

CDM-EB104-AA-A02

Amendments to version 02.0 of the CDM project standard, validation and verification standard, and project cycle procedure for programmes of activities

Version 01.0



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board), at its sixty-fifth meeting (EB 65), adopted the “CDM project standard” (PS), “CDM validation and verification standard” (VVS) and “CDM project cycle procedure” (PCP), which consolidated, and modified as appropriate, the existing regulatory documents at that time. Since then, these three documents had served as the framework regulatory documents for the CDM and underwent several revisions, mainly reflecting the evolving rules for programmes of activities (PoAs) and introducing rules for carbon dioxide capture and storage project activities and rules for the application of standardized baselines.
2. At EB 93, based on the request from the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session, the Board adopted two sets of the PS, VVS and PCP, one applicable only for project activities and the other applicable only for PoAs. At EB 101, the Board adopted version 02.0 of the two sets of the PS, VVS and PCP to reflect the changes agreed by the Board, including amendments, as well as to correct errors and inconsistencies.
3. At EB 103, the Board considered the approach to requests for issuance for PoAs and agreed that the renewal of the PoA period is not a precondition for issuance of certified emission reductions (CERs) for component project activities (CPAs) whose crediting periods have not expired by the end of the PoA period. Concerning the proposed new requirement of separating the monitoring results of CPAs that were developed or revised in accordance with different versions of the PoA design document (PoA-DD) into separate requests for issuance, the Board requested the secretariat to consult with the Project Developer Forum (PD Forum) and the Designated Operational Entity/Accredited Independent Entity Coordination Forum (DOE/AIE Coordination Forum) and to report back to the Board at its 104th meeting on the outcome of the consultation. The Board also requested the secretariat to prepare draft amendments to relevant regulatory documents reflecting the above agreement and the outcome of the consultation, as appropriate, for consideration by the Board at its 104th meeting.

2. Purpose

4. The purpose of the amendments to the PS, VVS and PCP for PoAs is to:
 - (a) Clarify the rules relating to requests for issuance for PoAs;
 - (b) Correct errors and inconsistencies found in the current versions of the PS, VVS and PCP for PoAs.

3. Key issues and proposed solutions

3.1. Issuance requests in relation to PoA period renewal

5. In accordance with paragraphs 43 and 283 of the PS for PoAs (PS-PoA), version 02.0, the PoA period shall be renewed every seven years (20 years for afforestation/reforestation PoAs) and the total duration shall be maximum 28 years (60 years for afforestation/reforestation PoAs). Also, in accordance with paragraphs 188 and 219 and section 11.2 of the PS-PoA, version 02.0, a CPA may be included in a registered PoA anytime during the duration of the PoA, and the timings of the start and renewal of the crediting period of CPAs is to be set individually for each CPA.
6. However, the current regulatory provisions are silent on whether the PoA period renewal is a precondition for issuance of CERs for existing CPAs whose crediting periods go beyond the end of the PoA period.
7. Based on the agreement by the Board at EB 103, it is proposed to introduce a new paragraph clarifying that renewal of the PoA period is not a precondition for issuance of CERs for CPAs whose crediting periods have not expired by the end of the PoA period, as contained in appendix 3, paragraph 283_{bis}.
8. The same issue has been addressed in the draft revision to the “Glossary: CDM terms”, as contained in annex 3 to the annotations of EB 104.

3.2. Separation of issuance requests by PoA-DD version

9. The CPAs that are included or renewed in different PoA periods follow different PoA-DD versions and as a result may also follow different versions of the methodology and contain different monitoring requirements and/or sampling requirements. This may lead to complexity while preparing the issuance requests, and verifying and assessing monitoring results based on different requirements.
10. Based on the request from the Board at EB 103, the secretariat consulted with the PD Forum and the DOE/AIE Coordination Forum on the proposal of requiring the separation of the monitoring results of CPAs that were developed or revised in accordance with different versions of the PoA-DD into separate requests for issuance, and received the following input from the PD Forum,¹ while no input was received from the DOE/AIE Coordination Forum:
 - (a) The PD Forum understands the intention to keep the process simple and easy and urges that the process to allow separate requests for issuance against different PoA-DD versions should be made as simple as possible in order efficiently process verification requests which will minimise transaction costs on behalf of all parties involved;

¹ In addition, the PD Forum proposes that the serial numbers issued to CPA-CERs be identifiable, or linked to, the underlying CPA. Currently, the PoA CER serial numbers do not distinguish between different CPAs. This practice is limiting the supply of credits in certain markets, such as the South African carbon tax market, where the ineligibility of a single CPA (e.g. due to boundary constraints) disqualifies the full range of CPAs under a PoA, even if the other CPAs meet all the national eligibility criteria.

