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Concept note

Criteria for requesting a revision or a clarification to a methodology or methodological tool

Version 01.1



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1. Procedural background

1. At its sixty-seventh meeting, the Executive Board of the clean development mechanism (the Board) adopted clarification AM_CLA_0191 “Use of historical data if the key components of a HCFC-22 plants have been retrofitted or replaced” on the approved methodology AM0001 (version 5.2). Prior to and during the adoption of this clarification, several requests for issuance of certified emission reductions (CERs) for project activities using the methodology AM0001 were received, and after the adoption of the clarification, nine of them were placed under review based on the requests for review by Board members reasoning that those requests for issuance failed to apply the requirements clarified in the clarification AM_CLA_0191. The DOE/AIE Coordination Forum raised concerns relating to the interpretation and implementation of the clarification AM_CLA_0191 at the sixty-eighth meeting of the Board.
2. The issue was further discussed by the Board in its sixty-eighth and sixty-ninth meeting and at its sixty-ninth meeting, the Board requested the secretariat to revise the document “Clarification for project participants on when to request for revision, clarification to an approved methodology or deviation” (EB 31 report, annex 12) to ensure that the document establishes the difference between a request for clarification and a request for revision to a methodology or methodological tool, through criteria that provide guidance on the application of a request for clarification of a methodology.
3. At its seventieth meeting, the Board adopted “Procedure for development, revision and clarification of baseline and monitoring methodologies and methodological tools” (hereinafter mentioned as the procedure), which superseded and replaced the “Clarification for project participants on when to request revision, clarification to an approved methodology or deviation” (EB31 annex 12) by incorporating provisions of the replaced document. Therefore this concept note analyses the procedure for the potential of further revision in place of analysis of the document referred above (EB31 annex 12), as originally requested by the Board.

2. Purpose

4. The purpose of this document is to:
 - (a) Analyse to what extent the provisions of the procedure clearly establish the difference between a request for clarification and a request for revision of a methodology or methodological tool (See key issue under sections 3.1.1);
 - (b) Analyse what reasons lead project participants (PPs) or designated operational entities (DOEs) to circumvent the requirements of a request for revision of a methodology or methodological tool and choose the process of a request for clarification instead (See key issue under sections 3.1.2);
 - (c) Analyse the “status” of clarification, when it leads to revision of methodology or methodological tool (See key issue under sections 3.1.3);
 - (d) Evaluate the provisions in existing procedure with respect to application of a clarification to a version or to multiple versions of a methodology or methodological tool (See key issue under sections 3.1.4);

- (e) Propose specific solutions on the key issues identified based on the above analysis/evaluation (See proposed solutions under section 3.2).

3. Key issues and proposed solutions

3.1. Key issues

- 5. The following key issues raise questions over the practical aspects of the implementation of the procedure for a request for clarification. The issues are analysed based on elements of approved procedure, interpretations of legal requirements and experience gained by the secretariat over the years through different requests for clarification submitted by enquirers and responses provided to them.

3.1.1. Establishing the difference between a clarification and a revision

- 6. The procedure formulates an expanded list of enquirers and submitters of requests for clarification and requests for revision such as PPs of a CDM project activity or programme of activities (PoA), the coordinating/management entity of a CDM PoA, a DOE, a designated national authority (DNA) or any other stakeholder for bottom-up submission, as well as the Board, methodological panel, working groups or the secretariat for top-down submission.
- 7. The procedure also stipulates principles for a request for clarification, whereby a clarification on an approved methodology or methodological tool is to clarify:
 - (a) The applicability of the methodology or methodological tool to a specific CDM project activity or PoA;
 - (b) Various procedures provided in the methodology or methodological tool, inter alia, for identifying the baseline scenario, demonstrating additionality, estimating baseline emissions, project emissions and leakage; or
 - (c) Monitoring data and procedures.
- 8. The procedure defines that a revision is the modification of an approved methodology or methodological tool in order to improve it or broaden its scope and applicability.
- 9. The procedure stipulates principles for requests for revision, whereby a revision of an approved methodology or methodological tool may be carried out if one or more of the following conditions apply:
 - (a) New or better understanding of scientific evidence indicates that emission reductions or removal enhancements may be overestimated or underestimated based on the approved methodology or methodological tool or that the reductions or enhancements may not be real, measurable and verifiable;
 - (b) The applicability conditions require broadening to include more potential project activity types or conditions for use;
 - (c) There are identified inconsistencies, errors and/or ambiguities in the language and/or formulae used within or between methodologies or methodological tools;

