

CDM-EB84-AA-A04

Concept note

Validity of regulations for resubmissions of requests for registration and issuance

Version 01.0



United Nations
Framework Convention on
Climate Change

TABLE OF CONTENTS	Page
1. PROCEDURAL BACKGROUND.....	3
2. PURPOSE	3
3. KEY ISSUES AND PROPOSED SOLUTIONS	3
3.1. Key issues	3
3.1.1. Effective date and grace period	3
3.1.2. Validity of regulatory documents for resubmissions	4
3.2. Proposed solutions.....	6
4. IMPACTS.....	6
5. SUBSEQUENT WORK AND TIMELINES.....	6
6. RECOMMENDATIONS TO THE BOARD	7
APPENDIX 1. ENTRY INTO FORCE OF NEW OR REVISED DOCUMENTS AND EFFECT ON VALIDITY OF PREVIOUS VERSIONS	8

1. Procedural background

1. At its eightieth meeting, the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) agreed to consider the issue of validity of regulatory documents for the purpose of resubmission of requests for registration and issuance after having been concluded as incomplete as a result of the completeness check and removed from processing in accordance with the “CDM project cycle procedure” (PCP).
2. At its eighty-second meeting, the Board considered this subject, and requested the secretariat to prepare a concept note on this subject including an overview of the current practice for various types of regulatory documents developed by the Board.

2. Purpose

3. The purpose of this concept note is to:
 - (a) Provide an overview of the current rules and practice with regard to the effects of incomplete requests for registration, requests for issuance and similar submissions at the completeness check stage on the validity of various types of regulatory documents;
 - (b) Analyse implications of the current rules and practice and possible options for their simplification or increased flexibility.

3. Key issues and proposed solutions

3.1. Key issues

3.1.1. Effective date and grace period

4. In accordance with the “CDM Executive Board decision and documentation framework” (version 05.0) and the “Procedure: Development, revision and clarification of baseline and monitoring methodologies and methodological tools” (version 01.1), the effective date of a new or revised regulatory document and grace period for application of a new or revised regulatory document are set as follows:
 - (a) Substantive revision (except for forms):
 - (i) Effective date: the date of publication of the meeting report of the Board in which the document was revised (unless otherwise stated in the meeting report or in the document itself);
 - (ii) Grace period (except for methodologies and methodological tools): it is the Board’s practice to determine it on a case-by-case basis;

- (iii) Grace period for methodologies and methodological tools: 240 days from the publication of the revised methodology or methodological tool, unless the previous version was put on hold;¹
 - (b) Corrective or editorial revision (except for forms):
 - (i) Effective date: the date of publication;
 - (ii) Grace period: until the official notification of the revision (of the document) in the next Board meeting report (unless otherwise stated in the revised document);
 - (c) Substantive, corrective or editorial revision for forms:
 - (i) Effective date: the date of publication;
 - (ii) Grace period: until the official notification of the revision in the next Board meeting report.
- 5. It should be noted that, during the grace period, both the previous and new versions of the regulatory document are valid (i.e. may be used) and it is the choice of the project participants, the coordinating/managing entity or the designated operational entity (DOE) which of the versions to apply. A summary table and graphical explanation of the time when a new or revised document becomes effective and the effect on the validity of previous versions for each document type are contained in the appendix.

3.1.2. Validity of regulatory documents for resubmissions

- 6. Under the current operational practice, requests for registration and requests for issuance have to comply with the regulatory documents that are valid at the time of the submission of the requests. The same practice is applied to requests for approval of post-registration changes and requests for renewal of crediting period.
- 7. All resubmissions of requests for registration and requests for issuance, as well as requests for approval of post-registration changes and requests for renewal of crediting period, after having been concluded as incomplete at the completeness check stage, are treated as “new submissions”. As a consequence, the project participants or the coordinating/managing entity may have to revise the project design document (PDD) or programme design document (PoA-DD) and specific component project activity design documents (CPA-DDs) at the time of resubmission. Similarly, the DOE may have to revise the validation or verification report at the time of resubmission. Such revision would be necessary if the case falls under both of the following circumstances:
 - (a) Applicable regulatory documents that were valid at the time of the initial submission are no longer valid due to their revision after the initial submission, taking into account the grace period, if any; and

¹ For the purpose of resubmission of a request for registration or renewal of crediting period after the completeness check, the validity of the previous version of the methodology and/or the standardized baseline is extended by the number of days in excess of 22 days elapsed before the notification on incompleteness is made, if the notification is made more than 22 days after the initial submission.

