

**CDM-EB90-AA-A12**

## Concept note

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# Progress of the work on the simplification and streamlining of the CDM

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

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## **1. Procedural background**

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board), since its eighty-sixth meeting (EB 86), has been considering various proposals prepared by the secretariat to simplify and streamline the CDM. By EB 89, the Board had agreed on the directions for most of those proposals, and requested the secretariat to prepare revised regulatory documents reflecting the agreed directions.
2. Based on a request from the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) at its eleventh session, the Board, at EB 88, considered options for developing standalone programme of activities (PoA) guidance, and requested the secretariat to start developing two sets of regulatory documents, one applicable only for PoAs and the other only for project activities, taking as a basis the provisions of the existing "CDM project standard" (PS), "CDM validation and verification standard" (VVS) and the "CDM project cycle procedure" (PCP), and reflecting all new directions and changes agreed by the Board since the last revision of these documents.
3. At EB 89, the Board took note of the progress of the work on the development of the revised and restructured PS, VVS and PCP, and requested the secretariat to present the work-in-progress documents on the areas that require further consideration by the Board at EB 90 with their publication by one week prior to the meeting on an exceptional basis, considering the workload of the secretariat.

## **2. Purpose**

4. The purpose of this concept note is to present draft regulatory provisions in selected areas of simplification and streamlining of the CDM, prepared based on the guidance of the Board provided between EB 86 and EB 90, that would require further guidance by the Board before incorporating them into the revised and restructured PS, VVS and PCP.

## **3. Key issues and proposed solutions**

### **3.1. Clarifying conditions for exemption from on-site inspection at validation and verification**

5. With regard to the proposal on "Clarifying conditions for exemption from on-site inspection at validation and introducing delayed on-site inspection, and clarifying conditions for exemption from on-site inspection at verification", the Board, at EB 89, agreed on the following directions and process:
  - (a) On-site inspection at validation:
    - (i) For a project activity/PoA that achieves more than a certain threshold of emission reductions per year, an on-site inspection is always mandatory, regardless of whether it is a greenfield or brownfield project activity/PoA;
    - (ii) For a project activity/PoA that falls below the threshold, an on-site inspection is optional, unless it falls under certain circumstances, for example, relating to the traceability of pre-project information;

- (iii) If an on-site inspection is not conducted, the designated operating entity (DOE) has to validate through alternative means and justify it;
  - (b) On-site inspection at verification:
    - (i) For the first verification for a project activity or component project activity (CPA), an on-site inspection is always mandatory;
    - (ii) For subsequent verifications, an on-site inspection is optional, unless at least one of the following circumstances is applicable to the project activity/CPA:
      - The project activity/CPA has achieved a certain volume of emission reductions since the last verification, where an on-site inspection was conducted;
      - A certain length of time has elapsed since the last on-site inspection;
    - (iii) If an on-site inspection is not conducted, the DOE has to verify through alternative means and justify it;
  - (c) Process:
    - (i) The secretariat should elaborate the “threshold”, “circumstances” and “the first verification” referred to above, when drafting the relevant regulatory documents;
    - (ii) When elaborating the threshold and circumstances, the secretariat should analyse and take into account the possible material impact of not conducting an on-site inspection on the environmental integrity, as well as on cost implications.
- 6. Based on this, the secretariat prepared draft regulatory provisions as contained in appendix 1.
- 7. With regard to the threshold of emission reductions for mandatory on-site inspection at validation irrespective of greenfield or brownfield project activity or PoA (hereinafter referred to as the mandatory threshold), the main factor to determine the mandatory threshold level should be the gravity of risk of not conducting an on-site inspection to the credibility of the information provided by the project participants or the coordinating/managing entity in the project design document (PDD) or PoA design document (PoA-DD), or any other supporting materials. Nevertheless, it is ultimately a policy decision of the Board where to draw the line. In doing so, the proportion of cases that would be impacted by the mandatory threshold level would help make such policy decision. In the draft regulatory provisions, it is proposed that the mandatory threshold could be the annual average emission reductions of 50,000, 100,000 or 250,000 tCO<sub>2</sub>eq. Based on the statistics of registered CDM project activities, these thresholds would affect about 54 per cent, 30 per cent and 9 per cent respectively of all cases in the future.
- 8. With regard to the circumstances under which an on-site inspection at validation is mandatory even below the mandatory threshold, the following two conditions are proposed:

- (a) There is pre-project information that is relevant to the requirements for registration of the project activity or inclusion of the CPA and may not be traceable after the registration or inclusion. The purpose of introducing this condition is to ensure the transparency and credibility of the registration of a project activity or inclusion of a CPA so that, if in doubt, the compliance of the project activity or CPA with the requirements for registration or inclusion (e.g. additionality and baseline) could be reviewed any time after registration or inclusion. Such record might be important for determining significant deficiencies in validation or erroneous inclusion of CPAs; or
  - (b) There are no alternative means to the on-site inspection to assess the compliance of the project activity or CPA with the requirements for its registration or inclusion.
- 9. With regard to the definition of “first verification” for mandatory on-site inspection at verification, the following options are proposed:
  - (a) **The first verification for the project activity or PoA.** This option would significantly increase the certainty as to whether the project activity or CPA has been actually implemented in accordance with registered PDD or CPA-DD;
  - (b) **The first verification for the DOE with regard to the project activity or CPA.** In addition to the benefit mentioned in subparagraph (a) above, this option would increase the confidence of each verifying DOE in its verification outcome, as the verifying DOE could change anytime in the lifetime of the project activity or CPA. Since this option covers the cases under the option in subparagraph (a) above, these are mutually exclusive options.
- 10. With regard to the circumstances under which an on-site inspection is mandatory at subsequent verifications, the following three conditions are proposed.
  - (a) More than three years have elapsed since the last on-site inspection was conducted for verification for the project activity or CPA. Three years would be a reasonable time gap to ensure continued operation of and monitoring for the project activity or included CPA in accordance with the registered PDD or PoA-DD;
  - (b) The project activity or CPA has achieved more than [50,000] [100,000] [250,000] tCO<sub>2</sub>eq of emission reductions since the last verification when an on-site inspection was conducted. The level of accumulated emission reductions is aligned with the mandatory threshold at validation proposed in paragraph 7 above; or
  - (c) There are no alternative means to the on-site inspection to assess the compliance of the implementation of the project activity or CPA and the monitoring results with the registered PDD or included CPA-DD.
- 3.2. Not requiring submission of first specific-case CPA corresponding to each generic CPA for approval by the Board and introducing sample checks of inclusion of CPAs**
- 11. With regard to the proposal on “Submission of first specific-case CPA corresponding to each generic CPA for approval by the Board”, the Board, at EB 89, agreed to remove the

requirement for the first specific-case CPA corresponding to each generic CPA to be submitted for assessment by the secretariat and the Board, either at the registration of the PoA or through the post-registration change process. Instead, the Board agreed to introduce random sample checks by the secretariat and the Board of inclusions of specific-case CPAs. Due to this change, the Board also agreed to revise the provisions for determining the registration fee for PoAs.

12. Based on this, the secretariat prepared draft regulatory provisions as contained in appendix 2.
13. The draft regulatory provisions are prepared based on the assumption that the submission of the first specific-case CPA corresponding to each generic CPA for the assessment by the secretariat and the Board will not be kept as an option, that all specific-case CPAs will be included by a DOE, and that all included CPAs are possibly subject to the sample checks by the secretariat and the Board. This assumption is based on the understanding that the Board agreed that it was more effective to conduct sample checks of all included CPAs instead of checking only the first specific-case CPA, and if so, keeping the submission of the first specific-case CPA as an option would not add much value to the process.
14. With regard to the registration fee for PoAs, as there will be no specific-case CPAs to be submitted at the time of registration of a PoA, and the estimated annual average emission reductions or removal enhancements, which is the basis of determining the registration fee for project activities, will increase over time, it is proposed that a fixed rate be set at USD 10,000, 15,000 or 20,000. Concerning the registration fee for a PoA with multiple host Parties, it is proposed to exempt the fee if the PoA is hosted only in least developed countries.

