

CDM-EB85-AA-A01

Concept note

Online platform for voluntary cancellation of CERs – system design and capabilities

Version 01.0



United Nations
Framework Convention on
Climate Change

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1. Procedural background

1. At its eighty-first meeting, CDM Executive Board (the Board) agreed on the development of an online platform for voluntary cancellation of certified emission reductions (the platform) and requested the secretariat to proceed with its procurement and development. The Board also requested that the developed platform be presented to the Board before it is made publicly available.
2. At its eighty-third meeting, the Board took note of an oral update on the development of the online platform for voluntary cancellation of CERs, including a planned prototype demonstration at its eighty-fifth meeting.
3. This work relates to the activity 'Development and promotion of voluntary cancellation tool'¹ under goal 2: 'Nurture policies to broaden demand for, and participation in, the clean development mechanism (CDM)' with a resource allocation as referred to in table 5 of the Management plan 2015 (EB81, annex 1).

2. Purpose

4. The purpose of this note is to summarize the main functionalities that the platform will offer to sellers and buyers.
5. At EB 85 this note will be complemented with a live demonstration of the platform as well as a presentation about how the use of the platform is promoted.

3. Key issues and proposed solutions

3.1. Key requirements

6. The platform is a tool to facilitate the work to nurture demand for CDM and CERs, in accordance with goal number 2 of the 2015 CDM Management Plan. It will facilitate the process to complete the voluntary cancellation of CERs located in the CDM registry by:
 - (a) Making CERs available for voluntary cancellation easily visible and searchable;
 - (b) Implementing a simple process to pay for the immediate cancellation of those CERs.
7. The platform will fulfil the requirements established by the Board at its eighty-first meeting, including:
 - (a) No brokerage fee charged to users of the online platform;
 - (b) CERs will be offered for sale and immediate cancellation;
 - (c) Only CERs located in the CDM registry will be offered;

¹ The title of this activity changed to 'Development and promotion of voluntary cancellation as per CDM EB workplan 2015, adopted at EB82.

- (d) The design is neutral, not promoting particular CDM projects/programme of activities (PoAs) or CERs.

3.2. General features

8. The platform includes the following general design features:

- (a) Allows the UNFCCC secretariat to operate the system;
- (b) Allows the system to use UNFCCC branding;
- (c) Allows any individual or organization to use the system without paying brokerage fees;
- (d) Charges only the fees applied by the payment gateway service provider. The management of financial transactions is outsourced to PayPal and it allows the use of PayPal accounts or credit cards. The platform does not store any buyer or sellers financial information (credit card numbers, bank accounts, etc.);
- (e) Supports accounts for sellers (mandatory) and for buyers (optional) on the platform;
- (f) Maintains a detailed log of all purchase transactions;
- (g) Integrates with the CDM registry to support quantity availability and instructions for voluntary cancellation transactions to fulfil successful payment transactions;
- (h) Daily transaction volumes and total value of daily sales, as well as, annual transaction volumes limits apply. These parameterized limits are in line with the liability coverage of the platform and can be changed anytime if necessary.
- (i) Accessible through the main internet browsers (Chrome, Internet Explorer, Firefox and Safari);
- (j) Accessible from desktop and mobile devices;
- (k) Initial version will be available in English. Possibility to add other languages;
- (l) Available 24 hours a day, seven days a week. The CDM registry, as a back-end system, is available during normal working hours. The users of the platform will not directly experience the performance of the back-end systems (CDM registry) and will receive purchase confirmations upon completing orders. The transactions in the CDM registry will be executed during working hours, followed by the attestations of cancellation;
- (m) Service-desk support during secretariat working hours.

3.3. Functionalities for sellers

9. The use of the VC platform is voluntary and buyers and project participants will receive communications about the launch of the platform through different channels. Project participants will be invited to apply for the use of the platform prior to the go-live date to ensure that sellers' offers are available from the first date of operation.