- (d) There is scope for simplification and/or more clarification in order to improve its user-friendliness, or to incorporate clarifications on the approved methodology or methodological tool that have already been provided by the Board or the secretariat in response to requests for clarification of the approved methodology or methodological tool.
10. The procedure does not, however, stipulate that a request for clarification shall not lead to a revision of a methodology or methodological tool, but it allows a revision of methodology or methodological tool to be undertaken incorporating clarifications that have already been provided by the Board on the particular methodology or methodological tool. Furthermore, as per the principles stipulated in the procedure, a revision may be carried out when there are ambiguities in the language and/or formulae used in methodologies or methodological tools, which at the same time may be clarified by providing a clarification. This makes it difficult to draw a fine line between a revision and a clarification.
 11. In dealing with the issue related to a request for clarification which leads to revision of a methodology or a methodological tool, the Board may wish to consider the mandatory ruling given by the “Modalities and procedures for a clean development mechanism” (M&P) (decision 3/CMP.1, annex, paragraph 39), which is reproduced here: “A revision of a methodology shall be carried out in accordance with the modalities and procedures for establishing new methodologies as set out in paragraph 38 above. Any revision to an approved methodology shall only be applicable to project activities registered subsequent to the date of revision and shall not affect existing registered project activities during their crediting periods.”
 12. The Board has previously approved a few requests for clarifications which led to a revision of a methodology or methodological tool, for example AM_CLA_0247 “Clarification on the applicability of ACM0002 Version 13.0.0 to a hydropower project activity”, SSC_699 “Query on debundling assessment for project activities using AMS-III.Z” and SSC_695 “Clarification on thermal efficiency monitoring requirements under AMS-II.G”. There is also an example of a response to a request for clarification provided by the Board that amounts to a revision of a methodology as perceived by stakeholders. This example concerns the response to request for clarification AM_CLA_0191 “Use of historical data if the key components of a HCFC-22 plants have been retrofitted or replaced”. These examples indicate that the stakeholders have used the route of clarification to circumvent the requirements imposed by the procedure to submit a request for revision. The panel/working group and the Board also agreed to issue the clarification, which actually meant revision.

3.1.2. Requirement on documentation to be submitted along with a request for revision

13. The procedure requires the submission of a draft project design document (PDD) of a CDM project activity or a programme of activities design document (PoA-DD) of a PoA, which is considered to be hindrance for project proponents who are at the stage of developing a project activity or PoA idea and have not developed a PDD or PoA-DD and thus they potentially choose to submit a request for clarification instead of a request for revision. Since decision 3/CMP.1, annex, paragraph 39 does not allow a revision to be effected retroactively, there is a possibility that stakeholders who want to affect all versions of methodologies might have submitted specific requests for clarification in the past, instead of submitting a request for revision that would have been more suited to the specific situation, e.g. AM_CLA_0191.

14. Further, it has been assessed that revisions requiring a small change (or small changes) to provisions of methodologies or methodological tools (e.g. correcting the unit of a parameter, a formula or adding a monitoring instrument) should not have complicated documentation requirements as opposed to revisions that propose to add certain applicability conditions for inclusion of a new project activity, where a comprehensive description of the project activity is needed to better understand the proposal.

3.1.3. “Status” of a clarification when a request for clarification is responded to but it triggers a revision

15. It is assessed by the secretariat that if the Board, when giving its response to a request for clarification, states that a revision to the methodology or methodological tool will be made as a result of issues triggered by the clarification, and if the revision is on substance, the status of the clarification is “invalid”. The clarification amounts to a revision in this case, which cannot be applied retroactively. However, such revision does not make the clarification invalid, if the revision is only to add clarity to language amounting to an editorial revision, or correction of a unit or formula.
16. It is, however, realized that such a decision by the Board may be a deterring factor to PPs or DOEs that submit a request for clarification at the stage of validation or global stakeholder consultation, having already advanced with a version of the methodology and waiting for the response to their request for clarification to move ahead. If the clarification leads to a revision and is therefore deemed “invalid”, the PPs will have to wait for a new version of the methodology for use in the PDD and resubmit it for validation or global stakeholder consultation.

3.1.4. Guidance on application of a clarification to a version of a methodology or multiple versions of a methodology

17. The procedure does not provide guidance as to which version or versions of a methodology or methodological tool a clarification applies.
18. As a best practice, when a clarification concerns a specific provision of a particular version of a methodology or methodological tool it should be with limited applicability to that version of the methodology or methodological tool, but if it clarifies provisions that are same or similar in multiple versions of the methodology or methodological tool it should be applied to all those versions of the methodology or methodological tool.
19. The Board has previously approved a few requests for clarifications which were applicable to previous versions of a methodology or methodological tool, for example SSC_638 “Clarification on the monitoring of the baseline for biomass waste disposal under AMS-III.E” and SSC_697 “Clarification on the sample size requirements for project efficiency determination of a standardized product”.