### **3.3. Allowing re-inclusion of excluded CPAs**

15. With regard to the proposal on "Re-inclusion of excluded CPAs or qualifying as standalone project activities", the Board, at EB 89, supported the direction in the proposal with the exception of requiring a statement on non-participation in any other scheme, or non-claiming of any credits for emission reductions under any other scheme. The Board requested the secretariat to elaborate the conditions to be met for re-inclusion in the same or different PoA, or registering as a standalone project activity.
16. Based on this, the secretariat prepared draft regulatory provisions as contained in appendix 3.
17. Although the Board supported the direction to allow excluded CPAs to be included in the same or different PoA or register as standalone CDM project activities, the draft regulatory provisions propose that only their re-inclusion in the same PoA be allowed. This narrowing of the possibility for excluded CPAs compared to the proposal submitted at EB 89 is based on further consideration within the secretariat that allowing their inclusion in a different PoA or registration as standalone CDM project activities would cause practical complications to tracking the history of CPAs and to certified emission reduction (CER) tagging (each CER is tagged with the code that identifies the PoA under which it is issued). In addition, it is felt that, in reality, the demand for including an excluded CPA in another PoA or registering it as a standalone CDM project activity would be extremely rare.

18. The proposed conditions for re-inclusion in the same PoA are as follows:

- (a) The CPA-DD transparently declares that the CPA has been previously excluded from the same PoA, either voluntarily or due to erroneous inclusion;
- (b) The crediting period type (i.e. renewable or fixed) and the total length of the crediting period (e.g. maximum 10 years for the fixed crediting period type and maximum 21 years for the renewal crediting period type) and its end-date are the same as before the exclusion;
- (c) If the crediting period type is renewable and the re-inclusion takes place after the end of the crediting period in which the exclusion occurred, the CPA meets all requirements in the latest version of the PoA-DD and its corresponding generic CPA-DD part, including eligibility criteria for inclusion of CPAs;
- (d) If the CPA applies a methodology that potentially accrues negative emission reductions, emission reductions have been continuously monitored since the end of the monitoring period in the last published monitoring report, including the exclusion period. For such CPA, if there were net negative emission reductions during the period before the re-inclusion, the amount shall be deducted from the first requests for issuance after the re-inclusion;
- (e) If the CPA has been excluded as a result of erroneous inclusion, the non-compliance with the requirements for inclusion in the PoA that led to the erroneous inclusion has been rectified, and, if CERs have been issued for the CPA, an equivalent amount of Kyoto credits have been compensated by the DOE that included the CPA, or that validated the CPA at its first verification if it was included by the coordinating/managing entity, to the CDM registry in accordance with the "CDM project cycle procedure".

### **3.4. Allowing a DOE to perform both validation and verification for the same project**

- 19. With regard to the proposal on "Allowing a DOE to perform both validation and verification for the same project", the Board, at EB 88, agreed to maintain the current cases (i.e. small-scale project activities) under which a DOE can perform both validation and verification for the same project activity without requiring authorization from the Board. However, the Board requested the secretariat to consider the development of additional criteria based on which the Board may decide on the cases requiring authorization from the Board, and to further elaborate the content of information that the DOE needs to provide when requesting an authorization from the Board. The Board also agreed to review the effectiveness of the new provisions after their implementation in the future.
- 20. Based on this, the secretariat prepared draft regulatory provisions as contained in appendix 4.
- 21. The draft regulatory provisions propose that the DOE shall justify that the selection of any other DOE, if available, would not be reasonable by providing any relevant information, including, but not limited to, the following:
  - (a) Letters sent by the project participants or the coordinating/managing entity to at least three DOEs, including the selected one, accredited in the relevant sectoral

scopes, asking for quotations to perform the verification and, if available, the answers thereto;

- (b) Specific measures that will be implemented to safeguard the impartiality and integrity of the DOE in undertaking the verification.
22. This way of formulation of the provisions would give more flexibility in the type of information to accommodate individual circumstances. The information on the scale of emission reductions or removal enhancements has been dropped as it is already available in the PDD that has been published on the UNFCCC website for global stakeholder consultation.
23. With regard to the criteria for decision of the Board, it is proposed that potential impacts on the outcome of verification from the perspectives of impartiality and integrity should be the key criteria; any other circumstances that would justify the authorization of the Board, such as unavailability of other DOEs to perform the verification at reasonable costs, may also be taken into account.

### **3.5. Reducing the risk of disputes and irregularities in the modalities of communication process**

24. The Board, at EB 89, considered a concept note on “Reducing risk of disputes and irregularities in the modalities of communication (MoC) process” and requested the secretariat to explore options and develop draft procedures for inclusion of changes to the MoC process in the next revision of the PCP, taking into account the following guidance:
- (a) Provide for the voluntary inclusion of an end-date for participation of a project participant in the MoC statement;
  - (b) Extend the provisions for direct reporting by project participants on changes to the MoC statement;
  - (c) Develop a process for the voluntary withdrawal of focal points and the administrative withdrawal of project participants.
25. Based on this, the secretariat prepared draft regulatory provisions as contained in appendix 5.
26. With regard to the voluntary inclusion in the MoC statement of an end-date for participation of a project participant, the draft regulatory provisions propose that project participants may voluntarily declare upfront their end-date of participation either at the registration or at the post-registration stage. The secretariat shall monitor this date and effect the withdrawal from the following day, provided that at least one project participant authorized by the DNA of a host Party to participate in the project activity or PoA remains.
27. With regard to the direct reporting by project participants on changes to the MoC statement, the draft regulatory provisions propose that the following types of changes to the MoC statement be eligible for such direct reporting:



- (a) Their own voluntary withdrawal, provided that at least one project participant authorized by the DNA of the host Party to participate in the project activity remains;
  - (b) Changes to their own contact details;
  - (c) Cessation of other project participants of the same project activity;
  - (d) Administrative withdrawal of other project participants of the same project activity.
28. With regard to the voluntary withdrawal of focal points, the draft regulatory provisions propose that any focal points may request their voluntary withdrawal from all scopes of authority subsequent to a prior notification of the intention of withdrawal to all project participants of the project activity. Once the request is found complete, the secretariat will effect the withdrawal of the focal point and communicate it to all other focal points and all project participants, including the implications of the withdrawal. The remaining focal points will continue to receive communications from the secretariat. If no focal points remain, communications will be sent to all project participants, who shall designate new focal points in order to enable further engagement with the secretariat and the Board.
29. With regard to the administrative withdrawal of a project participant who is not contactable, the draft regulatory provisions propose that the focal point for scope (b) or another project participant may trigger this process, provided that at least one project participant authorized by the DNA of the host Party to participate in the project activity remains. The process will involve two periods of notification to the non-contactable project participant as follows:
- (a) A period of 30 days prior to the submission of the withdrawal request to the secretariat; and
  - (b) A period of 60 days from the notification by the secretariat to the non-contactable project participant and the authorizing DNA.
- The administrative withdrawal will be effected on a non-objection basis. The withdrawn project participants may regain the project participant status for the same project activity any time after their withdrawal.
30. The provisions referred to paragraph 26 above are applicable to project activities and PoAs, while the provisions referred to in paragraphs 27, 28 and 29 above are applicable only to project activities.

### **3.6. Streamlining the registration process**

31. The Board, at EB 88, requested the secretariat to analyse the secretariat's current operation of completeness check and information and reporting check for requests for registration, including their scheduling time and identify areas for improvement with a view to shortening the process time and increase the predictability. This analysis should cover requests for registration of project activities that are deemed automatically additional. The Board also requested the secretariat to prepare a concept note on the outcome of this analysis for consideration by the Board at a future meeting, no later than EB 90. With regard to the simplification of the registration process for automatically

additional project types, this proposal will be covered within the concept note referred to above.

### **3.6.1. Past procedural timelines**

32. There was no separation between the completeness check and the information and reporting check until EB 54 (May 2010), when the Board adopted the “Procedures for requests for registration of proposed CDM project activities” (version 01). The completeness check was conducted within 30 days of the submission of a request for registration as per the “Guidelines on completeness checks of requests for registration” (version 01) (EB 48, annex 60).
33. The “Procedures for requests for registration of proposed CDM project activities” (version 01) provided the timelines for conducting the completeness check and the information and reporting check as seven days and 23 days respectively. The same was reflected in the PCP when this procedure was consolidated into the PCP at EB 65 (November 2011).

