



**PROJECT  
DEVELOPER  
FORUM**

**PD Forum / DI&A meeting, London 8<sup>th</sup> Feb**

# **Review of the CDM M&P**

8<sup>th</sup> Feb 2013

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# PD Forum's proposals for review of the M&P Background

- Our proposals are designed to create significant change in the CDM in response to criticism from Parties and Stakeholders
- None of us benefit from a weak CDM which produces a commodity that markets do not wish to buy
- The EU negotiator in Doha said criticisms of the CDM had influenced the purchasing policies of Parties and went on to propose a number of changes to strengthen the environmental integrity of the mechanism
- Our submission has picked up on these proposals and built upon them

# Preamble

- CERs available to ALL Parties including all Annex 1 and Non-Annex 1, not just Annex B
- Drop the whole concept of small scale projects
- Review definition of regional distribution of CDM against a range of parameters (per GDP, per GHG and per population)
  - Actually the question is do the Parties want some form of equal distribution where the market finds the cheapest abatement or do they want to steer the CDM towards specific technologies in specific locations?
- Support development of DOE capacity in under-represented countries rather than DOEs *per se*

# CDM Board

- Rename the EB as the “CDM Board” or “Board”
- Revise responsibilities to emphasize supervisory role, so that the Board focuses on approving or rejecting recommendations from Panels
- Add a new responsibility to protect the CDM’s credibility in international markets
- Board members gain executive function via participation in Panels
- Secretariat tasked with transparent and accountable execution of Board’s Guidance
- Create the post of Executive Director within the Secretariat
- Increase the board to 24 members including 4 members from Private Sector and Civil Society (as per GCF)
- Along with other Panels, Board will establish an Appeals Panel and process

# DNAs

- New section defining roles and responsibilities of DNAs *inter alia*
  - Procedures for issuance of LoAs including confirming contribution to sustainable development; approval of local stakeholder consultation and specifying conditions relating to domestic regulations
  - Define procedures for suspension and only as a last resort removal of LoAs at the end of a crediting period
  - Define E+ and E- policies
  - Define standardized baselines
  - Define a share of proceeds for the host country mitigation based on technology, location and age of project
- Non-host DNAs are required to undertake due diligence, manage LoAs and participate in regional DNA Forums

# Accreditation of DOEs

- The Board shall commission a review of the Accreditation Procedures in order to:
  - Make better use of ISO standards particularly ISO14065, 66 and 67
  - Improve consistency between DOEs performance
  - Empower DOEs to apply their professional judgment
  - Critically evaluate the benefit of spot check and site visit procedures in view of the transaction costs these create
  - Develop better training for all participants; and
  - Propose a means of addressing professional negligence and fraud amongst DOEs

# Participation requirements

- The intention is that All parties should have access to enable CERs to be retired as part of both domestic and international pledges and targets.
- This is to stop the proliferation of more schemes which produce offsets which are not fungible with UN approved accounting mechanisms.

# Validation and registration

- Strengthen local stakeholder consultation
- Reduce transaction costs through application of standardized baselines, positive lists, materiality, digitization, review of the PDD template, reduce duplication of work, reduce waiting times
- Fairer application of conservativeness principles
- Reassessment of duration of crediting periods
- Reassessment of E+ E- guidance
- Procedures to enable projects to further contribute to host country mitigation

# Monitoring

- Uncertainty to be managed by a single meth specific uncertainty threshold rather than individual meter specification
- Option to put the monitoring plan in the PDD or define it prior to the first verification
- DOEs audit monitoring plan against monitoring meth and monitoring report against monitoring plan
- DOEs authorized to approve changes to the monitoring plan if it improves accuracy or efficiency of monitoring
- Fairer treatment of conservativeness – one single meth specific deduction for conservativeness, deducted at issuance and placed in a Conservativeness Account and used to offset significant deficiencies

# Verification, certification and issuance

- Speed up the process; develop procedures for on-line verification from RE projects; develop digitization; second and subsequent verification should be significantly cheaper
- Two new transparent deductions at issuance:
  - Meth specific Conservativeness SOP to a Conservativeness Account and used to compensate for significant deficiencies
  - Technology, region, age specific Host Country Mitigation SOP to Host country account
- Registration and Issuance fees to be reviewed annually

## And finally...

- Revise the PDD template to get rid of excessive text and duplication of information; move to digitize
- Take Afforestation and Reforestation out of the CDM and place under REDD+
- Once a NAMA framework has been established, remove PoA from CDM and place under NAMAs
- Compensate significant deficiencies from the Conservativeness Account and penalize DOEs with a financial penalty for causing such deficiencies, fines being paid into adaptation fund.

## Next steps

- Refine and develop these proposals further for the March 25<sup>th</sup> deadline for SBSTA
- Hopefully attend and present these proposals at the pre-SB workshop in Bonn in June
- Attend SB 38 in Bonn and lobby the Parties on these proposals
- Attend SB39 and CMP10 to lobby Parties

# PROJECT DEVELOPER FORUM

The Project Developer Forum primary aims are to:

- improve the efficiency, legitimacy and functioning of the regulatory systems governing the development and use of emission reduction projects,
- influence policy developments and regulatory standards related to emissions trading and emission reduction projects,
- update and support independent standards and codes of conduct in order to further improve the integrity of the industry.

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