



Ministry of the Environment, Japan

IGES

Institute for Global Environmental Strategies

CDM and JI in CHARTS

Version. 6.0

August 2006

Updated up to the results of the EB25 and the JISC03

This document aims to give a comprehensive and easy-to-understand description of the Clean Development Mechanism (CDM) and other Kyoto Mechanisms. It should be noted that this document does not replicate in the exact manner all the texts agreed upon in the international negotiations. Also, there are issues yet to be settled in the international negotiations regarding detailed interpretations and processes.

Therefore, this document is to be updated according to the developments in the international negotiations and rule-setting.

As for the details and exact expressions in the agreed texts, please refer to the respective documents available on the website of the United Nations Framework Convention on Climate Change <<http://unfccc.int/>>.

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Glossary

Examples of abbreviated titles used in this document and corresponding formal document symbol and titles

<i>Examples of abbreviated titles used in this charts, shown in []</i>	<i>Corresponding formal document symbol and title</i>
KP Art.2 para1(a)	The Kyoto Protocol, Article2, paragraph1(a)
CP/2001/13/Ad2, p1 para2(a)	FCCC/CP/2001/13/Add.2, page 1 paragraph 2(a)
CMP/2005/8/Ad1, p1 para2(a)	FCCC/KP/CMP/2005/8/Add.1, page 1 paragraph 2(a)
EB01 Rep, p2 para3(a)	Executive Board of the Clean Development Mechanism, 1st Meeting Report, page 2 paragraph 3(a)
EB01 Anx1, p2 para3(a)	Executive Board of the Clean Development Mechanism, Annex 1 to the 1st Meeting Report, page 2 paragraph 3(a)
PDD GL ver6, p1	Guidelines for Completing the Project Design Document (CDM-PDD),and the Proposed New Baseline and Monitoring Methodologies(CDM-NM) Version 06, page 1
SSC GL ver3, p1	Guidelines for Completing CDM-SSC-PDD, F-CDM-SSC-Subm and F-CDM-SSC-BUNDLE, Version 03, page 1
AR-CDM GL ver4, p1	Guidelines for Completing CDM-AR-PDD and CDM-AR-NM Version 04, page 1
JISC01 Rep, p2 para3	Joint Implementation Supervisory Committee, 1st Meeting Report, page 2 paragraph 3(a)
JI-PDD GL ver1, p1	Guidelines for Users of the Joint Implementation Project Design Document Form, Version 01, page 1
Anx stands for Annex , Apx for Appendix , Att for Attachment , and Ann for Annotation .	
CDM M&P means CDM Modalities and Procedures (Annex to Decision 17/CP.7) (FCCC/CP/2001/13/Add.2, p26-41)	
CDM A/R M&P means Modalities and Procedures for Afforestation and Reforestation project activities under the CDM (Annex to Decision 19/CP.9) (FCCC/CP/2003/6/Add.2, p16-27)	

Glossary

AAU	Assigned Amount Unit
ACM	Approved Consolidated Methodology
AE	Applicant Entity
AIE	Accredited Independent Entity
AM	Approved Methodology
A/R CDM	Afforestation and Reforestation Project Activities under the Clean Development Mechanism
AR	Afforestation and Reforestation
Art.6-SC	Article 6 Supervisory Committee
CDM	Clean Development Mechanism
CDM-AP	CDM Accreditation Panel
CER	Certified Emission Reduction
COP	Conference of the Parties (to the UNFCCC)
COP/MOP	the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol
CPR	Commitment Period Reserve
DNA	Designated National Authority
DOE	Designated Operational Entity
EB	CDM Executive Board
EIT	Economies in Transition
ER	Emission Reduction
ERT	Expert Review Team
ERU	Emission Reduction Unit
GHG	Greenhouse Gas
GIS	Green Investment Scheme
GWP	Global Warming Potential
HFCs	Hydrofluorocarbons
IE	Independent Entity
IET	International emissions trading under the Kyoto Protocol
IPCC	Intergovernmental Panel on Climate Change
ITL	International Transaction Log
JI	Joint Implementation
JI-AP	Joint Implementation Accreditation Panel