### **3.6.2. Current procedural timelines**

34. Through paragraph 60 of decision 3/CMP 6 (December 2010), the CMP had urged the Board and the secretariat to take the necessary measures to ensure that the average time between the receipt of a submission and the commencement of the completeness check is less than 15 calendar days. As per the operational practice of the secretariat, the commencement of the completeness check for all requests for registration and issuance received is performed in batches on a weekly basis.
35. Following the commencement, the completeness check of a request for registration or issuance is to be performed within seven days in accordance with the PCP. During the completeness check, the secretariat may identify issues of an editorial nature or consistency in the submission. For these types of issues, the DOE will be requested to clarify the issues and/or provide revised documentation within two days of the notification of the issues. If the DOE does not respond within the deadline, the request will be concluded as incomplete.
36. Upon the positive conclusion of the completeness check, the secretariat will conduct the information and reporting check within 23 days. During this check, the secretariat may also identify issues of an editorial nature or missing basic information. For these types of issues, the DOE will be requested to clarify the issues and/or provide revised documentation within two days of the notification of the issues. If the DOE does not respond within the deadline, the request will be concluded as it cannot be processed any further. Upon submission of the revised documentation, the process will resume.

### **3.6.3. Budgeted resources and internal process**

37. The CDM Management Plan for 2016 approved by the Board at EB 87 indicates the approved resources to assess forecasted 640 requests for registration and issuance are 95.4 staff months. This is translated into 3.0 working staff-days to process per request for registration or issuance (including the completeness check, the information and reporting check and the preparation of a summary note). Of this, approximately 0.4 to 0.5 days are used for the completeness check by team assistants.

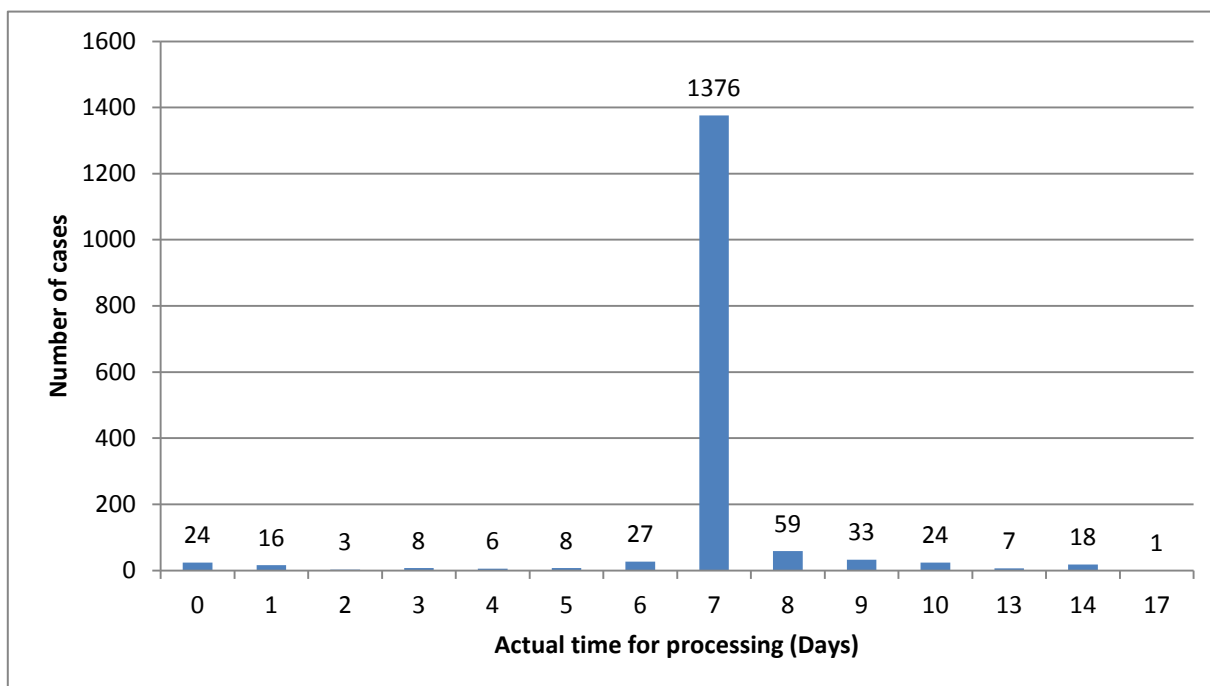
38. The secretariat is presently processing 12 to 18 requests for registration and issuance per week. Each case officer examines two or three cases per week depending upon the complexity of the case and the need for additional information from DOEs.
39. The results of the information and reporting checks are discussed within the team in the following week for internal calibration and uniformity of assessments. Additional information of an editorial or minor nature is also sought from DOEs, if needed, after this meeting.
40. The last week of the period for the information and reporting check is used to follow up on the feedback provided at the team meeting as well as to examine the revised or additional information from DOEs. The information and reporting check is firmed up in this week.

#### **3.6.4. Actual timelines and analysis**

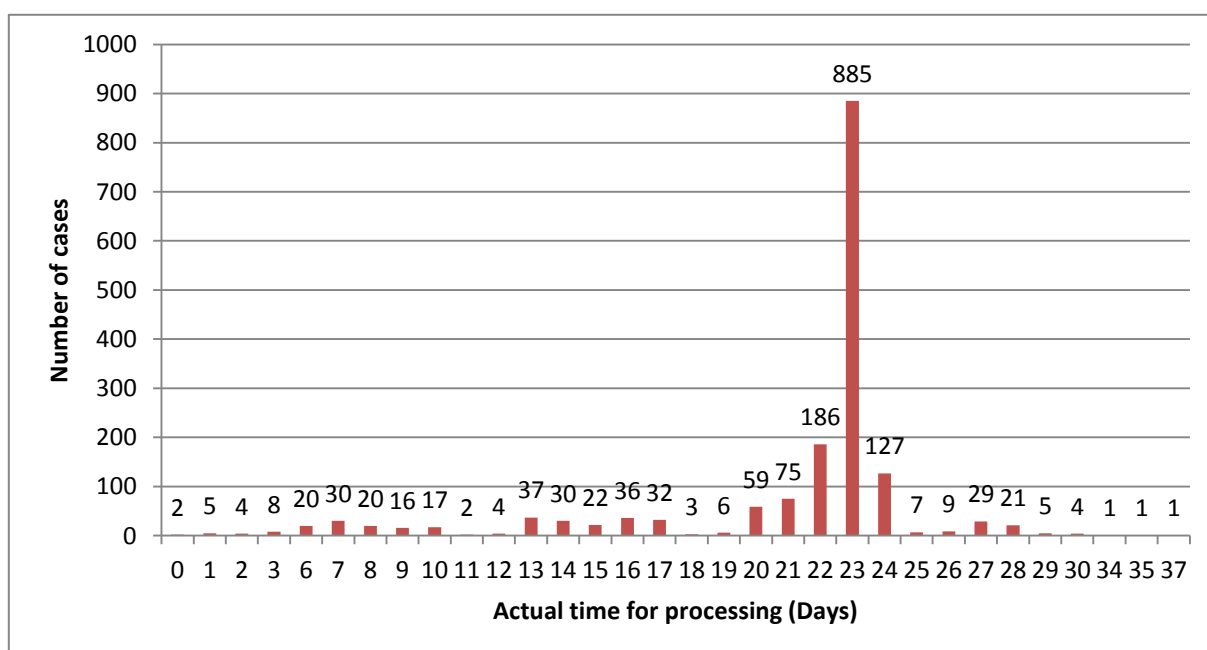
41. Of all requests for registration and issuance processed between January 2014 and May 2016, 91 per cent of the requests were concluded within the procedural timeline for the completeness check (seven days) and 88 per cent of the requests were concluded within the procedural timeline for the information and reporting check (23 days) as per the PCP (see figures 1 and 2 below).
42. Of 9 per cent of the requests for which the completeness checks were concluded beyond the procedural timeline, for more than 50 per cent of such cases, issues of an editorial nature or consistency in the submission were identified and additional inputs were sought from the DOEs, which delayed the processing of these cases. This means that if there had been no editorial or consistency issue in the submission, almost 96 per cent of the completeness checks would have been concluded within the procedural timeline. For the remaining 4 per cent, the delay was primarily due to unforeseen events such as individual staff members falling ill or the specified deadline falling on UN holidays.
43. Of 12 per cent of the requests for which the information and reporting checks were concluded beyond the timeline, for more than 50 per cent of such cases, issues of editorial nature or missing basic information were identified and additional inputs were sought from the DOEs, which delayed the processing of these cases. This means that if there had been no issue of an editorial nature or missing basic information, almost 94 per cent of the information and reporting checks would have been concluded within the procedural timeline. For the remaining 6 per cent, the delay was primarily due the same reasons referred to in paragraph 42 above.
44. Since the secretariat does not differentiate the processing of cases by whether the request for registration is of a project activity that is deemed automatically additional or not, the data provided in figures 1 and 2 include both cases. Nevertheless, as assessing additionality at the information and reporting check usually requires a significant amount of time, the requests for registration of project activities that are deemed automatically additional require relatively much less time in reality. Also, once the standardized registration templates for automatically additional project activities are adopted (the drafts are being presented at EB 90), they will further reduce the effort needed to process the requests for registration of this type of project activities.
45. However, it should be noted that as mentioned in the concept note "Standardized registration templates for automatically additional project activities" presented at EB 89,

the project activities that are deemed automatically additional only contribute to about 2 per cent of the total registered CDM project activities, or 4.5 per cent of registered small-scale project activities.