- (b) The PD Forum proposes, for example, that clear references to the PoA-DD version should be included in each CPA monitoring and verification report. If the reference is clearly stated in the beginning of the documents, all relevant checks can be undertaken. The existence of the according reference may be checked during the completeness check. If the reference is missing, the request for issuance can be sent back;
- (c) Notwithstanding the approach discussed above, the PD Forum reiterates its support of the current practice of grouping multiple CPA issuance requests in a single monitoring report. One suggestion to overcome the complexity of different PoA-DD versions is to cluster the CPAs related to specific PoA-DD versions in different sections of the monitoring report.
11. While the PD Forum does not explicitly object to the proposal, its suggestion referred to in paragraph 10(c) above implies that it favours having a possibility of covering CPAs related to different versions of PoA-DDs in a single monitoring report. However, it is important to note that the PD Forum understands the importance of keeping the process simple and a need for overcoming the complexity of different versions of PoA-DDs that may be referred in a single monitoring report.
12. From the viewpoint of assessment of issuance requests for a PoA, this complexity would result in significantly more time needed to process the cases, and more importantly, would increase the risk of errors in verification by DOEs and assessment by the secretariat.
13. Furthermore, this complexity could compromise the transparency of the information on included/updated CPAs and their monitoring results and verified/issued CERs to each CPA. Under the current structure of the CDM webpage, each PoA period has its own “page” and all such information is grouped by PoA period and presented on the same page. If a single monitoring report and the subsequent request for issuance contains monitoring results that follow different versions of the PoA-DD, they would have to be published in multiple pages, making it confusing to track the monitoring results and issued CERs for each CPA.
14. Based on this consideration, it is proposed to introduce provisions that require the separation of monitoring results of CPAs into different monitoring reports and requests for issuance, in the paragraphs presented below and as contained in appendices 1–3.

Table 1. Changes related to separating requests for issuance

Document	Paragraph no.	Summary of changes
PS-PoA	255, 279	Clarify that a monitoring report can only contain monitoring results of the CPAs that were included or updated in the same PoA period.
VVS-PoA	334	
PCP-PoA	225	

3.3. Other issues

15. The draft amendments to PS, VVS and PCP for PoAs as contained in appendices 1–3 also contain other substantive (non-editorial) changes, mainly corrections and minor changes. These are proposed by the secretariat based on its findings of issues in the existing documents, as summarized in table 2 below.

Table 2. Other substantive changes

Document	Paragraph no.	Summary of changes
PS-PoA	69 (footnote 7)	Correct the error in the footnote to clarify that the requirement is not related to the host Party but to the Parties participating in the PoA through a multilateral fund.
PS-PoA	260	Add the requirement to indicate the date of notification in case of PRCs to CPAs which are only notified to the secretariat.
VVS-PoA	295	Align the list of validation activities with PCP-PoA.
PCP-PoA	121	Correct the error to delete the last sentence of the paragraph concerning the requirement to group the submissions/upload. Such requirements were removed for the process of CPA inclusion as well as CPA renewal by DOEs (at EB 101).
PCP-PoA	165, 166	Clarify that the revised PoA-DD is not applied to request for issuance and further clarify that included CPAs do not need to be revised immediately to apply the revised PoA-DD.
PCP-PoA	179 _{bis}	Include a missing paragraph similar to paragraph 165 and clarify that the revised CPA-DD is applied for future request for issuance.
PCP-PoA	203	Change “including” to “i.e.” to make the list of examples clear and closed.
PCP-PoA	285, 307	Clarify the rules to add “mutatis mutandis” when referring to the section 7.1 of the document.
PCP-PoA	308	Correct the form title and code to make them consistent with the form.
PCP-PoA	309	Correct reference error and include a provision of assessment of renewal of crediting period of CPAs by the secretariat on a sample basis, similar to the provision of assessment of inclusion of CPAs.