JISC	Joint Implementation Supervisory Committee (=Art.6-SC)
KP	Kyoto Protocol
LULUCF	Land Use, Land-Use Change and Forestry
MP	Methodologies Panel
NM	New Methodology
OE	Operational Entity
Party	Country or regional integration organization which has ratified the KP, unless otherwise specified
PDD	Project Design Document
PFCs	Perfluorocarbons
PP	Project Participant
RMU	Removal Unit
SAR	(the IPCC) 2nd Assessment Report
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SF ₆	Sulfur Hexafluoride
SOP	Share of Proceeds
SSC	Small Scale CDM
SSC-WG	Working group for small-scale CDM project activities
UNFCCC	United Nations Framework Convention on Climate Change

Major Changes from previous version (ver. 5.1 / March 2006)

Page	Sections	Changes
13	4-5. Designated Operational Entity (DOE)	"The validity of accreditation" is added.
15	4-6. Project participants (PPs)	The explanation of "A Party involved" is revised.
21	6-4. Procedures for the submission and consideration of queries from DOEs to the MP	The section is newly inserted.
22	6-5. Procedures for the submission of a proposed new methodology	Step (1), (5) and (9) are revised.
24	6-6. Procedures for the revision of an approved methodology	Overall procedures and "BOX: Revision of an AM" are revised.
26	7-3. Crediting period	"Indicating the start date of the crediting period" is added. "Retroactivity of a crediting period" is moved to the next page.
27	7-3. Crediting period	"Requesting changes to the start date of the crediting period" is added.
28	8-1. Overview of validation procedures	Step (6) is revised.
30	9-1. Overview of registration procedures	Step (6) is revised.
31	9-2. Procedures for review of registration	Step (1) is revised.
32	10-1. Overview of procedures for verification, certification and issuance of CERs	Step (2) and (9) are revised.
33	10-2. Procedures for review of issuance	Step (1) is revised.
34	11. Procedures for request for deviation	Step (1) is revised.
36	13-1. Definition of a small-scale CDM project activity	The definition of type (i) and (iii) are revised.
40	13-3. Simplified baseline and monitoring methodologies	"Version number" and "sectoral scope" are added.
49	15-1. JI project cycle	Step (2) is revised.
50	15-1. JI project cycle	Step (5) is revised.
52	15-2. JI related entities	"JI review teams (JI-RTs)" is added.
54	15-3. Conditions for JI projects	"Project design document (PDD)" is revised and "BOX: Crediting period" is added.
55	15-4. Overview of determination of JI projects	The box for explaining procedures for review is added.
56	15-5. Overview of verification of the reductions or removals	The box for explaining procedures for review is added.
70-71	1-1. Contents of the Project Design Document (CDM-PDD)	The section is revised overall.
72-73	1-2. Contents of the Draft JI Project Design Document (JI-PDD)	The section is newly inserted.
74	1-3. Contents of the proposed new baseline and monitoring methodology (CDM-NM)	CDM-NMB and CDM-NMM are replaced to CDM-NM.
75	Attachment 2. Examples of guidance and clarification regarding methodological issues	The page is moved from "Baseline Methodology" section. "The baseline to calculate avoided methane emissions from biogenic waste" and "Definition of biomass and biomass residues" are added.
79	Attachment 4. ACM0002 ver6	"Default weights" is revised.
80	Attachment 4. ACM0002 ver6	The choice between <i>ex-ante</i> and <i>ex-post</i> vintage is revised.
83	Attachment 4. ACM0002 ver6 (Emission Factor data of registered CDM projects using ACM0002)	The section is newly inserted.
84-85	Attachment 5. List of approved methodologies	The section is revised overall.
Document symbols of the Marrakech Accords are revised (from CP/2001/13/Ad2 to CMP/2005/8/Ad1 etc.)		

