Maosheng Duan<sup>a</sup></b>
<b>Mr. Lambert Schneider<sup>b</sup></b>	<b>Mr. Kazunari Kainou<sup>b</sup></b>
<b>Mr. Hugh Sealy<sup>a</sup></b>	<b>Mr. Amjad Abdulla<sup>a</sup></b>
<b>Mr. Muhammad Tariq<sup>b</sup></b>	<b>Mr. Daegyun Oh<sup>b</sup></b>
<b>Mr. Frank Wolke<sup>a</sup></b>	<b>Mr. Piotr Dombrowicki<sup>a,1</sup></b>
<b>Mr. Washington Zhakata<sup>a</sup></b>	<b>Vacant<sup>a,2</sup></b>

(a) Term: 2 years, i.e. ending prior to the first meeting in 2016.

(b) Term: 2 years, i.e. ending prior to the first meeting in 2017.

<sup>1</sup> Nominee deemed elected at CMP 9.

<sup>2</sup> Mr. Qazi Ahmad resigned effective 22 January 2015. The seat remains open until nomination is received.

### Agenda item 1.2. Adoption of the agenda

3. The Board adopted the agenda of the meeting. The Board agreed to add to the agenda of this meeting an objection to the proposed standardized baseline “PSB0010: Grid emission factor for the Dominican Republic”, two communications to the Board, and a policy issue arising from issuance-related cases.

## **Agenda item 2. Governance and management matters**

### **Agenda item 2.1. Membership issues**

4. The Board considered information provided by members and alternate members with respect to any potential conflict of interest. The statements on conflict of interest from members and alternate members can be viewed on the UNFCCC CDM website at <http://cdm.unfccc.int/EB/index.html>. In addition, the Board considered the information provided orally by members and alternate members related to conflict of interest with the proposed standardized baseline added to the agenda of this meeting, as referred to in paragraph 3 above.

### **Agenda item 2.2. Strategic planning and direction**

5. The Board welcomed the work undertaken on the online platform for voluntary cancellation of certified emission reductions (CERs) and took note of the features of the online platform. The Board requested the secretariat to consider the feedback received when revising the features. The Board approved the launch of the online platform in September 2015.
6. The Board considered a concept note on a database of project information and agreed that the database should be made publicly available through a spreadsheet and updated regularly. The Board further agreed that the database should include data elements, as listed in [annex 1](#) to this report. These data elements can be objectively derived from the CDM workflows operated by the secretariat, CDM documents processed by the workflows, or decisions by the Board. The Board will consider whether the data provided by project participants through a survey is to be included in the database once the survey results are available.

### **Agenda item 2.3. Performance management**

7. The Board took note of an update on the status of the work of the Board, noting the changes highlighted in its workplan for 2015.
8. The Board took note of the status of implementation of the 2015 management plan (MAP) and noted that there was no requirement to change the current MAP. The Board requested the Executive Board Finance Committee to continue working closely with the secretariat in preparing a draft MAP 2016 for presentation at the eighty-seventh meeting of the Board (EB 87).
9. The Board agreed on the messages to be conveyed to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its annual report and requested the secretariat to prepare the draft annual report to CMP 11 for consideration by the Board at EB 86.
10. The Board discussed how to further disseminate CDM-related issues to stakeholders and the public and agreed that the Chair and the Vice-Chair will discuss with the secretariat the messages to be conveyed about the CDM as needed.
11. The Board considered a concept note on the approach to performance monitoring of designated operational entities (DOEs) and agreed to revise the procedure for performance monitoring of the DOEs, as referred to in paragraph 63 below. The Board requested that the secretariat define qualitative performance monitoring indicators, in

consultation with the CDM Accreditation Panel (CDM-AP), for consideration by the Board at a future meeting.

12. In accordance with rule 30 of the Rules of procedure of the Board, the Board approved, via electronic decision-making, the project plan for the evaluation of the CDM regional collaboration centres (RCCs) proposed by the selected consultant, as contained in annex 2 to this report.

#### **Agenda item 2.4. Matters related to the Board and its support structure**

13. The Board took note of an update on the negotiations related to the CDM at the forty-second sessions of the subsidiary bodies held in June 2015 in Bonn, Germany and an update by the Chair of the Board on his participation at the Technical Expert Meeting (TEM) on the thematic area of “accelerating energy efficiency action in urban environments” that was also held in June during the session of the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP).
14. The Board took note of an oral update on the informal interaction between the chairs and vice-chairs of the Board and the Joint Implementation Supervisory Committee (JISC). It was reported that the chairs and vice-chairs of the Board and the JISC had discussed their impressions on the current carbon market, the views on synergies relating to accreditation, and the roles of both bodies beyond 2020. The Board further discussed the collaboration with the JISC on synergies relating to accreditation under the mechanisms of the Kyoto Protocol and, as there is no consensus on this matter, agreed not to consider this matter further.
15. The Board appointed experts as members of panels and working groups in accordance with the “Terms of reference of the support structure of the CDM Executive Board”, as referred to in the following paragraphs below. The terms of service of the new members shall be for a period of one year commencing at the first meeting of the panel or working group and ending immediately before the first meeting of the panel or working group after the selection of new members by the Board in the next year.
16. The Board appointed the following five experts as members of the CDM-AP: Ms. Ann Bowles, Mr. Ricardo Esparta, Mr. Sven Gunther Kolmetz, Mr. Anil Jauhri, and Ms. Veronica Garcia Malo. The Board expressed its deep appreciation to the outgoing members Mr. Michael Rumberg and Mr. Abderrahmane Nass for their contribution to the work of the CDM-AP.
17. The Board appointed the following 10 experts as members of the Methodologies Panel (MP): Mr. Ambachew F. Admassie, Mr. Amr Osama Abdel-Aziz, Mr. Braulio Pikman, Mr. Daniel Perczyk, Mr. Jean-Jacques Becker, Ms. Jessica Wade-Murphy de Jimenez, Ms. Julie Godin, Mr. Kenichiro Yamaguchi, Mr. Luis Alberto de La Torre, and Mr. Sudhir Sharma. The Board expressed its deep appreciation to the outgoing member Mr. Christiaan Vrolijk for his contribution to the work of the MP.
18. The Board appointed the following five experts as members of the Small-Scale Working Group (SSC WG): Mr. Bamshad Houshyani, Mr. Ben Atkinson, Mr. Daniel Perczyk, Mr. Felix Babatunde Dayo and Mr. Gilberto Bandeira de Melo. The Board expressed its deep appreciation to the outgoing member Mr. Steven Schiller for his contribution to the work of the SSC WG.