- (b) Applicable provisions (requirements) in the revised regulatory documents have been changed.
- 8. The possibility of needing to change the PDD, PoA-DD/CPA-DDs, validation or verification report for the purpose of resubmission would be small if the resubmission is made relatively soon after being concluded as incomplete. However, the longer the time gap between the initial submission and the resubmission is, the higher the “risk” grows of needing to revise the documents. Also, it should be noted that there is an inevitable time gap between the initial submission and the completion of the completeness check (around 20–30 days on average in late 2014, but could be longer if the number of submissions is high).
- 9. A resubmission after an unsuccessful completeness check may result in increased transaction costs for the project participants or the coordinating/managing entity due to the additional time needed for updating the PDD, PoA-DD/CPA-DDs and additional efforts for the DOE to revise the validation or verification report.
- 10. In order to reduce the risk of a request being concluded as incomplete at the completeness check stage, which subsequently necessitates a resubmission as a new submission of the request, flexibility in the handling of the request at the completeness check stage has been introduced when the Board adopted version 01.0 of the PCP, where issues of an editorial nature (e.g. typographical errors, documents not readable, English translation not provided) or issues of consistency (e.g. geographical coordinates, names of project participants, titles of the project activities are inconsistent in submitted documents) do not result in the request being concluded as incomplete at the completeness check stage.²
- 11. Furthermore, when the Board adopted version 02.0 of the PCP, it introduced a provision that extends the validity of the applied methodology for resubmission purposes under certain conditions to address situations where the start of processing of a request for registration is delayed.³
- 12. When considering rules and operational practice with regard to the validity of regulatory documents for resubmission, the following two elements would need to be considered and balanced:
 - (a) Reducing the burden and avoiding increased transaction costs for project participants, coordinating/managing entities and DOEs;
 - (b) Ensuring the environmental integrity of the CDM process by requiring the application of the latest regulations within a reasonable time frame.

² See the latest provision in the PCP (version 09.0), paragraph 79.

³ See the latest provisions in the PCP (version 09.0), paragraphs 86 and 87.

3.2. Proposed solutions

13. Based on the considerations discussed in section 3.1 above, two possible options, which are not mutually exclusive, for requests for registration and issuance are proposed below:
 - (a) Further limit the cases that are to be concluded as incomplete at the completeness check stage, by expanding the list of issues of an editorial nature or consistency in the submission;
 - (b) Suspend the completeness check stage for an incomplete submission and allow one resubmission of the request using the same versions of regulatory documents as in the initial submission until the end of the 28-day period after the notification of incompleteness.
14. It is also proposed that the same solutions be applied to requests for post-registration changes and requests for renewal of crediting period.

4. Impacts

15. The solutions proposed in section 3.2 above would reduce the number of cases where the submissions are required to be revised to comply with the latest regulations. Therefore, the transaction cost could be reduced for such submissions.
16. Also, for requests for registration, since the proposed solutions would reduce the number of cases of resubmissions as “new submissions”, they reduce the risk of delaying the effective registration dates.
17. The option referred to in paragraph 13(a) above would not require a revision of the PCP or modifications to the IT workflow, but would require only a revision of the checklists for the completeness check, which therefore can be implemented relatively quickly.
18. The option referred to in paragraph 13(b) above would require a revision of the PCP and some modifications to the IT workflow, and therefore would require more time for implementation. By limiting the number of resubmissions to one and the time frame to within 28 days after the notification of incompleteness for being eligible to use the same regulations as in the initial submission, could minimize the risk of undermining the environmental integrity of the CDM process.