1. The Kyoto Protocol

1-1. Overview

- ◆ The Kyoto Protocol was adopted at the 3rd session of the Conference of the Parties (COP3) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Kyoto, Japan, in December 1997.
- ◆ The Protocol defines quantified greenhouse gas (GHG) emissions reduction targets (p3) for Annex I Parties.

GHGs defined by the Protocol are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), HFCs, PFCs, and SF₆.

Countries have different targets for the 5-year period of 2008-2012 (1st commitment period) (p3).

- ☞ The base-year emissions are the Party's aggregate GHG emissions in 1990 (whereas, countries may use 1995 as its base year for HFCs, PFCs, and SF₆).
- ☞ 'Assigned amounts' (cap) for each Party is calculated from the base-year emissions and emission reduction target.

Annex I Parties means those listed in Annex I of the UNFCCC (p3). They are developed countries including Economies in Transitions, e.g. Russia and Eastern Europe.

- ◆ The Protocol introduces 3 market mechanisms, namely the Kyoto Mechanisms. Annex I Parties would be able to achieve their emission reduction targets cost-effectively, by using these mechanisms.

Joint Implementation (JI)
<Article 6 of the Protocol>

Clean Development Mechanism (CDM)
<Article 12 of the Protocol>

International Emissions Trading
<Article 17 of the Protocol>

- ◆ Besides countries, private firms can use the Kyoto Mechanisms. [CMP/2005/8/Ad2, p7 para29][CMP/2005/8/Ad1, p13 para33][CMP/2005/8/Ad2, p19 para5]
☞ Provided the private firms meet eligibility requirements for using the Kyoto Mechanisms (p60).

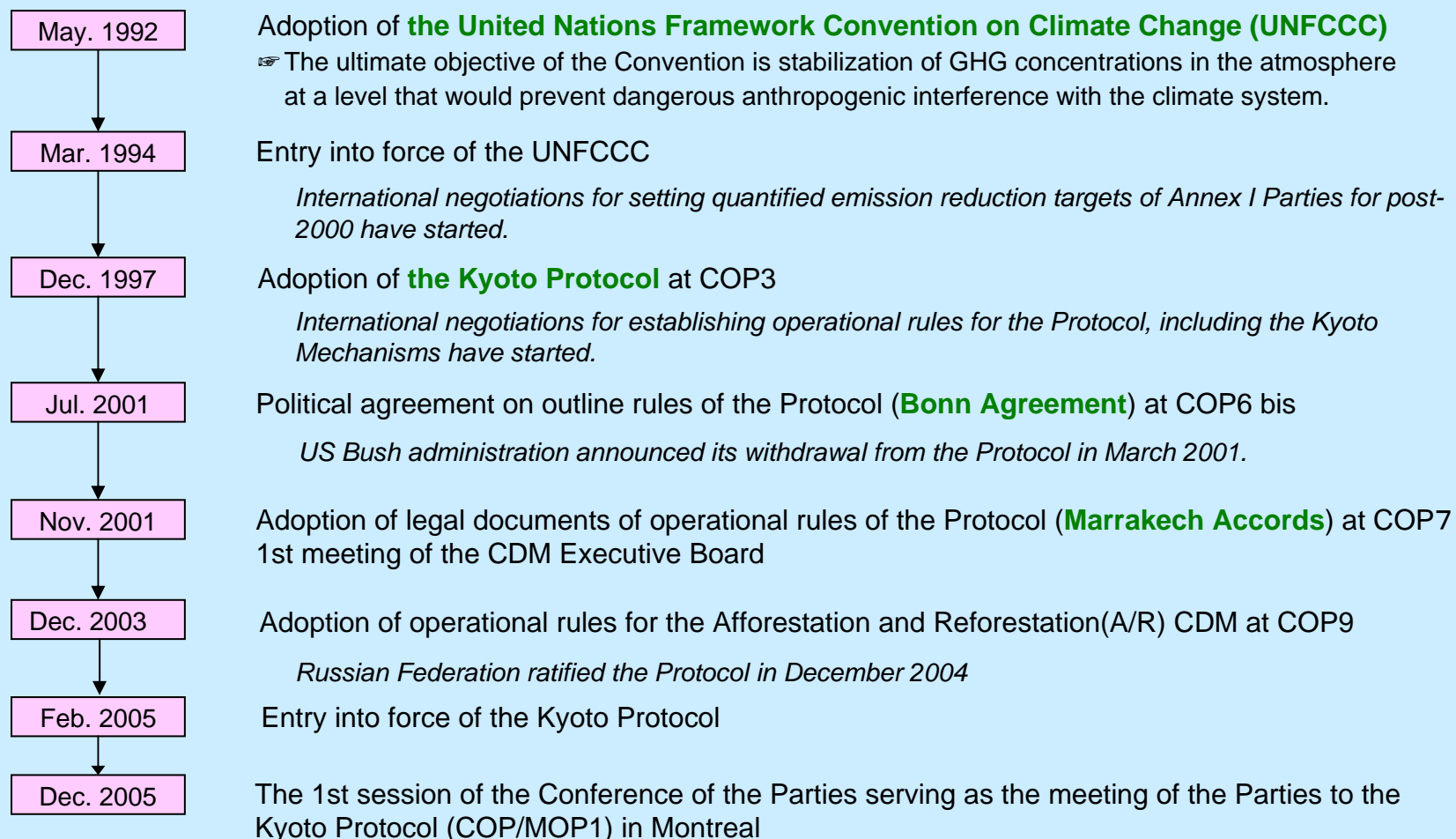
- ◆ The Party not in compliance shall be applied the following consequences. [CMP/2005/8/Ad3, p102 para5]
 - ☞ Deduction from the Party's assigned amount for the 2nd commitment period of a number of tonnes equal to 1.3 times the amount in tonnes of excess emissions;
 - ☞ Development of a compliance action plan; and
 - ☞ Suspension of the eligibility to make transfers under Article 17 of the Protocol until the Party is reinstated.