19. The Board appointed the following five experts as members of the Afforestation and Reforestation Working Group (A/R WG): Mr. Ashwin Augustine Shailaja, Mr. David Neil Bird, Mr. Ederson Augusto Zanetti, Mr. Sabin Guendehou and Ms. Sarah Walker. The Board expressed its deep appreciation to the outgoing member Mr. Xiaoquan Zhang for his contribution to the work of the A/R WG .
20. The Board reappointed the following five experts as members of the Carbon Dioxide Capture and Storage Working Group: Mr. Gregory Leamon, Mr. Jeremiah Muia, Mr. Luis de La Torre, Mr. Paul Zakkour and Ms. Shujuan Wang.
21. The Board considered the applications for experts for the Registration and Issuance Team (RIT), received in response to the call for experts open from 2 March to 15 April 2015. The Board appointed the following 20 experts as the RIT: Mr. Alexandre Borde, Mr. Can Wang, Mr. Felix Dayo, Mr. Gustavo Mozzer, Ms. Janaina Dallan, Mr. Jean-Jacques Becker, Mr. Joseph Nowarski, Mr. Marcelo Rocha, Ms. Marina Shvangiradze, Ms. Matsen Jorritsma, Mr. Paata Janelidze, Mr. Pablo Mello e Souza, Mr. Ricardo Esparta, Mr. Shinichi Iioka, Ms. Simone Ullrich, Mr. Sriskandh Subramanian, Mr. Stanford Mwakasonda, Mr. Sudhir Sharma, Ms. Susana Chua and Mr. Vijay Mediratta. The term of the newly appointed experts shall be for a period of two years and will start on 1 September 2015. The Board expressed its deep appreciation to the outgoing experts of the RIT: Mr. Abderrahmane Naas, Ms. Anastasia Northland, Mr. Bamshad Houshyani Hassanzadeh, Ms. Branca Americano, Ms. Carolyn Luce, Mr. Deshun Liu, Mr. Francesco Nicola Tubiello, Mr. Grigol Lazriev, Mr. Michael Rumberg and Mr. Narendra Paruchuri.

## **Agenda item 2.5. Operation of panels and working groups**

### ***(a). CDM Accreditation Panel***

22. The Board took note of the report of the 72<sup>nd</sup> meeting of the CDM-AP. The report summarized information relating to the work of the panel, including the status of applications and developments with respect to accreditation assessments and other accreditation-related issues. The CDM-AP meeting had considered 13 accreditation cases, of which two were submitted for consideration by the Board in accordance with the “CDM accreditation procedure”.

### ***(b). Methodologies Panel***

23. The Board took note of the report of the 67<sup>th</sup> meeting of the MP. The report summarized information relating to the work of the panel, including submissions of methodologies and recommendations to the Board.

### ***(c). Small-Scale Working Group***

24. The Board took note of the report of the 48<sup>th</sup> meeting of the SSC WG. The report summarized information relating to the work of the SSC WG, including submissions of methodologies and recommendations to the Board.

**(d). Afforestation and Reforestation Working Group**

25. The Board took note of the report of the 40<sup>th</sup> meeting of the A/R WG. The report summarized information relating to the work of the A/R WG, including two recommendations to the Board.
26. The Board agreed that one physical meeting of the A/R WG shall be held, in order to fulfill the mandates of the Board, as referred to in paragraphs 58 and 59 below. The Board requested the Chair and Vice-Chair of the AR W/G to set the date of the meeting.

## **Agenda item 3. Rulings (case-specific)**

### **Agenda item 3.1. Accreditation**

27. The Board took note of the notification by the CDM-AP on the successful completion of the regular on-site surveillance assessment of the entity E-0054 “Re-consult Ltd.” (Re-consult), central office (Ankara, Turkey).
28. The Board took note of the notification by the CDM-AP on the successful completion of the performance assessment of the entity E-0003 “DNV Climate Change Services AS” (DNV).

### **Agenda item 3.2. Programmes of activities**

29. The Board noted that 285 CDM programmes of activities (PoAs) have been registered by 24 July 2015 and that under these PoAs 1,873 component project activities (CPAs) have been included. The status of requests for registration of PoAs can be viewed on the UNFCCC CDM website at <<http://cdm.unfccc.int/ProgrammeOfActivities/>>.
30. The Board noted that 2,984,361 CERs have been issued for PoAs as of 24 July 2015. The status of requests for issuance of CERs for PoAs can be viewed on the UNFCCC CDM website at <[http://cdm.unfccc.int/Issuance/cers\\_iss.html](http://cdm.unfccc.int/Issuance/cers_iss.html)>.