5. Subsequent work and timelines

19. If the Board agrees to one or both of the options proposed in section 3.2 above, the secretariat will:
 - (a) Revise the completeness check checklists for requests for registration, issuance, post-registration changes and renewal of crediting period and implement them immediately; and/or
 - (b) Introduce the relevant provisions in the next revision of the PCP.

6. Recommendations to the Board

20. The secretariat recommends that the Board select one or both of the solutions proposed in section 3.2 above and request the secretariat to make necessary revisions to the relevant regulatory documents and IT workflow.

- - - - -

Appendix. Entry into force of new or revised documents and effect on validity of previous versions

1. The table below provides an overview on the time when a new or revised document becomes effective and the effect on the validity of previous versions for each document type:

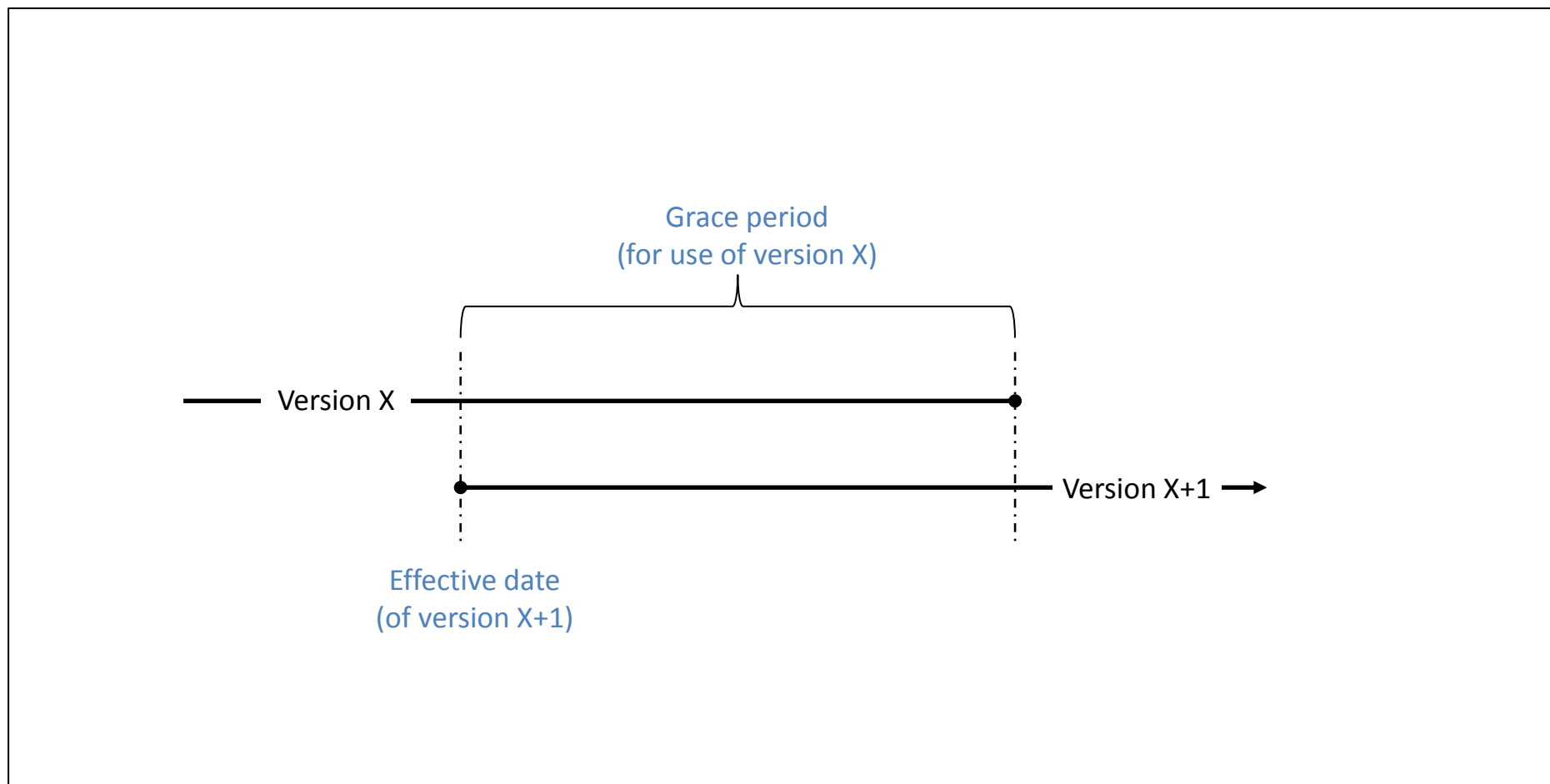
Table 1. Entry into force of new or revised documents and effect on validity of previous versions by document type