BOX: Global Warming Potential (GWP)

GWP is a measure of the relative radiative effect of greenhouse gases compared to CO₂. GWP used by Parties should be those provided by the IPCC 2nd Assessment Report ("1995 IPCC GWP values") based on the effects of the greenhouse gases over a 100-year time horizon [CP/1997/7/Ad1, p31 para3]. GWP of methane is 21, nitrous oxide is 310, HFCs is 140-11700, PFCs is 6500-9200, and SF₆ is 23900. Thus, 1t of methane emissions is equivalent to 21t of CO₂ emissions. The value of GWP is fixed for the 1st commitment period, but it is subject to change for the subsequent commitment periods depending on new scientific findings.

1-2. History

◆ Negotiation history of the Kyoto Protocol is as follows:



BOX: Entry into force of the Kyoto Protocol

The Kyoto Protocol shall enter into force on the 90th day after the date on which not less than 55 Parties to the UNFCCC, incorporating Annex I Parties which accounted in total for at least 55% of the total CO₂ emissions for 1990 of the Annex I Parties, have deposited their instruments of ratification, acceptance, approval or accession. [KP Art.25 para1]

☞ As of 10 July 2006, 164 Parties have ratified the Protocol.

☞ 61.6% of the total CO₂ emissions for 1990 of the Annex I Parties have ratified the Protocol.

⇒ The Protocol entered into force on 16 February 2005.

1-3. List of Annex I Parties

- ◆ Quantified GHG emissions reduction targets (in other words, emission caps) for Annex I Parties are as follows.
 - ☞ Reduction targets stipulated in the Kyoto Protocol are -8% for each EU (15) member state Parties. However, the table below shows their reduction targets after adjusting the targets amongst the EU (15) member state Parties.