### **Agenda item 3.3. Registration**

31. The Board noted that 7,652 CDM project activities have been registered as of 24 July 2015. The status of requests for registration of project activities can be viewed on the UNFCCC CDM website at <<http://cdm.unfccc.int/Projects/>>.
32. In accordance with the relevant regulations, the Board considered one request for post-registration changes and agreed not to permit, in this particular case, the changes of the project activity “Wind Power Project at Tadas, Karnataka” (9376) submitted by the DOE “Earthood Services Private Limited” (Earthood).

### **Agenda item 3.4. Issuance**

33. The Board noted that 1,607,508,641 CERs have been issued for project activities as of 24 July 2015. The status of requests for issuance of CERs can be viewed on the UNFCCC CDM website at <[http://cdm.unfccc.int/Issuance/cers\\_iss.html](http://cdm.unfccc.int/Issuance/cers_iss.html)>.
34. The Board noted that 3,707,667 CERs including temporary and long-term CERs were voluntarily cancelled as of 24 July 2015. The status of CERs voluntarily cancelled can be viewed on the UNFCCC CDM website at <[https://cdm.unfccc.int/Registry/vc\\_attest/index.html](https://cdm.unfccc.int/Registry/vc_attest/index.html)>.

35. In accordance with the applicable regulations, the Board considered one request for issuance for which assessments of the secretariat and the RIT contained different proposed decisions or for which the proposed decision was the same between the secretariat and the RIT but an objection from a member of the Board had been received. The Board could not approve the request for issuance of the project activity “Kuyasa low-cost urban housing energy upgrade project, Khayelitsha (Cape Town; South Africa)” (0079) submitted by the DOE “TÜV NORD CERT GmbH” (TÜV NORD) for the monitoring period from 1 September 2005 to 15 November 2010.
36. In accordance with the “CDM project cycle procedure”, the Board considered one request for authorization for the DOE to perform a verification activity for the same project activity for which it has performed the validation. The Board agreed not to authorize, in this particular case, the DOE “KBS Certification Services Pvt. Ltd” (KBS) to perform the verification activity for the project activity “Solar Thermal Power Plant by Godawari Green Energy Limited” (7379).

## **Agenda item 4. Regulatory matters**

### **Agenda item 4.1. Standards/tools**

#### ***(a). Standards for CDM project activities and programmes of activities***

37. The Board considered the concept note on additionality and requested the MP and, where applicable, the SSC WG to:
- (a) Refer in methodologies to the combined tool wherever it is applicable;
  - (b) Apply a gap analysis to the existing combined tool with the view to (i) identifying the cases it does not cover, challenges to make the tool applicable to these cases as well as how they could be addressed and (ii) broadening its application to cover as wide a scope as possible;
  - (c) Consider project activities as automatically additional if they do not generate any direct or indirect economic benefits other than CDM revenues and if they are not implemented due to regulatory requirements;
  - (d) Develop criteria to determine under which circumstances project-specific approaches or standardized approaches for baseline-setting and/or additionality demonstration may be more appropriate;
  - (e) Continue employing dynamic baselines where needed while ensuring predictability to project participants;
  - (f) Eliminate the common practice test in methodologies that use performance benchmarks or positive lists, unless its inclusion in a methodological standard is specifically justified as necessary.



38. In accordance with the matter referred to in paragraph 37 above, the Board further agreed to request the secretariat, in consultation with the MP and SSC WG, to prepare a concept note for its consideration at a future meeting assessing the possibility and potential implications of:
- (a) Introducing probabilistic approaches for additionality, taking into account, inter alia, their usability, the data requirements and how they may relate to the sensitivity analysis of investment analysis;
  - (b) Determining criteria for negative lists and developing negative lists of project types that are clearly not additional;
  - (c) Reassessing in specific situations the baseline scenario at the time of renewal of the crediting period;
  - (d) Removing the requirement of prior consideration;
  - (e) Removing the first of its kind as an approach to demonstrate additionality;
  - (f) Introducing a threshold beyond which CDM projects are considered in the common practice analysis.
39. The Board considered a concept note on the development of standards with a methodological framework for two specific project types for development of standardized baselines and approved the identified sectors for development of standards for standardized baselines, i.e. energy-efficient appliances for residential application (e.g. air conditioners, refrigerators) and energy efficiency in buildings. The Board also requested the MP and SSC WG to analyse the requirements in methodologies with regard to consideration of baseline and/or project emissions from refrigerants used in refrigeration and air conditioning equipment and to propose any revisions, if necessary, while being compliant with all requirements stipulated in paragraph 17 of the EB 34 meeting report. The Board also requested the secretariat to consider the outcomes of recently held, ongoing and upcoming meetings of working groups of Parties to the Montreal Protocol as well as committees set up by them with the view to exploring opportunities to collaborate with the relevant bodies of the Montreal Protocol.
40. The Board considered the concept note on demand for development of a database on cost and efficiency of technologies as contained in annex 8 to the annotated agenda of EB 85. The Board agreed to endorse the collection of data on cost and efficiency of technologies for six countries and three sectors as per the following list:
- (a) Brick sector: Colombia;
  - (b) Cement sector: Ethiopia and Peru;
  - (c) Charcoal sector: Ghana, Mozambique and Rwanda.
41. In this regard, the Board also agreed that the collection of data should take into account the following aspects:
- (a) The data on cost and efficiency of technologies should include all the components of cost, such as investment cost, energy cost and operation and maintenance cost, where available, as well as any other information relevant for the development of the standardized baselines, apart from the facility-specific data;