3.2. Proposed solutions

20. The following solutions are proposed in order to address each issue raised above. The Board may wish to note that some of the recommendations may pose some limitations on full compliance with the M&P requirement (decision 3/CMP.1, annex, paragraph 39) and it may have to seek a decision from the CMP in order to implement them.

3.2.1. Establishing the difference between a clarification and a revision

21. It is recommended that the principles for clarifications and revisions in paragraphs 2, 3 and 10 of appendix 1 in the procedure should be complemented with the following principles to clearly differentiate the application and scope of a request for clarification from that of a request for revision. In order to differentiate between a request for clarification and a request for revision, the issues that trigger a clarification or a revision from the enquirer or stakeholder shall be identified, including the following:
- (a) Principles for clarification:
 - (i) A clarification shall be requested if any of the provisions of the methodology or methodological tool are unclear or ambiguous, and there is a room for interpretation of the provisions;
 - (ii) A clarification shall be requested when rational or further background information is needed regarding conditions under which the methodology or methodological tool is to be applied;
 - (iii) A clarification shall not lead to a substantive revision of a methodology or methodological tool; however, it can lead to a revision that is editorial in nature;
 - (b) Principles for revision:
 - (i) A revision to a methodology or methodological tool shall be requested if changes to the applicability conditions, additionality demonstration, baseline, project, leakage emissions and/or monitoring procedures are required;
 - (ii) A revision to a methodology or methodological tool shall be requested if an approved methodology or methodological tool is not applicable to a project activity or a PoA.
22. The Board may wish to provide further guidance to the secretariat to incorporate additional criteria in its work on the completeness check of a request for clarification, to assess a situation whether the request can potentially lead to a revision of the methodology.

3.2.2. Requirement on documentation to be submitted along with a request for revision

23. It is recommended that the requirement for submission of a PDD of a CDM project activity or a PoA-DD of a PoA along with a revision request shall be made on a case-by-case basis depending on the complexity of the request for revision. For example, if a revision is intended to include a new applicability condition corresponding to baseline and project emissions to cover a new project activity, in order to better understand the project situation a PDD or PoA-DD may be required, whereas if a revision is to revise an equation, add monitoring equipment, or include editorial changes, a PDD or PoA-DD may not be required.
24. In order to simplify the requirement related to submission of the PDD along with the request for revision of a methodology, the Board may consider revising the existing requirement and allow the submission of a request for revision without a PDD.

25. The Board may, however, wish to consider whether the decision of the CMP is required, should it wish to implement the above proposed solution.
26. Further, if the above recommendation is agreeable to the Board, in order to implement the recommendation it may wish to provide guidance to the secretariat to check, during the initial assessment of a request for revision, whether a PDD of a CDM project activity or a PoA-DD of a PoA is required to assess the impact of the revision on a project activity or a PoA.

3.2.3. “Status” of a clarification when a request for clarification is responded to but it triggers a revision

27. In cases where the clarification is assessed to be invalid by a panel/working group at an advanced stage of consideration, it can decide to request the enquirer to submit a request for revision. If this is not done by the panel/working group, and the Board finds that the clarification recommended by the panel/working group meets the criteria of being “invalid”, the Board can decide to withdraw the clarification and communicate appropriately.

In order to avoid the negative effect of such a ruling, the Board may consider giving the responsibility to the panel/working group to evaluate that if a clarification leads to or amounts to a revision of a methodology, it can evaluate whether there is harm to environmental integrity if the project participant who submitted the request can still use the clarification with the current version of methodology. If the panel/working group assesses, after inviting PPs to provide project details, that there is no harm to environmental integrity in doing so, then it should be permitted, otherwise not. However, this should only be allowed for the project participants who submitted the request for clarification. The Board may, however, wish to consider whether the agreement of the CMP is required, should it wish to implement the above proposed solution.

3.2.4. Guidance on the application of a clarification to a version of a methodology or multiple versions of a methodology

28. It is recommended that the Methodologies Panel or Small-Scale Working Group decide on a case-by-case basis whether a clarification is applicable to a specific version of a methodology or methodological tool or whether it applies to multiple versions of a methodology or methodological tool, and accordingly each clarification should explicitly include reference to a version or versions of the methodology or methodological tool that it clarifies.
29. Methodologies Panel or Small-Scale Working Group will require to take due care that while applying the clarification to previous version; they do not create new requirements for the registered project activities based on those versions. Impacts
30. Guidance by the Board regarding the criteria that trigger a request for a revision or a clarification to a methodology or methodological tool would improve understanding between stakeholders and make the relevant procedure more user-friendly.
31. The Board’s acceptance of seeking decision from the CMP in view of the requirements of decision 3/CMP.1 will require it to report the issue to the CMP. The Board may provide guidance on whether the rationale and recommendation explained above in the context

of methodologies and methodological tools also impact regulations on standardized baselines.