**Figure 1. Days required to conclude the completeness check of a request for registration or issuance (Jan 2014 – May 2016)**



**Figure 2. Days required to conclude the information and reporting check of a request for registration or issuance (Jan 2014 – May 2016)**



### **3.6.5. Proposed solutions**

46. Based on the analysis as presented under section 3.6.4 above, it is proposed that the current procedural timelines be retained for both the completeness check and the information and reporting check. Shortening the actual timeline in particular for the information and reporting check can be conducted as practice without changing the procedural timeline specified in the PCP. This has been the practice, as seen in Figure 2 above. In addition, setting another (shorter) procedural timeline in the PCP and consequently modifying the information technology system for requests for registration of project activities that are deemed automatically additional would not add much value, as they are already processed faster than other cases.

## **4. Subsequent work and timelines**

47. The secretariat will reflect the guidance of the Board on the proposed draft regulatory provisions described in section 3 above and in appendices 1-5, in the first draft of the package of revised PS, VVS and PCP in conjunction with the development of standalone regulatory documents for PoAs, and present them at EB 91 (September 2016).

## **5. Recommendations to the Board**

48. The secretariat recommends that the Board agree on the draft regulatory provisions and request the secretariat to reflect them in the PS, VVS and PCP accordingly.

## Appendix 1. Draft regulatory provisions on conditions for exemption from on-site inspection at validation and verification

1. Draft new paragraphs of the “**CDM validation and verification standard**” to reflect the agreed direction on conditions for exemption from on-site inspection at validation and verification are presented below. Yellow highlight indicates the changed parts:

### Section 7. General validation requirements on registration of project activities and programmes of activities

23<sub>bis</sub> It is mandatory for the DOE to conduct an on-site inspection at validation for the proposed CDM project activity or CPA if:

- (a) Its estimated annual average of GHG emission reductions is more than [50,000] [100,000] [250,000] tCO<sub>2</sub>eq;
- (b) There is pre-project information that is relevant to the requirements for registration of the project activity or inclusion of the CPA and may not be traceable after the registration or inclusion; or
- (c) There are no alternative means to the on-site inspection to assess the compliance of the project activity or CPA with the requirements for its registration or inclusion.

23<sub>ter</sub> For other cases that are not referred to in paragraph 23<sub>bis</sub> above, it is optional for the DOE to conduct an on-site inspection at validation. If the DOE does not conduct an on-site inspection as a means of validation, it shall describe the alternative means used and justify that they are sufficient for the purpose of validation.

### Section 11. General verification requirements

373<sub>bis</sub> It is mandatory for the DOE to conduct an on-site inspection at verification for the registered CDM project activity or included CPA if:

- (a) [It is the first verification for the project activity or CPA;] [It is the first verification for the DOE with regard to this project activity or CPA;]
- (b) More than three years have elapsed since the last on-site inspection was conducted for verification for the project activity or CPA;
- (c) The project activity or CPA has achieved more than [50,000] [100,000] [250,000] tCO<sub>2</sub>eq of emission reductions since the last verification when an on-site inspection was conducted; or
- (d) There are no alternative means to the on-site inspection to assess the compliance of the implementation of the project activity or CPA and the monitoring results with the registered PDD or included CPA-DD.

373<sub>ter</sub> For bundled small-scale project activities, the number of on-site inspections may be based on sampling if the sampling size is justified through statistical analysis in accordance with the “Standard: Sampling and surveys for CDM project activities and programme of activities”.

373<sub>quater</sub> For other cases that are not referred to in paragraphs 373<sub>bis</sub> and 373<sub>ter</sub> above, it is optional for the DOE to conduct an on-site inspection at verification. If the DOE does not conduct an on-site inspection as a means of verification, it shall describe the alternative means used and justify that they are sufficient for the purpose of verification.

373<sub>quinquies</sub> If any issue related to the project design, including those attributable to the lack of on-site inspection at previous verification, is identified at the verification, the DOE that detected the issue shall rectify it through the post-registration change process in accordance with the “CDM project cycle procedure”.

## Appendix 2. Draft regulatory provisions on inclusion of CPAs and sample checks of their inclusion

1. Draft revised and new paragraphs of the “CDM project standard” to reflect the agreed direction on inclusion of specific-case CPAs and the introduction of sample checks of their inclusion are presented below. Yellow highlight indicates the changed parts:

### Section 12. Specific design requirements for programmes of activities

207. As part of the proposed CDM PoA, the coordinating/managing entity shall prepare **a generic CPA-DDs** with generic information applicable to all CPAs that will be included in the PoA. For **a PoAs** applying more than one technology/measure or more than one methodology, the coordinating/managing entity shall prepare a generic CPA for each technology/measure, each methodology and each combination thereof.

208. The coordinating/managing entity shall consider any specific guidance in applied methodologies regarding the requirement to prepare separate generic CPA-DDs for each different technology/measure, taking into account differences in the means of demonstration of additionality, emission reduction calculations, and monitoring methods applicable to the technologies/measures being implemented. As an exception, when the technologies/measures are included in the positive lists for additionality demonstration under the “**Methodological tool: Guidelines on the demonstration of additionality of small-scale project activities**” or “**Methodological tool: Guidelines on demonstrating Demonstration of additionality of microscale project activities**” **the a generic CPA-DD** may cover more than one technology/measure. However, the coordinating/managing entity shall still include all the information related to eligibility criteria, emission reduction calculations and monitoring requirements for each technology/measure separately taking into account any specific guidance in the applied methodologies.

~~209. Also as part of the proposed CDM PoA, the coordinating/managing entity shall develop specific-case CPA-DDs under the PoA as follows:~~

~~(a) For PoAs applying the same technology/measure under the same methodology across all CPAs, at least one specific-case CPA-DD shall be provided;~~

~~(b) For PoAs applying more than one technology/measure or more than one methodology, at least one specific-case CPA-DD for each generic CPA-DD shall be provided. In cases where not all specific-case CPA-DDs to cover all generic CPA-DDs can be provided at the time of the publication of the PoA-DD for global stakeholder consultation, at least one specific-case CPA-DD corresponding to any of the generic CPA-DDs shall be provided at the time of the publication of the PoA-DD for global stakeholder consultation. In this case, at least one specific-case CPA-DD shall be provided for each of the remaining generic CPA-DDs at the time of request for registration of the PoA or after the registration of the PoA. In the latter case, the specific-case CPA-DDs shall be provided for approval~~



by the Board in accordance with the post-registration change process as defined in the Project cycle procedure. If the generic CPA-DD contains more than one technology/measure in accordance with paragraph 208 above, the specific-case CPA-DD(s) to be submitted may correspond to any one of the technologies/measures or their combination.

(c) For PoAs hosted in more than one Party, one specific-case CPA-DD for each host Party shall be provided at the time of the publication of the PoA-DD for global stakeholder consultation. In this case, if the PoA-DD defines more than one generic CPA-DD, the specific-case CPA-DD for a host Party may correspond to any generic CPA-DD. However, the requirements in subparagraph (b) above shall still apply to the PoA as a whole.

210<sub>bis</sub> To include a specific-case CPA into the registered CDM PoA, the coordinating/managing entity shall develop a CPA-DD that describes the design of the specific-case CPA (hereinafter referred to as specific-case CPA-DD).