- (b) The data should be (i) collected from credible public sources, as well as (ii) new data, not available in the public domain, from other sources;
  - (c) The data should be compiled and reviewed for quality and made available on the CDM website.
- 42. The Board considered a concept note on thresholds for microscale activities under PoAs in the context of paragraph 18 of decision 4/CMP.10 and paragraph 12 of decision 3/CMP.9 and agreed to request the secretariat to:
  - (a) Start implementing options 1 and 3 recommended in the concept note;
  - (b) Look further into the issue in consultation with the SSC WG and the MP with the view to assess whether other criteria than unit size may be used to establish positive lists;
  - (c) Assess the feasibility of merging the tool for demonstration of additionality of microscale activities with the tool for demonstration of additionality of small-scale project activities and make a recommendation for the consideration of the Board at a future meeting.
- 43. The Board took note of the current status of the work on digitizing methodologies that generate project and programme design documents and provided the following guidance to the secretariat:
  - (a) Ensure that the digitized methodologies comply with all the relevant methodological and regulatory requirements of the CDM;
  - (b) Road-test the digitized methodologies as Excel spreadsheets with practitioners and stakeholders and improve their user-friendliness;
  - (c) Be mindful of the technical and administrative challenges in maintaining multiple versions of the tool;
  - (d) Pursue the process of development of a web-based system that overcomes issues pertaining to the use of the Excel spreadsheet-based tool;
  - (e) Consider developing modular approaches that could accommodate multiple methodological standards and tools for the broad application of the digitized system.
- 44. The Board considered a concept note on the broadening of the applicability of the CDM with regard to the development of methodologies for biofuel activities and requested the MP and the SSC WG to work on the following areas:
  - (a) Explore the broadening of the applicability of the existing methodologies beyond captive fleets;
  - (b) Explore the broadening of the applicability of the existing biodiesel methodology to cover bio-ethanol, bio-methanol and biogas.

45. In this regard, the Board also requested the secretariat to prepare a concept note covering the following issues for consideration of the Board at a future meeting:
- (a) The definition or set of definitions of the concept of indirect emission in CDM projects;
  - (b) The legal assessment of whether the consideration of indirect emissions as defined above is part of the existing modalities and procedures of the CDM.
46. The Board considered the draft revised “Standard for demonstration of additionality, development of eligibility criteria and application of multiple methodologies for programmes of activities” recommended by the MP in response to the request from the Board to propose guidance to allow additional types of combinations of large-scale methodologies for application in PoAs without seeking prior approval. The Board agreed to request the MP to work further on the issue and propose broadly applicable guidance in the above-mentioned standard to cover combinations where interactive effects do not occur as well as cases where interactive effects do occur. If some specific types of combinations (e.g. energy efficiency and fuel switch measures) require additional or separate guidance the MP should consider proposing its inclusion in another document (e.g. “Guidelines for the consideration of interactive effects for the application of multiple CDM methodologies for a programme of activities”) providing the rationale. The Board requested the MP to make a recommendation for its consideration at EB 87.
47. The Board considered the draft standardized baseline based on the proposed standardized baseline submission “PSB0010: Grid emission factor for the Dominican Republic” and adopted it, as contained in annex 3 to this report. This standardized baseline provides the values for grid emission factors for the Dominican Republic.
48. Due to the situation where DOEs are accredited according to technical areas, as set out in version 6 of the “CDM accreditation standard”, and most methodologies are still classified according to the technical areas set out in version 4 of the standard, the Board requested the secretariat to reclassify all methodologies in accordance with version 6 of the “CDM accreditation standard” to be considered by the Board at EB 86. In addition the Board agreed to classify the methodology AMS-III.D under sectoral scope 13 and to to classify the methodology AMS-II.D to also include sectoral scope 3.

***(b). Methodological standards for large-scale CDM project activities***

**(i). Revisions of approved methodologies and tools (large-scale)**

49. Based on the recommendation by the MP, the Board approved the following revised methodologies and a methodological tool as major revisions:
- (a) “AM0031: Bus rapid transit projects”, as contained in annex 4 to this report. The revision:
    - (i) Introduces reference to the tool “Baseline emissions for modal shift measures in urban passenger transport”;
    - (ii) Improves the approaches on additionality demonstration;
    - (iii) Improves the guidance on the renewal of the crediting period;