4. Impacts

16. Amendments to PS, VVS and PCP for PoA would benefit all stakeholders, as well as the Board and the secretariat, through improved clarity, consistency and environmental integrity.

5. Proposed work and timeline

17. It is proposed to make the revised documents enter into force on 12 September 2019.

6. Recommendations to the Board

18. The secretariat recommends that the Board adopt the proposed amendments to PS, VVS and PCP for PoAs as contained in appendices 1–3 to this document.
19. The Board may wish to agree on the proposed date of entry into force of these documents.

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1. Amendments to “CDM project standard for programmes of activities” (version 02.0)

1. This document contains the amendments adopted by the Executive Board of the clean development mechanism (CDM) (hereafter referred to as the Board) at its 104th meeting, to the “CDM project standard for programmes of activities” (PS-PoA) (version 02.0) (CDM-EB93-A07-STAN). This document will be consolidated into the PS-PoA in its next revision.
2. The amendments contained in appendix 1 enter into force on 12 September 2019.

2. Amendments to “CDM validation and verification standard for programmes of activities” (version 02.0)

3. This document contains the amendments adopted by the Board, at its 104th meeting, to the “CDM validation and verification standard for programmes of activities” (VVS-PoA) (version 02.0) (CDM-EB93-A08-STAN). This document will be consolidated into the VVS-PoA in its next revision.
4. The amendments contained in appendix 2 enter into force on 12 September 2019.

3. Amendments to “CDM project cycle procedure for programmes of activities” (version 02.0)

5. This document contains the amendments adopted by the Board, at its 104th meeting, to the “CDM project cycle procedure for programmes of activities” (PCP-PoA) (version 02.0) (CDM-EB93-A09-PROC). This document will be consolidated into the PCP-PoA in its next revision.
6. The amendments contained in appendix 3 enter into force on 12 September 2019.

Appendix 1. Amendments to “CDM project standard for programmes of activities” (version 02.0)

1. Changes to section 7.10. Approval and authorization

1. The existing paragraph 69 shall read as follows:

69. The coordinating/managing entity shall obtain a letter of approval⁷ from the DNA of each Party involved in the proposed CDM PoA that:⁸

- (a) Confirms that the Party is a Party to the Kyoto Protocol;
- (b) Confirms that the participation in the proposed CDM PoA is voluntary;
- (c) Refers to the precise title of the proposed CDM PoA.

Footnote 7 A proposed CDM PoA supported by a multilateral fund involving many host Parties does not necessarily require letters of approval from the DNAs of all Parties participating in the fund. However, those not providing a letter may be giving up some of their rights and privileges in terms of being a Party involved in the PoA.

A letter of approval from a Party may cover more than one proposed CDM PoA, provided that the PoAs are clearly listed in the letter.

2. Changes to section 10.1. General requirements

2. The existing paragraph 255 shall read as follows:

255. The coordinating/managing entity shall prepare, for each monitoring period, either a single monitoring report or multiple separate monitoring reports in the following manner:

- (a) In the case of a single monitoring report, the report shall contain all monitoring results of all CPAs included in the registered CDM PoA;
- (b) In the case of multiple separate monitoring reports, each CPA shall be included only in one of the monitoring reports and all the monitoring reports shall collectively contain all monitoring results of all CPAs that have been included in the registered CDM PoA (i.e. all the monitoring reports shall contain mutually exclusive batches of CPAs). Also, all the monitoring reports shall have the same monitoring period that encompasses all monitoring results to be obtained during the period. The start of the first monitoring period shall be the earliest date of the crediting periods of all CPAs having been included in the PoA at the time of the preparation of the first monitoring reports. The multiple separate monitoring reports covering the same monitoring period may be published and the corresponding requests for issuance may be submitted to the secretariat separately at different points in time;
- (c) In both cases referred to in subparagraphs (a) and (b) above, the monitoring results of individual CPAs shall be separated and grouped by CPA type defined in the corresponding generic CPA-DD;

- (d) In both cases referred to in subparagraphs (a) and (b) above, a monitoring report shall only contain monitoring results of the CPAs that were included or updated in the same PoA period.