[Council decision of 25 April 2002 (2002/358/CE)]

European Union (15 member states)			Economies in Transition (EIT)			Other Parties		
Party	Target	GHG emissions in 1990	Party	Target	GHG emissions in 1990	Party	Target	GHG emissions in 1990
Portugal	27.0%	59.3	Russian Federation	0%	3,046.6	Iceland	10%	3.3
Greece	25.0%	109.4	Ukraine	0%	978.9	<i>Australia</i>	8%	417.9
Spain	15.0%	283.9	<i>Croatia</i>	-5%	31.8	Norway	1%	50.1
Ireland	13.0%	53.8	Poland	-6%	564.4	New Zealand	0%	61.5
Sweden	4.0%	72.2	Romania	-8%	265.1	Canada	-6%	595.9
Finland	0.0%	70.4	Czech Republic	-8%	192.0	Japan	-6%	1,187.2
France	0.0%	568.0	Bulgaria	-8%	138.4	<i>USA</i>	-7%	6,082.5
Netherlands	-6.0%	211.7	Hungary	-6%	122.2	Switzerland	-8%	52.4
Italy	-6.5%	511.2	Slovakia	-8%	72.1	Liechtenstein	-8%	0.3
Belgium	-7.5%	145.7	Lithuania	-8%	50.9	<i>Monaco</i>	-8%	0.1
UK	-12.5%	748.0	Estonia	-8%	43.5	<i>Turkey</i>		
Austria	-13.0%	78.6	Latvia	-8%	25.4			
Denmark	-21.0%	70.7	Slovenia	-8%	20.2			
Germany	-21.0%	1,243.7	Belarus		129.2			
Luxembourg	-28.0%	13.4						
EU	-8.0%	4,240.0						

⇒ *Countries written in Italic have not ratified the Kyoto Protocol as of January 2006.*

⇒ Source of GHG emissions in 1990 (unit: million t-CO₂ equivalent) is FCCC/SBI/2005/17, and those figures are different from the base-year emissions under the Kyoto Protocol.

⇒ EIT Parties, which do not set 1990 as their base-year for the GHG emissions are Bulgaria(1988), Hungary(1985-87Average), Poland(1988), Romania(1989) and Slovenia(1986).

⇒ Croatia, Slovenia, Liechtenstein and Monaco have GHG emission reduction targets as Annex B Parties to the Kyoto Protocol; but they are not Annex I Parties to the UNFCCC.

- ◆ There is no quantified GHG emissions reduction targets for non-Annex I Parties.

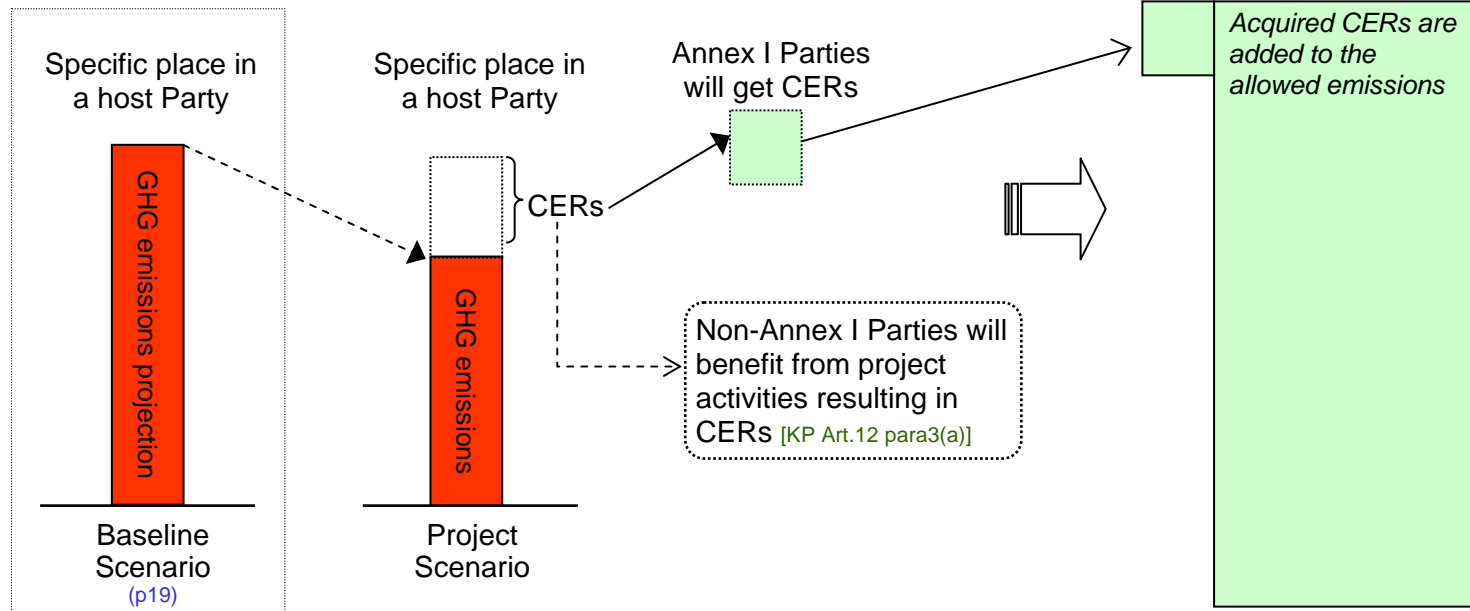
☞ There are 128 non-Annex I Parties which have ratified the UNFCCC, and the Kyoto Protocol, as of 10 July 2006.