- (iv) Improves the language, readability, clarity and consistency;
- (b) “AM0076: Methodology for implementation of fossil fuel trigeneration systems in existing industrial facilities”, as contained in annex 5 to this report. The revision:
  - (i) Adds reference to the methodological tools;
  - (ii) Clarifies that net leakage should always be considered as zero when net leakage effects are negative;
  - (iii) Improves the methodology by introducing editorial changes;
- (c) “AM0084: Installation of cogeneration system supplying electricity and chilled water to new and existing consumers”, as contained in annex 6 to this report. The revision:
  - (i) Adds reference to the methodological tools;
  - (ii) Clarifies that net leakage should always be considered as zero when net leakage effects are negative;
- (d) “AM0089: Production of diesel using a mixed feedstock of gasoil and vegetable oil”, as contained in annex 7 to this report. The revision:
  - (i) Adds reference to the methodological tools;
  - (ii) Clarifies that net leakage should always be considered as zero when net leakage effects are negative;
  - (iii) Changes the sectoral scope of the methodology from 01 and 05 to 05, 13 and 15;
  - (iv) Improves the methodology by introducing editorial changes;
- (e) “AM0091: Energy efficiency technologies and fuel switching in new and existing buildings”, as contained in annex 8 to this report. The revision:
  - (i) Adds reference to the methodological tools;
  - (ii) Clarifies that net leakage should always be considered as zero when net leakage effects are negative;
- (f) “AM0101: High speed passenger rail system”, as contained in annex 9 to this report. The revision:
  - (i) Improves the approaches on additionality demonstration;
  - (ii) Improves the guidance on the renewal of the crediting period;
  - (iii) Improves the language, readability, clarity and consistency;
- (g) “ACM0016: Mass Rapid Transit Projects”, as contained in annex 10 to this report. The revision:
  - (i) Introduces reference to the tool “Baseline emissions for modal shift measures in urban passenger transport”;

- (ii) Improves the approaches for additionality demonstration;
    - (iii) Improves the guidance on the renewal of the crediting period;
    - (iv) Improves the language, readability, clarity and consistency;
  - (h) “TOOL02: Combined tool to identify the baseline scenario and demonstrate additionality”, as contained in [annex 11](#) to this report. The revision:
    - (i) Clarifies the list of measures covered under “other measures” and includes alternative scenarios for transport projects;
    - (ii) Improves the language, readability, clarity and consistency.
50. The Board approved the “TOOL27: Investment analysis” as contained in [annex 12](#) to this report. The Board requested the MP to revise the methodological tool to identify the host countries where the cost of equity may be calculated using the capital asset pricing model (CAPM) (i.e. where the conditions proposed in section 6.1 of the revised methodological tool can be satisfied) and to recommend the revised methodological tool for the consideration of the Board at a future meeting. The Board also requested the MP to update the default values for the cost of equity in the appendix to the tool annually. The revision:
- (a) Describes the conditions under which the application of CAPM can be considered appropriate;
  - (b) Provides guidance on how CAPM should be applied to calculate the cost of equity;
  - (c) Updates the default values for the cost of equity in the appendix to the tool;
  - (d) Incorporates a clarification issued by the Board (EB73-A08-CLAR);
  - (e) Includes other editorial improvements;
  - (f) Changes the title to “Methodological tool: Investment analysis”.
51. The Board requested the MP to recommend a revision to the “TOOL06: Project emissions from flaring” to include non-binding best practice examples, taking into account input from the SSC WG.

**(ii). Clarifications (large-scale)**

52. The Board approved the responses by the MP to the requests for clarification AM\_CLA\_0267 to AM\_CLA\_0271, as provided in paragraph 26 of the report of MP 67.

**(iii). Guidelines**

53. Based on the recommendation by the MP, the Board approved the revision of the “Guidelines on the assessment of investment analysis” and reclassified the document as the “TOOL27: Investment analysis” as referred to in para. 50 above.

**(c). Methodological standards for small-scale CDM project activities**

**(i). New methodologies and tools (small-scale)**

54. The Board approved the new small-scale methodology “AMS-III.BL: Integrated methodology for electrification of communities”, as contained in [annex 13](#) to this report. The new methodology:
- (a) Integrates approaches from approved methodologies, namely: ‘AMS-I.F: Renewable electricity generation for captive use and mini-grid’, ‘AMS-I.L: Electrification of rural communities using renewable energy’, and ‘AMS-III.BB: Electrification of communities through grid extension or construction of new mini-grids’;
  - (b) Broadens the coverage of small-scale methodologies for electrification;
  - (c) Provides simplified and flexible monitoring procedures to reduce transaction costs without compromising environmental integrity.

**(ii). Revisions of approved methodologies and tools (small-scale)**

55. Following the recommendation by the SSC WG, the Board approved the following revised methodologies as major revisions:
- (a) “AMS-II.G: Energy efficiency measures in thermal applications of non-renewable biomass”, as contained in [annex 14](#) to this report. The revision includes:
    - (i) Simplification of emission reduction calculation and inclusion of another option (i.e. quantifying thermal energy output) to calculate baseline emissions;
    - (ii) Simplified options to account for loss of efficiency of the project devices;
  - (b) “AMS-III.AV: Low greenhouse gas emitting safe drinking water production systems”, as contained in [annex 15](#) to this report. The revision includes simplified/improved methods for calculation of baseline emissions, such as:
    - (i) Improvements in the methods to determine the quantity of purified water (QPWy);
    - (ii) Guidance on parameters, in particular: (a) fraction of functional appliances that are meeting the standards for safe drinking water (SDW), (b) fraction of the population serviced by the project activity for which the common practice of water purification is or would have been water boiling, and (c) actual proportions of baseline fuel (non-renewable biomass and/or fossil fuels) used in the absence of the project activity;
  - (c) “AMS-III.AG: Switching from high carbon intensive grid electricity to low carbon intensive fossil fuel”, as contained in [annex 16](#) to this report. The revision includes:
    - (i) Provisions to allow the use of multiple fossil fuels in the project given that the primary project fossil fuel is low carbon intensive fuel;
    - (ii) Streamlined procedure for greenfield project activities;