Document type	When the document becomes effective	Effect on validity of the previous version of the document
Policy standards	<p><u>Substantive revision</u>: the latest version of the document becomes effective (may be used), unless otherwise stated in the Board meeting report or in the document itself, on the date of publication of the report of the Board meeting at which the document was revised.</p> <p><u>Corrective or editorial revision</u>: the version containing changes of a corrective or editorial nature will be published on the UNFCCC CDM website and becomes effective upon publication.</p>	<p><u>Substantive revision</u>: it has been the practice for the Board to decide whether to apply a grace period and extend the validity of the previous version and for how long on a case-by-case basis.¹</p> <p><u>Corrective or editorial revision</u>: unless otherwise stated in the revised document, a grace period will apply between the date of publication of the version containing the corrective or editorial changes on the UNFCCC CDM website and the official notification of the corrective or editorial revision in the next Board meeting report.</p>
Procedures		
Policy tools		
Guidelines		
Policy clarifications		
Methodological clarifications		
Information notes		
Glossaries		

¹ For example, when the Board adopted version 01.0 of the “CDM project standard” (PS), “CDM validation and verification standard” (VVS) and PCP on 25 November 2011, it set the effective date of these documents as 1 May 2012 (i.e. 156 days after the adoption) and the grace period as until 31 September 2012 (i.e. for 153 days after the effective date), which was later extended to 31 January 2013 (i.e. for 276 days in total).

Document type	When the document becomes effective	Effect on validity of the previous version of the document
Forms	Substantive, corrective or editorial revisions to forms may be made and published by the secretariat on the UNFCCC CDM website at any time. The latest version of a form will become applicable on the date of publication.	A grace period will apply between the date of publication of the revised form on the UNFCCC CDM website and the official notification of the revision in the next Board meeting report.
Methodologies	An approved new or revised methodology or methodological tool shall be effective (may be used) from the date of publication on the UNFCCC CDM website.	<u>Major revision or consolidation into a new or existing methodology/tool</u> : the previous version shall continue to be valid (may be used) for 240 days unless the previous version has been put on hold.
Methodological tools		<u>Minor or editorial revision</u> : the previous version shall continue to be valid until the next major revision plus its 240-day grace period.
Standardized baselines	New, updated and revised versions of an approved standardized baseline shall come into force from the date of publication on the UNFCCC CDM website.	<u>Update</u> : No grace period (the updated version shall always be applied once it comes into force). <u>Major revision</u> : the previous version shall continue to be valid for 240 days unless the previous version has been put on hold, or until the expiry of its validity period, whichever is earlier. <u>Minor or editorial revision</u> : the previous version shall continue to be valid until the next major revision plus its 240-day grace period, or until the expiry of its validity period, whichever is earlier.

Figure 1. Validity of old and new versions of regulatory document



Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	11 May 2015	Initial publication as an annex to the annotated agenda of EB 84.
Decision Class: Regulatory		
Document Type: Information note		
Business Function: Governance, Issuance, Registration		
Keywords: Applicability conditions, completeness check, management of official documentation, work organization		