210<sub>ter</sub> Each specific-case CPA-DD shall correspond to one of the generic CPA-DDs developed in accordance with paragraphs 207–208 above and conform to the criteria for inclusion of CPAs in the PoA. If a generic CPA-DD contains more than one technology/measure in accordance with paragraph 208 above, a specific-case CPA-DD may correspond to any one of the technologies/measures or their combination covered by the generic CPA-DD.

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228. The coordinating/managing entity shall select the type (fixed or renewable) and duration of the crediting period of a the proposed CPA, considering that:

(a) The start date of the crediting period for the CPA shall be on or after:

(i) The date of registration of the PoA, if the corresponding CPA-DD is submitted together with the request for registration;

(ii) The date of approval of the CPA, if the specific-case CPA-DD is correspondingly submitted for approval by the Board in accordance with paragraph 209(b) above<sup>168(b) above</sup>;

(iii) The date when the CPA was included in accordance with the Project cycle procedure<sup>“CDM project cycle procedure”</sup>;

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234. For the specific-case CPAs, of which CPA-DDs are to be published together with the PoA-DD for global stakeholder consultation of the proposed CDM PoA, the local stakeholder consultation shall be completed before the submission of the PoA-DD to a DOE for validation. If the local stakeholder consultation is carried out at the CPA level, for CPAs to be included after the registration of the PoA, the local stakeholder consultation shall be completed before their inclusion in the PoA.

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290. Changes to a registered CDM PoA shall be limited to:

~~(c) If a PoA includes more than one generic CPA-DD, the addition of specific-case CPA-DDs corresponding to generic CPA-DDs for which a specific-case CPA-DD has not been submitted at the time of request for registration of the PoA;~~

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293. If the change to a registered CDM PoA is to include additional host Parties in accordance with paragraph 290(a) above, the coordinating/managing entity shall ~~provide a specific-case CPA-DD for the additional host Parties. In this case, the specific-case CPA-DD may correspond to any generic CPA-DD if the PoA defines more than one generic CPA-DD. The coordinating/managing entity shall obtain a letter of approval from each DNA of new host Parties in accordance with the requirement in section 7.6 above.~~

2. Draft revised paragraphs of the “**CDM validation and verification standard**” to reflect the agreed direction on submission of first specific-case CPA corresponding to each generic CPA for approval by the Board and introducing sample check of inclusion of CPAs are presented below. Yellow highlight indicates the changed parts:

## **Section 12. Specific validation requirements on registration of project activities and programmes of activities**

~~270. The DOE shall also confirm that for proposed CDM PoAs applying more than one technology/measure or more than one methodology, at least one specific-case CPA-DD for each generic CPA-DD has been completed. In cases where not all specific-case CPA-DDs covering all generic CPA-DDs can be provided at the time of the publication of the PoA-DD for global stakeholder consultation, at least one specific-case CPA-DD corresponding to any of the generic CPA-DDs shall be provided at the time of the publication of the PoA-DD for global stakeholder consultation. In this case, at least one specific-case CPA-DD shall be provided for each of the remaining generic CPA-DDs at the time of request for registration of the PoA or after the registration of the PoA. In the latter case, the specific-case CPA-DD shall be validated and submitted for approval by the Board in accordance with paragraph 292(a) below.~~

~~275. If the proposed CDM PoA is implemented in more than one host Party, the DOE shall confirm whether the coordinating/managing entity has submitted at least one specific-case CPA-DD for each host Party.~~

292. If the DOE determines that the ~~first or non-first~~ proposed specific-case CDM CPA(s), ~~which is(are)~~ submitted for the inclusion in the registered CDM PoA, complies with the latest version of the registered CDM PoA and the applicable requirements in accordance with section 10.2.3 below, it shall:

~~(a) For the first proposed specific-case CDM CPA(s), issue a positive validation opinion and submit a request for approval of changes in accordance with relevant requirements in the Project cycle procedure; or~~

~~(b) For the non-first proposed specific-case CDM CPA, include the CPA(s) in the PoA in accordance with the relevant requirements in the Project cycle procedure “CDM project cycle procedure”.~~

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340. The DOE shall assess whether the proposed specific-case ~~CDM~~ CPA complies with the latest version of the registered CDM PoA (with its generic CPA-DD part), including the eligibility criteria for inclusion of ~~the CPAs~~ in the PoA, and the applicable requirements, and include the CPA in the PoA in accordance with the “CDM project cycle procedure”. ~~if:~~

~~(a) The first specific-case CDM CPA(s) has(have) been proposed to be included in the generic CPA of the registered CDM PoA for which no proposed specific-case CPA-DD was submitted at the time of request for registration of the PoA;~~

~~(b) The completed specific-case CPA-DD of the non-first proposed specific-case CDM CPA, which is not the first proposed specific-case CDM CPA(s) referred to in subparagraph (a) above, has been forwarded to the DOE for the inclusion of the CPA in the registered CDM PoA in accordance with the relevant requirements in the Project cycle procedure.~~

3. Draft revised paragraphs of the “**CDM project cycle procedure**” to reflect the agreed direction on submission of first specific-case CPA corresponding to each generic CPA for approval by the Board and introducing sample check of inclusion of CPAs are presented below. Yellow highlight indicates the changed parts:

## **Section 12. Specific validation requirements on registration of project activities and programmes of activities**

19. The project participants of a proposed CDM project activity shall complete a PDD, or the coordinating/managing entity of a proposed CDM PoA shall complete a PoA-DD ~~and the PoA specific component project activity design document(s) (CPA-DDs)~~, in accordance with the “CDM project standard”, and submit it/them together with supporting documentation, to the designated operational entity (DOE) contracted by the project participants or the coordinating/managing entity to perform validation of the project activity or PoA.

20. The DOE shall make the PDD or PoA-DD ~~and CPA-DD~~ publicly available through a dedicated interface on the UNFCCC CDM website for global stakeholder consultation. The duration of the period for submission of comments for the global stakeholder consultation shall be 30 days except with respect to large-scale afforestation and reforestation (A/R) project activities or large-scale A/R PoAs, for which the duration shall be 45 days.

21. When submitting the PDD or PoA-DD, the DOE shall, through a dedicated interface on the UNFCCC CDM website, also submit the following information to be made publicly available:

~~(d) The estimated annual greenhouse gas (GHG) emission reductions or removal enhancements indicated in the PDD or, in the case of a PoA, the estimated total annual GHG emission reductions or removal~~

~~enhancements of all specific case component project activities (CPAs) for which CPA-DDs were submitted with the PoA-DD at the time of its publication;~~

- (g) The proposed start date of the proposed CDM project activity and the start date and the length of its first crediting period, or the proposed start date of the proposed CDM PoA ~~and the start date and the length of the first crediting period of each of the specific case CPAs published~~
- (j) In the case of a proposed CDM PoA, in addition to subparagraphs (a)–(g) above:
  - (i) The generic CPA DD part of the PoA-DD, which specifies the generic information relevant to all CPAs that may be included in the PoA. If the PoA applies more than one technology/measure or more than one methodology, the generic CPA DD part of the PoA-DD shall be completed for each technology/measure, each methodology and each combination thereof, unless the technologies/measures in the applied methodologies are included in the positive lists for additionality demonstration under the “Guidelines on demonstration of additionality of small-scale project activities” or “Guidelines on demonstration of additionality of microscale project activities”. In the latter case, the generic CPA-DD may cover more than one technology/measure, ~~and the specific case CPA-DD(s), to be submitted in accordance with subparagraphs (ii) and (iii) below, may correspond to any one of the technologies/measures or their combinations;~~
  - ~~(ii) At least one specific case CPA-DD that corresponds to each generic CPA-DD. In case where all specific case CPA-DDs to cover all generic CPA-DDs cannot be provided at the time of publication of the PoA-DD for global stakeholder consultation, specific case CPA-DD(s) corresponding to at least one generic CPA-DD shall be provided at the time of publication of the PoA-DD for global stakeholder consultation. In this case, for each of the remaining generic CPA-DDs, specific case CPA-DD(s) shall be provided at the time of request for registration of the PoA or after the registration of the PoA. In the latter case, the specific case CPA-DD(s) shall be provided for approval by the Board in accordance with the post-registration change process as defined in section 6.3 below;~~
  - ~~(iii) If the PoA is hosted in more than one Party, a specific case CPA-DD shall also be provided for each host Party at the time of publication of the PoA-DD for global stakeholder consultation. In this case, if the PoA-DD defines more than one generic CPA-DD, the specific case CPA-DD for a host Party may correspond to any generic CPA-DD. However, the requirements in subparagraph (ii) above shall still apply to the PoA as a whole.~~