- (iii) Elaboration of monitoring requirements;
  - (d) “AMS-III.AH: Shift from high carbon intensive fuel mix ratio to low carbon intensive fuel mix ratio”, as contained in annex 17 to this report. The revision includes:
    - (i) A simplified monitoring procedure for project activities where the energy output cannot be directly measured;
    - (ii) Simplified monitoring and baseline emissions estimation procedures for element processes with annual emission reductions of less than or equal to 600 tonnes of carbon dioxide;
  - (e) “AMS-III.Z: Fuel Switch, process improvement and energy efficiency in brick manufacture”, as contained in annex 18 to this report. The revision includes:
    - (i) Provisions to allow non-renewable biomass as baseline and project fuel;
    - (ii) Minor change in the equation to allow the substitution of parameter on specific energy consumption by a sector-specific standard value;
  - (f) “AMS-III.O: Hydrogen production using methane extracted from biogas”, as contained in annex 19 to this report. The revision removes the restriction for the application of the methodology in PoAs;
  - (g) “AMS-III.U: Cable Cars for Mass Rapid Transit System (MRTS)”, as contained in annex 20 to this report. The revision removes the restriction for the application of the methodology in PoAs.
56. The Board agreed to the recommendation of the SSC WG to work on the revision of the methodologies “AMS-II.C: Demand-side energy efficiency activities for specific technologies” and/or “AMS-II.J: Demand-side activities for efficient lighting technologies” for the case of energy-efficient lighting with the aim to include consistent methods and provide more flexibility to project proponents to determine the usage hours of lighting equipment in a conservative manner.
- (iii). Clarifications (small-scale)**
57. The Board approved the recommended clarification SSC\_719, as provided in paragraph 32 of the report of SSC WG 48.

**(d). Methodological standards for afforestation and reforestation CDM project activities**

58. The Board considered a recommendation from the A/R WG on the assessment of applicability of afforestation and reforestation modalities and procedures to project activities involving revegetation following the request by the CMP contained in decision 7/CMP.10. The Board requested the A/R WG to consider this matter further and analyze in detail the implications of allowing revegetation project activities under the CDM. The Board requested the following specific issues be considered by the A/R WG:
- (a) What kind of revegetation activities can be allowed and what could be the eligibility criteria for each of such activities (e.g. agroforestry and silvopastoral activities; planting trees and shrubs in unused barren lands, watersheds, steep slopes, along river banks, habitat restoration areas, soil reclamation and desertification control areas, shelterbelts and windbreaks along roads, canals, railways and other public and private lands, in rural and urban settlement areas (e.g. environmental forestry and urban forestry)?
  - (b) Indicate which sections of the A/R modalities and procedures would require modification and what these modifications would be and provide the relevant justifications.
59. The Board considered a recommendation from the A/R WG on additional cost-effective approaches to demonstrating the eligibility of land to qualify as a CDM afforestation or reforestation (A/R) project activity following the request contained in decision 4/CMP.10. The Board requested the A/R WG to consider this matter further and analyse in detail the implications of allowing the use of sampling methods as an additional cost-effective approach for demonstrating the eligibility of land. The Board requested the following specific issues to be considered by the A/R WG:
- (a) What changes in definition of project boundary in the A/R modalities and procedures should be made if a sampling method is allowed in the context of paragraph 8 (a) of the A/R methodological tool "Demonstration of eligibility of lands for A/R CDM project activities"? Why will such changes not be required if a sampling method is allowed in the context of paragraph 8 (b) of the tool?
  - (b) Why will new methodologies for estimation of net greenhouse gas emissions from all activities within the project boundary be required in order to address environmental integrity concerns if sampling is allowed under paragraph 8 (a) of the tool? What are the environmental integrity concerns identified?
  - (c) In absence of access to field plot data (ground truthing), how will the sampling method be implemented under paragraph 8 (b) of the tool?
  - (d) In what particular cases or circumstances will the use of sampling methods under paragraph 8 (a) of the tool result in higher costs to project participants?
  - (e) If the use of sampling methods is to be an option available to the project participants in addition to the existing method allowed under the tool, why will allowing the sampling method increase the costs to the project participants, as they would be free to choose the existing method allowed under the tool if they find it more cost-effective?
  - (f) While applying sampling methods to a heterogeneous area how will it be ensured that samples are unbiased (i.e. randomly selected) and are not handpicked?



60. The Board also requested the secretariat to provide a legal view on the applicability of such sampling methods under the CDM A/R modalities and procedures.

**(ii). Revisions and amendments of approved methodologies and tools (A/R)**

61. Following the recommendation by the A/R WG, the Board approved the following revised methodology and methodological tools as minor revisions:
- (a) “AR-AMS 0007: Afforestation and reforestation project activities implemented on lands other than wetlands”, as contained in [annex 21](#) to this report. The revision consists of removing the reference to a tool under Normative References and other editorial improvements;
  - (b) “AR-TOOL14: Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities”, as contained in [annex 22](#) to this report. The revision consists of an amendment to clarify the text of paragraph 12 and other editorial improvements;
  - (c) “AR-TOOL12: Estimation of carbon stocks and change in carbon stocks in dead wood and litter in A/R CDM project activities”, as contained in [annex 23](#) to this report. The revision consists of an amendment in equation (6) of the tool.

**(iii). Clarifications (A/R)**

62. The Board approved the recommended clarifications AR\_CLA\_TOOL\_0001 (fast track), AR\_CLA\_TOOL\_0002 (fast track), SSC\_AR\_009 and SSC\_AR\_010, as provided in paragraph 12 of the report of the A/R WG 40.