2. The Kyoto Mechanisms

2-1. The Clean Development Mechanism (CDM)

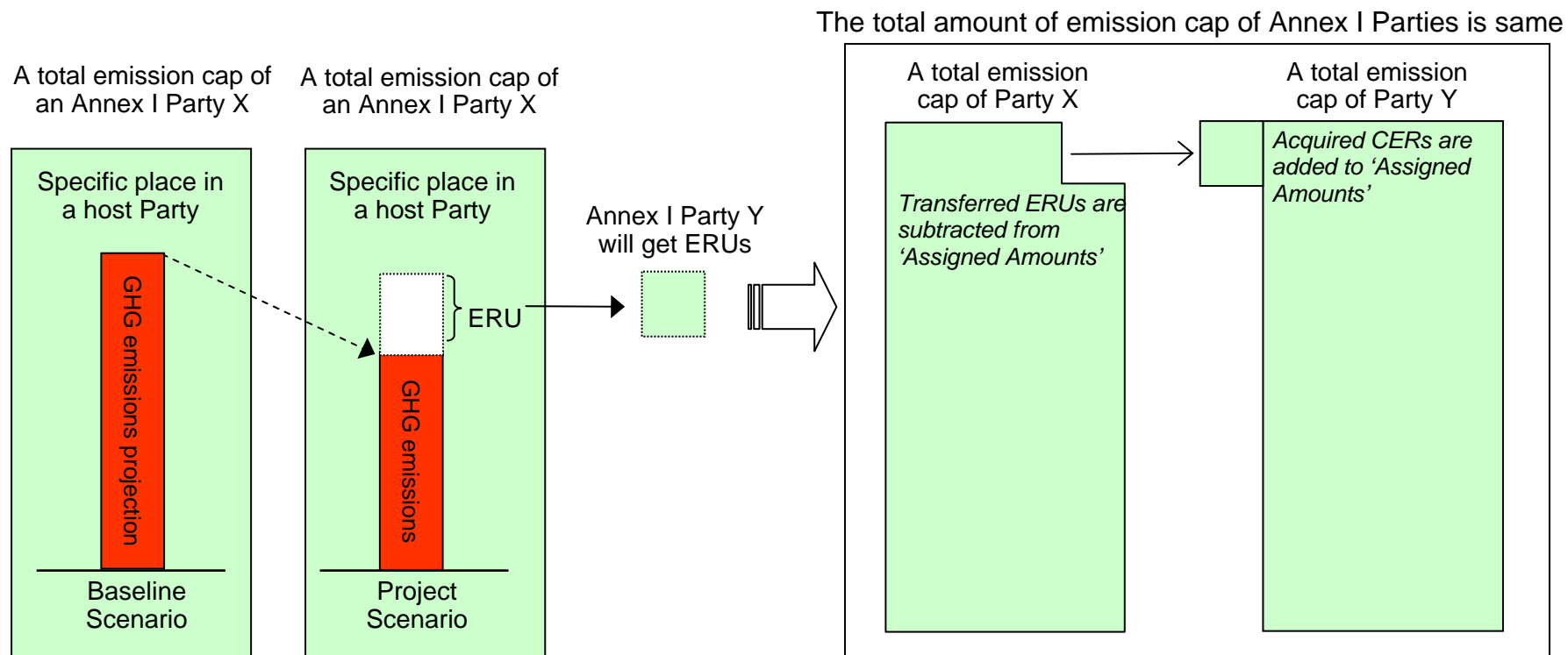
- ◆ Annex I Parties which have emissions reduction targets (caps), assist non-Annex I Parties which don't have emission caps, to implement project activities to reduce GHG emissions (or remove by sinks), and credits will be issued based on emission reductions (or removals by sinks) achieved by the project activities.
 - ☞ A Party where CDM project is implemented, is called a host Party.
 - ☞ The credit from the CDM is called certified emission reduction (CER). [CMP/2005/8/Ad1, p7 para1(b)]
 - ☞ Reductions in emissions shall be additional to any that would occur in the absence of the certified project activity. [KP Art.12 para5(c)]
- ◆ Annex I Parties can use CERs to contribute to compliance of their quantified GHG emissions reduction targets of the Kyoto Protocol. [KP Art.12 para3(b)]
 - ☞ As a result, the total amount of emission cap of Annex I Parties will increase.
- ◆ The CDM will issue credits before the 1st commitment period.
 - ☞ CERs issued based on emission reductions during the period from the year 2000 up to 2007 can be used to assist in achieving compliance of Annex I parties in the 1st commitment period. [KP Art.12 para10]