3. Changes to section 10.3. Description of implemented registered programme of activities

3. The existing paragraph 260 shall read as follows:

260. The coordinating/managing entity shall indicate whether there are any temporary deviations from the registered monitoring plan, the applied methodologies, the applied standardized baselines or the other applied methodological regulatory documents, or permanent changes to the PoA or to the included CPAs (hereinafter referred to as post-registration changes). For post-registration changes that have been approved by the Board or notified to the secretariat, the coordinating/managing entity shall indicate the dates of approval or notification.

4. Changes to section 10.7. Verification of implementation of registered programme of activities and monitored emission reductions or net anthropogenic removals

4. The existing paragraph 279 shall read as follows:

279. The coordinating/managing entity shall, through a DOE, request the issuance of CERs, tCERs or ICERs as follows:

- (a) In a single request, if only one monitoring report has been published covering the monitoring results of all CPAs in the PoA in accordance with paragraph 255 above; or
- (b) In multiple separate requests, with each request corresponding to each monitoring report or to a subset of monitoring results in a monitoring report prepared in accordance with paragraph 255 above. If originally there were fewer monitoring reports published, and during the verification the coordinating/managing entity decided to separate the monitoring results into more monitoring reports, the number of the requests for issuance shall not be less than the number of monitoring reports originally published and the coordinating/managing entity shall prepare and submit separate monitoring reports to the DOE for verification.

Appendix 2. Amendments to “CDM validation and verification standard for programmes of activities” (version 02.0)

1. Changes to section 10.1.2.1. General

1. The existing paragraph 295 shall read as follows:

295. If the DOE has performed a validation activity for the registered PoA (including i.e. for registration of the PoA, renewal of the PoA period, and inclusion and renewal of crediting period of a proposed the CPAs in the PoA covered by the verification) for the registered PoA and wishes to perform verification for the same PoA, it shall obtain authorization to do so from the Board in accordance with the “CDM project cycle procedure for programmes of activities”. However, the same DOE may perform verification without obtaining authorization from the Board to do so for a registered PoA for which it has performed the validation of post-registration changes.

2. Changes to section 10.2.1. General

2. The existing paragraphs 334 shall read as follows:

334. If the coordinating/managing entity has ~~chosen to~~ prepared multiple monitoring reports for separate batches of CPAs included in the registered CDM PoA, the DOE shall confirm that all the monitoring reports contain mutually exclusive batches of CPAs and have the same monitoring period that can encompass all monitoring results obtained during the period, and that each monitoring report contains monitoring results of the CPAs that were included or updated in the same PoA period.

Appendix 3. Amendments to “CDM project cycle procedure for programmes of activities” (version 02.0)

1. Changes to section 6.1.1. Submission of component project activity design documents

1. The existing paragraph 121 shall read as follows:

121. The coordinating/managing entity may directly include a CPA that is deemed automatically additional in accordance with the “Methodological tool: Demonstrating additionality of microscale project activities” in a registered CDM PoA without validation by a DOE. To do this, the coordinating/managing entity shall include the CPA in the PoA by uploading the corresponding CPA-DD through a dedicated interface on the UNFCCC CDM website together with the completed “Component project activity inclusion (CME inclusion) form” (CDM-CPA-INC-CME-FORM). The coordinating/managing entity may upload more than one CPA-DD at one time. ~~Such uploads shall be grouped and not occur more frequently than once per month.~~

2. Changes to section 6.2.3. Finalizing request for approval of changes

2. The existing paragraphs 165 and 166 shall read as follows:

6.2.3. Finalizing request for approval of changes

165. The secretariat shall make the revised PoA-DD, and the validation by the DOE, publicly available on the UNFCCC CDM website. This version of the PoA-DD shall be applied ~~for future requests for issuance or~~ for inclusion of new CPAs in the registered CDM PoA.

166. The CPAs that were included before the changes to the registered CDM PoA ~~do not need to be revised to apply the latest version of the PoA-DD immediately, but shall apply the latest version of the PoA-DD only~~ at the time of the renewal of their crediting periods.

3. Changes to section 6.3.2. Processing notification of changes

3. A new paragraph shall be inserted after the existing paragraph 179.

6.2.3. Finalizing request for approval of changes

179^{bis}. The secretariat shall make the revised CPA-DD and the validation by the DOE publicly available on the UNFCCC CDM website. This version of the CPA-DD shall be applied for future requests for issuance.