**Agenda item 4.2. Procedures**

63. The Board agreed to revise the procedure for performance monitoring of the DOEs, as contained in [annex 24](#) to this report.
64. The Board considered a concept note on options for accreditation assessment fees. The Board requested the secretariat, in consultation with the CDM-AP and taking into account inputs from the DOEs through their forum, to prepare a concept note to explore approaches to reduce the accreditation fees charged to DOEs by means of a subsidy, for the consideration of the Board at a future meeting. The concept note shall include the following elements:
- (a) Possible policy objectives for the subsidy;
  - (b) Possible level, structure and duration of the subsidy;
  - (c) Impacts and implications of the possible subsidy, taking into account the following aspects:
    - (i) Cost for the DOEs, project participants and the CDM Trust Fund;
    - (ii) Incentives for DOEs;
    - (iii) Competition amongst DOEs, in particular among large and small-sized DOEs;
  - (d) Legal aspects of whether a subsidy can be provided (whether these possible approaches are within the scope of the CDM modalities and procedures

(decision 3.CMP/1)).

65. The Board considered a concept note on the review of the flexibility in the CDM accreditation standard and procedure. The Board agreed on all recommendations contained in the concept note, except the option in section 3.7 related to enhancing access to information on DOE activity, where the Board agreed to continue its consideration. In this regard, the Board requested the secretariat:
- (a) To continue collecting experience from implementing the CDM accreditation standard for its possible revisions in the future;
  - (b) To prepare a draft clarification on the CDM accreditation standard for its adoption at a future meeting, with the following agreed items:
    - (i) Observation of DOE personnel during the first on-site validation/verification;
    - (ii) All previous recommendations by the CDM-AP that have already been agreed by the Board in relation to the CDM accreditation standard (i.e. (a) EB 77 report, para. 69 (second part of the paragraph) and (b) EB 81 report, para. 26);
  - (c) To prepare a draft revised CDM accreditation procedure for consideration by the Board at its next meeting;
  - (d) To include, in the revised text of the procedure, options on the access to information on DOE activity, for further consideration by the Board.

#### **Agenda item 4.3. Policy issues**

66. The Board considered a policy issue with regard to certification of emission reductions for a partial period within a monitoring period. The Board reaffirmed that in accordance with paragraphs 59, 61 and 64 of the annex to decision 3/CMP.1, the certified amount of emission reductions shall be equal to the verified amount of emission reductions.

### **Agenda item 5. Relations with forums and other stakeholders**

67. The Board took note of the external input on the issues included on the annotated agenda of EB 85 and its annexes, as received from the call for input in accordance with the “Modalities and procedures for direct communications with stakeholders”. The input received on specific agenda items was considered by the Board in the relevant agenda item. The Board thanked stakeholders for the comments.
68. The Board considered communications to the Board (INQ-03222 and NQ-03223) submitted by the DOE “Colombian Institute for Technical Standards and Certification” (ICONTEC) and agreed to respond to the submitter in accordance with the “Procedure: Direct communication with stakeholders” in line with its decision as stipulated in para. 48 above.

69. The Board considered a communication (INQ-03214) submitted by EKI Energy Services Limited and agreed:
- (a) On the issue of timing of local stakeholders consultations (LSC): to reconsider the rule on paragraph 78 of the “CDM project standard” (PS), version 9, at the next revision of the PS, and to allow project participants or coordinating/managing entities of projects where the LSC had not been carried out before the start date of the project activity to request an exemption on a case-per-case basis until the revision of the PS becomes effective;
  - (b) On the issue of bundling: to confirm that the current rules do not allow for temporary and permanent removal of a bundle partner after registration of the bundled project. The Board also requested the secretariat to look at the possibility of temporary or permanent removal of a bundle partner for the next revision of the PS, “CDM project cycle procedure (PCP)” and “CDM validation and verification standard” in the context of simplification;
  - (c) On the issue of payment of share of proceeds: the Board noted the current practice of allowing issuance in non-chronological order as long as the monitoring is continuous and the monitoring reports are uploaded in chronological order on the UNFCCC website. The Board also agreed to expand the applicability of annex 3 to the PCP, version 9, to project activities, in addition to PoAs, at the next revision of the PCP.
70. The Board considered a communication (INQ-03396) submitted by a stakeholder and agreed to respond to the submitter in accordance with the “Procedure: Direct communication with stakeholders”.
71. The Board took note that the secretariat organized the 29<sup>th</sup> DOE conference call on 16 June 2015. The Chair and the Vice-Chair of the CDM-AP participated in this call as observers.
72. The Board held an interaction with the DOE/AIE Coordination Forum Chair, Mr. Werner Betzenbichler, via teleconference, and took note of the inputs from the forum, as reported by its Chair.
73. Mr. Betzenbichler provided the following comments on the annotated agenda:
- (a) Regarding the concept note on performance monitoring of DOEs: he informed the Board that DOEs are not affected by the change and recommended that the Board consider to have public reports on accumulated data from all DOEs, including root-cause analysis;
  - (b) Regarding the concept note on accreditation assessment fees: he commented on advantages and disadvantages of the four options presented and informed the Board that the expectations of DOEs had been for the Board to develop solutions for less expensive accreditation;
  - (c) Regarding the concept note on the review of the flexibility in the accreditation standard and procedure: he expressed support for some of the changes proposed in the note but expressed concern over the options proposed for the CDM-AP to conclude a performance assessment.