4. Subsequent work and timelines

Based on the mandate received from the Board, the secretariat will work on the revision of: (i) the procedure for development, revision and clarification of baseline and monitoring methodologies and methodological tools, and (ii) the procedure for development, revision, clarification and update of standardized baselines, incorporating the guidance above for the Board's consideration at a future meeting.

5. Recommendations to the Board

32. The Board may wish to consider the proposed solutions regarding when to request a revision or a clarification to a methodology or methodological tool and to:
- (a) Agree on the issues and proposed solutions above or provide any other solutions;
 - (b) Provide mandate to the secretariat to work on the revision of: (i) the procedure for development, revision and clarification of baseline and monitoring methodologies and methodological tools; and (ii) the procedure for development, revision, clarification and update of standardized baselines (in case the Board agrees that the issues raised above also impact this procedure), incorporating the guidance above and experience gained during the implementation of the procedures for its consideration at a future meeting.

6. References

- (a) Procedure for development, revision and clarification of baseline and monitoring methodologies and methodological tools available at:
<http://cdm.unfccc.int/Reference/Procedures/meth_proc09.pdf>;
- (b) Procedure for Development, revision, clarification and update of standardized baselines at: http://cdm.unfccc.int/filestorage/e/x/t/extfile-20131128162823723-Meth_proc07_ver03.1.pdf/Meth_proc07_ver03.1?t=V298bjJmYjY2fDB_ex9LWCjowJ3Sfdyl_HSN
- (c) Request for clarification AM_CLA_0191 available at:
<[https://cdm.unfccc.int/filestorage/S/D/L/SDLAKTYJB01PR94OHWN735VIGCU2ZQ/Final response.pdf?t=MjN8bjFudTZ3fDBqKLOoVg7-wTgnzd0UqgLw](https://cdm.unfccc.int/filestorage/S/D/L/SDLAKTYJB01PR94OHWN735VIGCU2ZQ/Final%20response.pdf?t=MjN8bjFudTZ3fDBqKLOoVg7-wTgnzd0UqgLw)>;
- (d) Request for clarification AM_CLA_0247 available at:
<[https://cdm.unfccc.int/filestorage/h/h/P91G4DO2LSQJRFCV6HMINBA7UK3Y08.pdf/Final response.pdf?t=aVp8bjFudWNpfdDncXit3vKJdEG2xHgJ9UnF](https://cdm.unfccc.int/filestorage/h/h/P91G4DO2LSQJRFCV6HMINBA7UK3Y08.pdf/Final%20response.pdf?t=aVp8bjFudWNpfdDncXit3vKJdEG2xHgJ9UnF)>;
- (e) Request for clarification SSC_638 available at:
<[https://cdm.unfccc.int/filestorage/j/t/HM5KLZ3QRE0TB2I7ASUP1OW89CD4FY.pdf/Final response.pdf?t=Sjh8bjFuczNpfDAWI_vnrlNaDSSmobgwsAV6](https://cdm.unfccc.int/filestorage/j/t/HM5KLZ3QRE0TB2I7ASUP1OW89CD4FY.pdf/Final%20response.pdf?t=Sjh8bjFuczNpfDAWI_vnrlNaDSSmobgwsAV6)>;

- (f) Request for clarification SSC_699 available at:
<[http://cdm.unfccc.int/filestorage/Q/U/T/QUTHB46Y90DVKIM3LNEG2R8J1WSF OZ/Final response.pdf?t=Z0J8bjFwN2hvfDDkW5svB0DEx7v39H9Y1Jcj](http://cdm.unfccc.int/filestorage/Q/U/T/QUTHB46Y90DVKIM3LNEG2R8J1WSF OZ/Final%20response.pdf?t=Z0J8bjFwN2hvfDDkW5svB0DEx7v39H9Y1Jcj)>;
- (g) Request for clarification SSC_695 available at:
<<http://cdm.unfccc.int/filestorage/U/C/K/UCKXVIPB1SZ07FL45ERT9QN28O3GAH/Final%20response.pdf?t=NTd8bjF4OGU4fDAEwP22wNZjUqkS4FVuL7ml>>;
- (h) Request for clarification SSC_697 available at:
<<http://cdm.unfccc.int/filestorage/I/G/V/IGVB4F5LUCAYQSZ38N7XJDH69MK2WP/Final%20response.pdf?t=TjZ8bjF4OGd3fDDjJNe2GgWnd9UCE6Rx6e-B>>.

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