4. Changes to section 7.1. Selection of designated operational entity

4. The existing paragraph 203 shall read as follows:

203. For verification of the implementation of a registered CDM PoA and monitored GHG emission reductions or net anthropogenic GHG removals, the coordinating/managing entity or the project participants should select a DOE that

has not performed a validation activity for the same PoA (~~including i.e.~~ for registration of the PoA, renewal of the PoA period and inclusion and renewal of crediting period of the CPAs covered by the verification, with the exception of post-registration changes to the PoA or to CPAs under the PoA). If the DOE has performed a validation activity for the PoA and wishes to perform verification for the same 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.

5. Changes to section 8.1.1. Submission of request for issuance

5. The existing paragraph 225 shall read as follows:

225. The following applies to the requests for issuance:

- (a) The request for issuance for a specified monitoring period shall either:
 - (i) Relate to all CPAs included in the registered CDM PoA, in the case that all the CPAs were included or updated in the same PoA period; or
 - (ii) In the case of multiple separate monitoring reports for a monitoring period prepared in accordance with the "CDM project standard for programmes of activities", relate to all CPAs included in the batch of the CPAs that the request covers;
- (b) The monitoring periods shall be consecutive. CPAs shall be included in issuance requests in a consecutive manner, that is, a CPA can be included in a request for issuance for the registered CDM PoA for a monitoring period only after the request for issuance for the previous monitoring period that included the particular CPA has been published;
- (c) If the registered CDM PoA applies any of the methodologies listed in appendix 3 as indicating potential accrual of negative GHG emission reductions, a request for issuance for a monitoring period can be submitted only after CERs have been issued for all CPAs included in the PoA for the previous monitoring period.

6. Changes to section 9.1. General requirements

6. A new paragraph shall be inserted after the existing paragraph 283.

283^{bis} The renewal of the PoA period is not a precondition for issuance of CERs for CPAs whose crediting periods have not expired at the end of the PoA period. A request for issuance for a PoA may cover the monitoring results of such CPAs in any monitoring period until the expiry of their crediting periods irrespective of the timing of the renewal of the PoA period.

7. Changes to section 9.2.1. Submission of request for renewal

7. The existing paragraph 285 shall read as follows:

285. The coordinating/managing entity shall submit the new version of the PoA-DD to a DOE for its validation. For this purpose, the coordinating/managing entity may not appoint a DOE that has performed verification for the same registered CDM PoA unless the DOE is authorized by the Board to do so in accordance with section 7.1 above, *mutatis mutandis*.

8. Changes to section 9.6. Renewal of crediting period of component project activity

8. The existing paragraphs 307–309 shall read as follows:

9.6. Renewal of crediting period of component project activity

307. The coordinating/managing entity shall submit the new version of the CPA-DD to a DOE for its validation. For this purpose, the coordinating/managing entity may not appoint a DOE that has performed verification for the same included CPA unless the DOE is authorized by the Board to do so in accordance with section 7.1 above, *mutatis mutandis*.
308. For the renewal of crediting period of a CPA, if the DOE issues a positive validation opinion on the renewal, it shall renew the crediting period of the CPA by uploading a new version of the CPA-DD through a dedicated interface on the UNFCCC CDM website together with the “Renewal of crediting period ~~request-notification~~ form” (CDM-CPA-REN-FORM) and the validation report. Such an upload shall be made no earlier than 270 days prior to, but no later than one year after, the expiry of the crediting period. If an upload misses the deadline, the crediting period of the CPA in question may no longer be renewed. The secretariat, through the CDM information system, shall send a reminder to the coordinating/managing entity 270 days prior to the expiry of the crediting period, including the information on the consequence of missing the deadline.
309. The crediting period of the CPA for which the DOE has uploaded the new version of the CPA-DD on the UNFCCC CDM website in accordance with paragraph ~~307~~308 above will be automatically renewed after the expiration of its current crediting period, and will be indicated so on the view page of the registered CDM PoA. The secretariat shall notify the DOE, the coordinating/managing entity and the DNA of the change in the status of the PoA, and shall assess, on a sample basis, the renewal of crediting period of CPAs in accordance with the process referred to in paragraphs 148–159 above *mutatis mutandis*. Consequent steps and implications of the outcome shall follow the provisions in paragraphs 132–140 above *mutatis mutandis*.

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Document information

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