- 74. The Chair of the forum also raised some concerns from DOEs on inconsistencies in linking the technical areas of project activities and methodologies, which occurred when introducing the new version of the CDM accreditation standard.
- 75. The Board sought clarifications from the DOE/AIE Coordination Forum Chair on some of the comments raised by DOEs and thanked Mr. Betzenbichler for his inputs. It encouraged the forum to continue raising issues related to its guidance and offering appropriate solutions and recommendations.
- 76. The Board took note of a written submission provided by the registered observer. The Board thanked the observer and encouraged all observers to continue interacting with the Board.
- 77. Observers to EB 86 shall have registered with the secretariat by 21 September 2015.

## **Agenda item 6. Other matters**

- 78. The Board agreed to the provisional agenda for EB 86, to be held in Bonn, Germany, from 12 to 16 October 2015, as contained in annex 25 to this report. Following the rules of procedure any Board member or alternate member may propose additions to the agenda not later than four weeks prior to the meeting (14 September 2015).

## **Agenda item 7. Conclusion of the meeting**

- 79. The Chair summarized the main conclusions and closed the meeting.
- 80. Any decisions taken by the Board shall be made publicly available in accordance with paragraph 17 of the CDM modalities and procedures and with rule 31 of the Rules of procedure of the Board. The proceedings of the open sessions of the meeting can be accessed via webcast under <http://cdm.unfccc.int/EB/Meetings>.

## **Annexes to the report**

### ***Strategic planning and direction***

Annex 1 - Data elements for inclusion in the database of project information (version 01.0)

### ***Performance management***

Annex 2 - Project plan for the evaluation of the CDM regional collaboration centres (version 01.0)

### ***Standards for CDM project activities and programme of activities***

Annex 3 - ASB0015: Grid emission factor for the Dominican Republic (version 01.0)

### ***Methodological standards for large-scale CDM project activities***

Annex 4 - AM0031: Bus rapid transit projects (version 06.0)

Annex 5 - AM0076: Implementation of fossil fuel trigeneration systems in existing industrial facilities (version 02.0)

Annex 6 - AM0084: Installation of cogeneration system supplying electricity and chilled water to new and existing consumer s (version 03.0)

Annex 7 - AM0089: Production of diesel using a mixed feedstock of gasoil and vegetable oil (version 02.0)

Annex 8 - AM0091: Energy efficiency technologies and fuel switching in new and existing buildings (version 03.0)

Annex 9 - AM0101: High speed passenger rail system (version 02.0)

Annex 10 - ACM0016: Mass Rapid Transit Projects (version 04.0)

Annex 11 - TOOL02: Combined tool to identify the baseline scenario and demonstrate additionality (version 06.0)

Annex 12 - TOOL27: Investment analysis (version 06.0)

### ***Methodological standards for small-scale CDM project activities***

Annex 13 - AMS-III.BL: Integrated methodology for electrification of communities (version 01.0)

Annex 14 - AMS-II.G: Energy efficiency measures in thermal applications of non-renewable biomass (version 07.0)

Annex 15 - AMS-III.AV: Low greenhouse gas emitting safe drinking water production systems (version 05.0)

Annex 16 - AMS-III.AG: Switching from high carbon intensive grid electricity to low carbon intensive fossil fuels (version 03.0)

Annex 17 - AMS-III.AH: Shift from high carbon intensive fuel mix ratio to low carbon intensive fuel mix ratio (version 02.0)

Annex 18 - AMS-III.Z: Fuel Switch, process improvement and energy efficiency in brick manufacture (version 06.0)

Annex 19 - AMS-III.O: Hydrogen production using methane extracted from biogas (version 02.0)

Annex 20 - AMS-III.U: Cable cars for mass rapid transit system (MRTS) (version 02.0)

***Methodological standards for afforestation and reforestation CDM project activities***

Annex 21 - AR-AMS 0007: Afforestation and reforestation project activities implemented on lands other than wetlands (version 03.1)

Annex 22 - AR-TOOL14: Estimation of carbon stocks and change in carbon stocks of trees and shrubs in A/R CDM project activities (version 04.2)

Annex 23 - AR-TOOL12: Estimation of carbon stocks and change in carbon stocks in dead wood and litter in A/R CDM project activities (version 03.1)

***Procedures***

Annex 24 - Procedure: Performance monitoring of designated operational entities (version 03.0)

***Other matters***

Annex 25 - Provisional agenda: CDM Executive Board eighty-sixth meeting (version 01.0)

## ***List of documents undergone editorial changes or issued since the last meeting***

### ***Regulatory Documents***

- Methodological tool: Common practice (version 03.1)
- DOE performance monitoring: Report to the public on the 11<sup>th</sup> monitoring period (version 03.0)

### ***Rulings***

- Project 9654 - Ruling note: Request for registration for “Talimarjan Clean Energy Generation Project” (version 01.0)

### ***Checklists***

- Request for issuance and post-registration changes: Completeness check checklist (version 03.0)
- CDM Project activity request for registration: Completeness check checklist (version 04.0)
- Programme of activities (PoA) request for registration: Completeness check checklist (version 03.0)
- Programme of activities (PoA) request for issuance and post-registration changes: Completeness check checklist (version 03.0)
- Request for renewal of crediting period and post registration changes: Completeness check checklist (version 03.0)

### ***Forms***

- CDM-PoA-VCR-FORM - Verification and certification report form for CDM programme of activities (version 01.0)
- CDM-PoA-PRCV-FORM - Validation report form for post-registration changes for CDM programme of activities (version 01.0)

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### **Document information**

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