10. Sellers (project participants as holders of CDM registry accounts or through their focal points for CERs held in the CDM registry pending account) can use the platform as follows:
- (a) Request a sellers account on the platform and indicate CDM projects to be associated with the account;
 - (b) Make offers of CERs available to them in the CDM registry, and modify them at their convenience;
 - (c) Set the price for the CER offers. The price is set by the seller and applies to all CERs from a specific issuance block. It is possible for different sellers to set different prices for different issuances as they wish, but there is no auctioning function in the platform;
 - (d) Include a tax rate for the sale of the CERs, if applicable. The sellers are liable for tax obligations as applicable in their respective jurisdictions;
 - (e) Provide information about project co-benefits by indicating general impact – health, human rights, etc.;
 - (f) Receive their payments through PayPal. PayPal also supports the direct use of credit cards without a PayPal account;
 - (g) Receive notification when a transaction involving their CERs is completed;
 - (h) View transaction history on their offers;
 - (i) Update contact details and password.

3.4. Functionalities for buyers

11. Buyers (project participants or any member of the public) can use the platform as follows:
- (a) CERs are searchable through filters and key words on equal basis. Search criteria include:
 - (i) Project type;
 - (ii) Project name and number;
 - (iii) Country hosting the project;
 - (iv) Sustainable development co-benefits;
 - (v) Commitment period;
 - (vi) Unit price;
 - (b) Make a purchase as a registered user or as a guest user. A guest user will not have the benefit of transaction history;
 - (c) Pay within the same user session through PayPal or credit card. Separate transactions have to be processed for orders from different sellers and the platform will accordingly prompt the buyer;

- (d) Purchase the cancellation of all or part of the CERs available in a particular offer from a seller;
- (e) Check the purchase in the shopping cart before the purchase is completed, and modify the contents if needed;
- (f) Indicate the reason for the cancellation of the CERs, by selecting a standardized reason or include free text. This will be reproduced on the cancellation attestation (see below);
- (g) Receive confirmation when the payment transaction is completed;
- (h) Receive an attestation of voluntary cancellation of CERs when the CDM registry transaction is completed (this is in addition to the purchase confirmation e-mail that is received immediately upon completion of the payment transaction, containing all details of the purchase). This process will normally be completed within the next working day. Unexpectedly high number of purchases within the same day may have an impact on the timeline for issuing attestations;
- (i) Platform account holders can view their transaction history;
- (j) Platform account holders can update their contact details and password.

3.5. Communications about the platform

- 12. The supporting communications to encourage the use of the platform are not within the scope of this concept note, but will be presented separately at EB 85. The presentation will include a proposal to refer to the platform as *“The Climate Credit Store”*. This is a name that is easily recognizable, avoids terms only familiar to experts (such as “CER” or “Cancellation”) and allows the average member of the public to easily understand what the platform is about.

4. Impacts

- 13. It is expected that the operation of the platform will stimulate the demand for CERs among a variety of stakeholders by facilitating the process of identifying and paying for the voluntary cancellation of CERs.
- 14. The platform will offer a possibility for project participants to realize CERs issued for both Kyoto commitment periods.

5. Subsequent work and timelines

- 15. The current status is that the user interface and functionalities are substantially developed, and the integration with the payment gateway service provider PayPal is completed. Remaining work up to the launch date includes: user interface optimization; user acceptance testing; automation of attestation of cancellation; communication to project participants; populating the tool with data for projects/PoAs and corresponding CERs available in the CDM registry; security audit and penetration testing to assess the system's vulnerability to attacks and addressing corresponding issues; and development of a complaints handling procedure.

16. The intention is to launch the platform in the second half of September 2015 when the minimum requirements for the operation of the system will be completed and tested. Additional work to fine tune specific features of the tool will follow in the two months after the initial launch, at the end of which period a second version is planned to be released.

6. Recommendations to the Board

17. The secretariat recommends the Board to:
- (a) Take note of the features and status of development of the online platform for voluntary cancellation of CERs;
 - (b) Approve the launch of the platform in September 2015.

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Document information

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