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128. To include a CPA in a registered CDM PoA, the coordinating/managing entity shall forward a completed specific-case CPA DD to a DOE, after having ensured that the CPA and the specific-case CPA DD meet the eligibility criteria for inclusion in the PoA defined in the latest version of the registered PoA DD and its generic CPA DD part. The coordinating/managing entity may forward more than one specific-case CPA DD at one time. ~~Only upon the approval of the first specific-case CPA DD corresponding to a generic CPA DD by the Board, CPAs corresponding to that generic CPA DD may be included in the registered CDM PoA.~~

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135. If ~~a the~~ DNA of a Party involved in the PoA or ~~a Board member~~ the secretariat identifies information that may disqualify the CPA from inclusion in the PoA, ~~post-registration change to an included CPA~~ or renewal of its crediting period, it/he/she shall request a review of the inclusion ~~or post-registration change~~ of the CPA by notifying the Secretary of the Board within one year after the inclusion of the CPA into the PoA, ~~post-registration change to the CPA~~ or renewal of the crediting period of the CPA, or within 180 days after the first issuance of CERs for that CPA, by submitting a completed "Component project activity ~~inclusion~~ review form" (CDM CPA-~~I~~R-FORM). Such request for review shall be related to issues associated with the compliance of the CPA with the eligibility criteria for inclusion in the PoA as specified in the PoA DD. ~~For this purpose, the secretariat shall assess the inclusion of CPAs in a PoA on a sample basis.~~

- ~~136. If the request is received from a Board member, the Chair of the Board, in consultation with the secretariat, shall assess the information referred to in paragraph 135 above and decide, within 14 days, whether to add the request for review to the agenda of the next Board meeting.~~

- ~~137. If the Chair of the Board decides not to add the request to the agenda of the next Board meeting, the secretariat shall inform the relevant Board member of the reasons for this decision.~~

138. If ~~the Chair of the Board decides to add the request to the agenda of the next Board meeting, or if the Secretary of the Board receives the request for review of the CPA has been received from the DNA of a Party involved~~, the secretariat shall accordingly notify the coordinating/managing entity, the DOE that ~~included~~ confirmed that the CPA met the eligibility criteria for inclusion of CPAs in the PoA in accordance with paragraph 129 or 130<sub>bis</sub> above (hereinafter referred to as ~~including~~ validating DOE) and the DNAs of all Parties involved. The coordinating/managing entity and the ~~including~~ validating DOE shall provide initial comments on the request for review no later than 28 days from the date of notification of the review.

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- ~~155. In the following circumstances, the DOE shall submit a request for approval by the Board prior to the submission of the request for issuance in accordance with paragraphs 160–161 below:~~

- ~~(c) If a PoA includes more than one generic CPA-DD, addition of specific-case CPA-DDs corresponding to that generic CPA-DDs for which a~~

~~specific case CPA-DD has not been submitted at the time of request for registration of the PoA.~~

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161. The request for approval of changes shall contain:

- (a) A duly completed "Post-registration changes request form" (CDM PRC-FORM);
- (b) A validation opinion on the changes by the DOE prepared in accordance with the "CDM validation and verification standard";
- (c) A revised PDD, or revised PoA DD including its revised generic CPA DD part, ~~and specific case CPA-DD~~ (in both clean and track-change versions), as applicable;
- ~~(d) A specific case CPA-DD for each of the additionally included host Parties in the CDM PoA, as applicable;~~
- (e) Letters of approval by the DNAs of the additionally included host Parties in the CDM PoA, as applicable;
- (f) Supplemental documentation, as appropriate.

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175. For the changes referred to in paragraph 148(b)(v) and (vi) above, the course of action shall be:

- (a) Approve the changes and allow subsequent requests for issuance for the project activity or PoA;
- (b) Approve the changes and allow subsequent requests for issuance for the project activity or PoA, but, for the case of a project activity ~~or CPA~~, limit the CERs up to the level estimated in the originally registered PDD ~~or specific case CPA-DD~~;
- (c) Reject the proposed changes but allow subsequent requests for issuance for the project activity or PoA only if it is implemented as described in the registered PDD, ~~or PoA DD or specific case CPA-DD~~.

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179. The secretariat shall make the revised PDD, revised PoA DD, ~~or specific case CPA-DD~~, and the validation or assessment opinion by the DOE, as applicable, publicly available on the UNFCCC CDM website. This version of the PDD, PoA DD ~~or specific case CPA-DD~~ shall be applied for future requests for issuance or for inclusion of new CPAs in the PoA.

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312. The project participants or the coordinating/managing entity may combine a request for approval of any types of changes to the project activity, ~~or PoA or specific case CPA~~ listed in paragraph 148 above with the request for renewal of

crediting period, so that the changes proposed can be effective as from the first day of the next crediting period. In this case, the DOE contracted for this purpose shall submit the following documentation:

- (c) A revised PDD, or revised PoA DD with its generic CPA-DD part, ~~and specific case CPA-DD~~ (in both clean and track-change versions), as applicable;

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## Appendix 1. Fee

### 2. Share of proceeds and registration fee

3. The share of proceeds to cover administrative expenses for project activities and PoAs is:
  - (a) USD 0.10 per certified emission reduction (CER) issued for the first 15,000 tonnes of CO<sub>2</sub> equivalent for which issuance is requested in a given calendar year;
  - (b) USD 0.20 per CER issued for any amount in excess of 15,000 tonnes of CO<sub>2</sub> equivalent for which issuance is requested in a given calendar year;
  - (c) No share of proceeds shall be due for project activities and PoAs hosted in least developed countries. In the case of PoAs hosted not exclusively in least developed countries, the exemption from the share of proceeds applies to the issuance of CERs for the emission reductions occurring in component project activities (CPAs) hosted in least developed countries. The application of this exemption from the share of proceeds shall be based on the status of the country on the date of the publication of the request for issuance of CERs.
4. The registration fee for a project activity shall be the share of proceeds applied to the expected average annual CERs for the proposed project activity over its crediting period, as identified in the project design document (PDD) and as validated by the designated operational entity (DOE). **The maximum registration fee for a project activity payable based on this calculation shall be USD 350,000.**
5. The registration fee for a PoA shall be ~~the share of proceeds applied to the total expected average annual CERs of the specific case CPA(s) submitted together with the request for registration of the PoA. The average annual emission reductions for each specific case CPA are calculated over its crediting period USD [10,000] [15,000] [20,000]. For each CPA which is included subsequently, no registration fee is to be paid.—Fees are to be paid by the coordinating/managing entity to the secretariat.~~
6. Upon re-submission of a request for registration directly following a determination by the secretariat that the submission is incomplete, no registration fee shall be payable unless the re-submission results in an increase in the expected average annual CERs for the proposed project activity, ~~or for the “actual case” CPA submitted together with the request for registration of the PoA,~~ over its crediting period. If the re-submission results in an increase in the expected average annual CERs, then the registration fee due shall be re-calculated upon re-submission.



The registration fee due upon re-submission shall be the difference between the re-calculated registration fee and the registration fee previously paid.

- ~~7. The maximum registration fee payable based on this calculation shall be USD 350,000.~~
8. No registration fee shall be payable for proposed project activities, or proposed PoAs with the specific-case CPA submitted together with the request for registration of the PoA, with expected average annual CERs over its crediting period, below 15,000 tonnes of CO<sub>2</sub> equivalent.
9. No registration fee shall be payable for proposed project activities or PoAs hosted exclusively in least developed countries. The registration fee for PoAs hosted not exclusively in least developed countries shall be based on the sum of expected average annual CERs of specific-case CPAs that are not hosted in a least developed country the same rate referred to in paragraph 5 above. The application of this exemption shall be based on the status of the country on the date of the publication of the request for registration.
10. No registration fee shall be payable until after the date of the first issuance of CERs in countries with fewer than 10 registered clean development mechanism (CDM) project activities and PoAs in total. PoAs hosted in these countries shall also be counted towards the calculation of the 10 registered CDM project activities.<sup>1</sup> The application of this exemption shall be based on the number of registered CDM project activities and PoAs in the country on the date of the submission of the request for registration. If a PoA is hosted in multiple countries, no registration fee shall be payable until after the date of the first issuance of CERs if all host Parties are countries with fewer than 10 registered CDM project activities and PoAs in total.
11. The registration fee shall be reimbursed in full if the DOE withdraws the request for registration of the proposed project activity or PoA prior to the date when the secretariat publishes the request for registration on the UNFCCC CDM website.
12. Any portion in excess of USD 30,000 of the registration fee shall be reimbursed if the DOE withdraws the request for registration of the proposed project activity or PoA subsequent to the date when the secretariat publishes the request for registration on the UNFCCC CDM website, or if the Board rejects the request for registration of the proposed project activity or PoA. Should the registration fee be USD 30,000 or less, no reimbursement shall be made in these cases. No reimbursement of the registration fee shall be made in any other circumstances.
13. The registration fee shall be deducted from the share of proceeds due for the issuance of CERs. In effect, the registration fee is an advance payment of the share of proceeds due for the issuance of CERs likely to be achieved during the first year.
- ~~14. No reimbursement of the registration fee shall be made in any circumstances.~~

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<sup>1</sup> PoAs hosted in more than one country will count as one CDM project activity in each of the countries where it is hosted; host Parties added to the PoA post-registration will also be considered for the calculation.