Host Party (non-Annex I) which doesn't have an emission cap



2-2. Joint Implementation (JI)

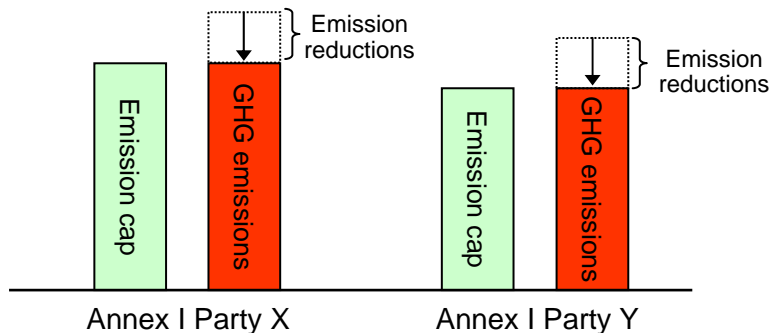
- ◆ Annex I Parties which have emissions reduction targets (caps), assist other Annex I Parties to implement project activities to reduce GHG emissions (or remove by sinks), and credits will be issued based on emission reductions (or removals by sinks) achieved by the project activities.
 - ☞ A Party where JI project is implemented, is called a host Party.
 - ☞ The credit from the JI is called emission reduction unit (ERU). [CMP/2005/8/Ad1, p7 para1(a)]
 - ☞ Any such project shall provide a GHG emission reductions, or removals by sinks, that is additional to any that would otherwise occur. [KP Art.6 para1(b)]
- ◆ Annex I Parties can use ERUs to contribute to compliance of their quantified GHG emissions reduction targets of the Kyoto Protocol. [KP Art.6 para1]
 - ☞ The total amount of emission cap of Annex I Parties will not change, because JI is credits transfer between the Parties both of which have emission caps.
- ◆ ERUs will be issued after 2008. [CMP/2005/8/Ad2, p2 para5]