- 3. Specific provisions for afforestation/reforestation project activities and programmes of activities**
15. For the purpose of calculating the registration fee for proposed A/R project activities ~~or A/R PoAs~~, CERs shall mean the net greenhouse gas (GHG) removals by sinks. Paragraphs 16–18 below shall apply instead of paragraphs 3 and 5 of this appendix.
16. The share of proceeds to cover administrative expenses for A/R project activities and PoAs shall be calculated based on one of the following:
- (a) If the selected approach for addressing non-permanence is Temporary CERs (tCERs), the share of proceeds is based on the difference between the tCERs for which issuance is requested for a given verification period and the highest amount of tCERs previously issued in a verification period;
  - (b) If the selected approach for addressing non-permanence is Long-Term CERs (lCERs), the share of proceeds is based on the difference between the lCERs for which issuance is requested for a given verification period added to the sum of all previous issuances and reversals, and the highest among the sums of the issuances and reversals since the start of the project calculated for each previous verification period.
17. The share of proceeds to cover administrative expenses for A/R project activities is due only if the amount calculated according to paragraph 16 above is positive. In that case, the share of proceeds is calculated follows:
- (a) USD 0.10 for the first 15,000 t CO<sub>2</sub> equivalent;
  - (b) USD 0.20 in excess of 15,000 t CO<sub>2</sub> equivalent.
18. The registration fee shall be calculated based on the expected average annual net GHG removals by sinks for the project activity over its crediting period:
- (a) USD 0.10 per expected average annual net GHG removals by sinks for the first 15,000 t CO<sub>2</sub> equivalent;
  - (b) USD 0.20 per expected average annual net GHG removals by sinks for any amount in excess of 15,000 t CO<sub>2</sub> equivalent.
19. The registration fee for an A/R PoA shall be USD [10,000] [15,000] [20,000].

## Appendix 3. Draft regulatory provisions on re-inclusion of excluded CPAs

1. Draft revised and new paragraphs of the “**CDM project standard**” to reflect the agreed direction with some modifications on re-inclusion of excluded component project activities (CPAs) from a programme of activities (PoA) are presented below. Yellow highlight indicates the changed parts:

### Section 14. Voluntary deregistration of project activities and voluntary exclusion of component project activities (new section)

322. ~~The coordinating/managing entity shall not re-include an excluded CPA in the registered CDM PoA.~~

323. ~~The coordinating/managing shall confirm that the proposed CDM project activity or CPA is not a CPA that has been voluntarily excluded or excluded as a result of erroneous inclusion from a registered CDM PoA.~~

324. A project activity that has been deregistered may not be reregistered as a CDM project activity or included as a CPA in a registered CDM PoA.

325. A CPA that has been voluntarily excluded from a registered PoA or excluded as a result of erroneous inclusion may be re-included in the same PoA, but may not be included in a different registered CDM PoA or registered as a CDM project activity.

326. The coordinating/managing entity that wishes to re-include an excluded CPA in the same PoA shall follow the process for inclusion of CPAs in a registered CDM PoA in accordance with the “CDM project cycle procedure”, after ensuring that:

(a) The CPA-DD transparently declares that the CPA has been previously excluded from the same PoA, either voluntarily or due to erroneous inclusion;

(b) The crediting period type (i.e. renewable or fixed) and the total length of the crediting period (e.g. maximum 10 years for the fixed crediting period type and maximum 21 years for the renewal crediting period type) and its end-date are the same as before the exclusion;

(c) If the crediting period type is renewable and the re-inclusion takes place after the end of the crediting period in which the exclusion occurred, the CPA meets all requirements in the latest version of the PoA-DD and its corresponding generic CPA-DD part, including eligibility criteria for inclusion of CPAs;

(d) If the CPA applies a methodology that potentially accrues negative emission reductions, emission reductions have been continuously monitored since the end of the monitoring period in the last published monitoring report, including the exclusion period. For such CPA, if there were net negative emission reductions during the period before the re-

inclusion, the amount shall be deducted from the first requests for issuance after the re-inclusion;

- (e) If the CPA has been excluded as a result of erroneous inclusion, the non-compliance with the requirements for inclusion in the PoA that led to the erroneous inclusion has been rectified, and, if CERs have been issued for the CPA, an equivalent amount of Kyoto credits have been compensated by the DOE that included the CPA, or that validated the CPA at its first verification if it was included by the coordinating/managing entity, to the CDM registry in accordance with the “CDM project cycle procedure”.

2. Draft revised and new paragraphs of the **“CDM validation and verification standard”** to reflect the agreed direction with some modifications on re-inclusion of excluded CPAs from a PoA are presented below. Yellow highlight indicates the changed parts:

### **Section 7. General validation requirements on registration of project activities and programmes of activities**

76. ~~The DOE shall confirm that the proposed CDM project activity or CPA is not a CPA that has been excluded from a registered CDM PoA as a result of erroneous inclusion of CPAs.~~ If the proposed CPA has been previously excluded from the same registered CDM PoA, the DOE shall assess whether:

- (a) The CPA-DD transparently declares that the CPA has been previously excluded from the same PoA, either voluntarily or due to erroneous inclusion;
- (b) The crediting period type (i.e. renewable or fixed) and the total length of the crediting period (e.g. maximum 10 years for the fixed crediting period type and maximum 21 years for the renewal crediting period type) and its end-date is the same as before the exclusion;
- (c) If the crediting period type is renewable and the re-inclusion takes place after the end of the crediting period in which the exclusion occurred, the CPA meets all requirements in the latest version of the PoA-DD and its corresponding generic CPA-DD part, including eligibility criteria for inclusion of CPAs;
- (d) If the CPA applies a methodology that potentially accrues negative emission reductions, emission reductions have been continuously monitored since the end of the monitoring period in the last published monitoring report, including the exclusion period. For such CPA, if there were net negative emission reductions during the period before the re-inclusion, the amount shall be deducted from the first requests for issuance after the re-inclusion;
- (e) If the CPA has been excluded as a result of erroneous inclusion, the non-compliance with the requirements for inclusion in the PoA that led to the erroneous inclusion has been rectified, and, if CERs have been issued for the CPA, an equivalent amount of Kyoto credits have been compensated by the DOE that erroneously included the CPA, or that validated the CPA at its first verification if it was included by the coordinating/managing

entity, to the CDM registry in accordance with the “CDM project cycle procedure”.

3. Draft revised and new paragraphs of the “**CDM project cycle procedure**” to reflect the agreed direction with some modifications on re-inclusion of excluded CPAs from a PoA are presented below. Yellow highlight indicates the changed parts:

#### **Section 6. Post-registration activities**

144. Any CPA that has been excluded after having been identified as erroneously included in the PoA shall not may be re-included in that or any other the same PoA, or qualify as a CDM project activity if the non-compliance with the requirements for inclusion in the PoA that led to the erroneous inclusion has been rectified, but may not be included in a different registered PoA or registered as a CDM project activity.

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- 147<sub>bis</sub> A CPA that has been voluntarily excluded from a registered PoA may be re-included in the same PoA, but may not be included in a different registered PoA or registered as a CDM project activity.

## Appendix 4. Draft regulatory provisions on allowing a DOE to perform both validation and verification for the same project

1. Draft revised and new paragraphs of the “**CDM project cycle procedure**” to reflect the agreed direction on allowing a DOE to perform both validation and verification for the same project are presented below. Yellow highlight indicates the changed parts:

### Section 7. Pre-issuance activities

209. If a DOE that has performed a validation activity (including the renewal of crediting period **of a registered CDM project activity, the renewal of a registered CDM PoA,** and the inclusion of a CPA in a registered PoA) for the CDM project activity or PoA wishes to perform a verification for the same project activity or PoA, it shall submit a request for authorization to do so from the Board by completing the “Validation and verification by same DOE authorization request form” (CDM-VV-FORM) to the secretariat **providing the following information:**

**209<sub>bis</sub>** When submitting the request for authorization, the DOE shall justify that the selection of any other DOE, if available, would not be reasonable, and attach any relevant information for the justification. Such information may include, but shall not be limited to,:

- (a)** ~~Availability of, and access to, DOEs that are accredited to undertake the verification activity in the region where the CDM project activity or PoA is located;~~
- (b)** ~~Impacts of the same DOE undertaking both validation and verification activities on the transaction costs of the CDM project activity or PoA;~~
- (c)** ~~Measures that the DOE proposes to implement to safeguard impartiality and integrity of the DOE in undertaking the verification;~~
- (d)** ~~Total estimated size of emission reductions or removal enhancements by the CDM project activity or PoA.~~
- (e)** Letters sent by the project participants or the coordinating/managing entity to at least three DOEs, including the selected one, accredited in the relevant sectoral scopes, asking for quotations to perform the verification and, if available, the answers thereto;
- (f)** Specific measures that will be implemented to safeguard the impartiality and integrity of the DOE in undertaking the verification.

**209<sub>ter</sub>** The Board shall decide on the request, taking into account any potential impacts that such a decision could have on the outcome of the verification. The Board may analyse whether the DOE has provided evidence that it will implement measures to safeguard the impartiality and integrity in undertaking the verification, and any other specific circumstances that would justify the

authorization of the Board, such as the unavailability of other DOEs to perform the verification at reasonable costs.

210. The requirement in paragraph 209 above shall not apply for small-scale CDM project activities or small-scale A/R CDM project activities. For these project activities, a DOE may perform both validation and verification activities for the same project activity without having been authorized to do so from the Board.
211. If the request is received by the secretariat more than 14 days prior to the next Board meeting, the request shall be placed on the agenda of the next Board meeting; otherwise it shall be placed on the agenda of the subsequent Board meeting.
212. The decision of the Board on the request shall be recorded in the meeting report.

## Appendix 5. Draft regulatory provisions on reducing the risk of disputes and irregularities in the MoC process

1. Draft revised and new paragraphs of the “**CDM project cycle procedure**” to reflect the agreed direction on reducing the risk of disputes and irregularities in the modalities of communication (MoC) process are presented below. Yellow highlight indicates the changed parts.

### Section 4. Pre-registration activities

44<sub>bis</sub> The project participants may voluntarily indicate in the MoC statement the end-date of their participation in the proposed CDM project activity or PoA. The secretariat shall monitor the end-date of participation and mark the project participants as “withdrawn” on the UNFCCC CDM website from the next day of the end-date, provided that at least one project participant authorized by the DNA of a host Party to participate in the project activity or PoA remains. The project participants whose participation in the project activity or PoA has ended may request inclusion as project participants of the same project activity or PoA any time thereafter in accordance with paragraph 206(a) below.

### Section 6. Post-registration activities

201<sub>bis</sub> Any focal point of a registered CDM project activity may request for voluntary withdrawal from its role as a focal point. Such request shall cover all scopes of authority assumed by the focal point. The voluntary withdrawal of focal point role shall follow the following steps:

- (a) The withdrawing focal point shall, directly or through the focal point for scope (b), submit a withdrawal request to the secretariat including:
  - (i) Annex 3 of the MoC statement;
  - (ii) Evidence of written communication from the withdrawing focal point to all other focal points and all project participants, that has been made at least 30 days prior to the submission of the withdrawal request to the secretariat, of its intention to withdraw from its role as a focal point and an invitation to designate a new focal point for the scope(s) of authority from which the focal point is withdrawing;
- (b) The secretariat shall review the completeness of the submission, and if found complete, approve the withdrawal of the focal point. In doing so, the secretariat may request clarification from the withdrawing focal point, or may contact any of the other focal points or the project participants, to request additional clarifications;
- (c) The secretariat shall, upon approval of the withdrawal of the focal point, publish annex 3 of the MoC statement on the UNFCCC CDM website. The secretariat shall communicate the approval of the withdrawal of the

focal point and its implications on the MoC to all remaining focal points and all project participants of the project activity or PoA;

- (d) Approved withdrawal of the focal point shall have no effect on other focal points with the exception of joint or shared focal point roles that the withdrawn focal point was part of. In such cases the remaining focal points shall continue to act in a sole, shared or joint focal point role, as appropriate. If no focal point remains for a specific scope of authority after the withdrawal of the focal point, communication with the focal point for that scope of authority shall be sent to the remaining focal points for other scopes of authority, or to all project participants if no focal point remains. The project participants shall designate a new focal point for any of the scopes of authority for which no focal point remains as soon as possible in accordance with section 6.4.3 above to enable further engagement with the Board and the secretariat.

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206. If the project participants of a registered CDM project activity or PoA have changed after the registration of the project activity or PoA, the focal point(s) for scope of authority (b) shall submit annex 2 of the MoC statement for each of the following changes:

- (a) Addition of a project participant. The submission shall be accompanied by a new letter of approval from the DNA authorizing participation;
- (b) Changes related to entity names/legal status. The submission shall be accompanied by a letter of approval or validating letter that includes reference to both the old and the new names/legal status of the project participant from the DNA authorizing participation;
- (c) Withdrawal of a project participant. If a project participant has ceased operations due to bankruptcy or other reasons and is unable to sign annex 2 of the MoC statement, the submission shall be accompanied by documented evidence of the cessation;
- (d) Changes related only to contact details and specimen signatures;
- (e) Addition of, or change to, the end-date of participation of a project participant in the project activity or PoA.

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207<sub>bis</sub> If a consistent effort to contact a project participant has failed, the focal point(s) for scope of authority (b) may request administrative withdrawal of the project participant, provided that at least one project participant authorized by the DNA of the host Party to participate in the project activity remains. The administrative withdrawal shall follow the following steps:

- (a) The focal point for scope (b) shall submit:
  - (i) Annex 2 of the MoC statement, withdrawing the non-contactable project participant;



(ii) Evidence of written communication to the non-contactable project participant, that has been made at least 30 days prior to the submission of the withdrawal request to the secretariat, of the intention to request administrative withdrawal, including a copy to the DNA that authorized the project participants to participate in the project activity;

(b) The secretariat shall review the completeness of the submission, and if found complete, send an electronic communication to the non-contactable project participant with a copy to the authorizing DNA, to respond within 60 days whether to object to the administrative withdrawal. In addition, the secretariat may use other communication channels to establish a contact with the non-contactable project participant;

(c) If the non-contactable project participant and the authorizing DNA do not object to proceeding with the administrative withdrawal within 60 days of the electronic communication made in accordance with paragraph 206<sub>bis</sub>(b) above, the secretariat shall mark the non-contactable project participant as “withdrawn” on the UNFCCC CDM website;

(d) If the non-contactable project participant or the authorizing DNA objects to the administrative withdrawal within the 60-day period, the secretariat shall reject the request and may advise the focal point for scope (b) on further actions;

(e) The project participants whose participation in the project activity has been administratively withdrawn may request inclusion as project participants of the same project activity any time thereafter in accordance with 206(a) above.

207<sub>ter</sub> Notwithstanding the provisions in paragraphs 206(b)–(d) and 206<sub>bis</sub> above, the project participants of a CDM project activity may directly request, by submitting annex 2 of the MoC statement:

(a) Their own voluntary withdrawal, provided that at least one project participant authorized by the DNA of the host Party to participate in the project activity remains;

(b) Changes to their own contact details;

(c) Cessation of other project participants of the same project activity. In this case, the submission shall be accompanied by documented evidence of the cessation;

(d) Administrative withdrawal of other project participants of the same project activity. In this case, the submission shall be accompanied by a written evidence referred to in paragraph 207<sub>bis</sub>(a)(ii) above.

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### Document information

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