2-3. International Emissions Trading (IET)

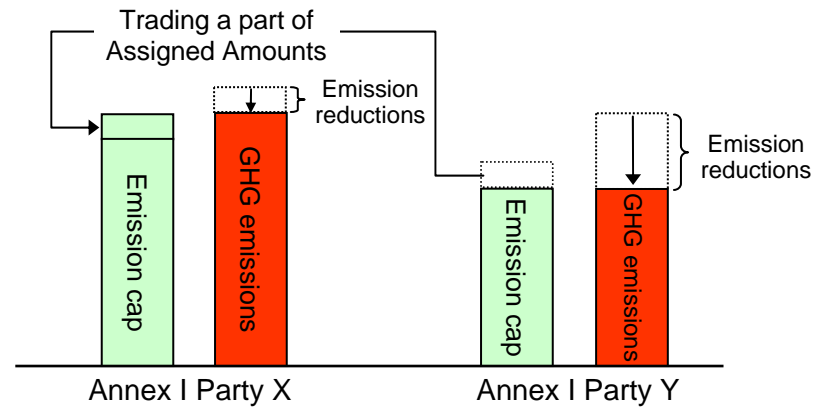
- ◆ International Emissions Trading is to trade a part of assigned amount (p1) between Annex I Parties.
 - ☞ The total amount of emission cap of Annex I Parties will not change.
 - ☞ Only Annex B Parties of the Kyoto Protocol can participate International Emissions Trading.
- ◆ Through market mechanism, International Emissions Trading can decrease total cost of Annex I Parties to achieve their collective emission reduction targets.

Without International Emissions Trading



	Party X	Party Y	Total
Before ET: Emission cap	10	8	18
Trading a part of AA	-	-	-
After ET: Emission cap	10	8	18
GHG emissions	12	10	22
Necessary reduction	2	2	4
Unit cot of reduction	\$200	\$100	-
Total cost of reduction	\$400	\$200	\$600
Trading cost	-	-	-
Total compliance cost	\$400	\$200	\$600

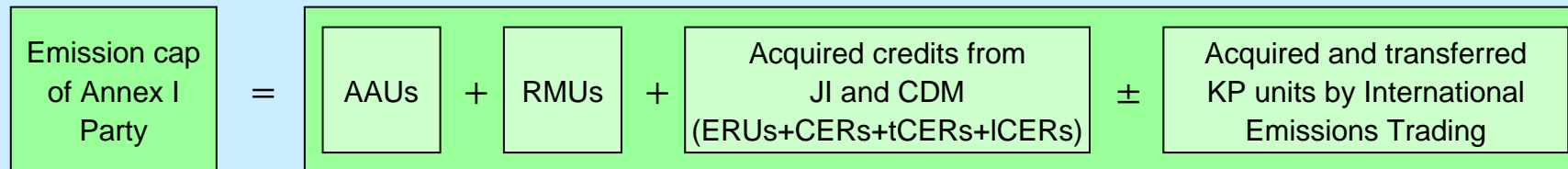
With International Emissions Trading



	Party X	Party Y	Total
Before ET: Emission cap	10	8	18
Trading a part of AA	1	-1	0
After ET: Emission cap	11	7	18
GHG emissions	12	10	22
Necessary reduction	1	3	4
Unit cot of reduction	\$200	\$100	-
Total cost of reduction	\$200	\$300	\$500
Trading cost	150	-150	0
Total compliance cost	\$350	\$150	\$500

Note: Party Y sold part of its assigned amount (AA) to Party X at \$150.

- ◆ Annex I Parties can trade following types of Kyoto Protocol units.
 - ☞ **Assigned amount unit (AAU)** [CMP/2005/8/Ad1, p7 para1(c)]
 - ⇒ Total amount of AAUs of an Annex I Party is calculated from its base year emissions and emission reduction target
 - ☞ **Removal unit (RMU)** [CMP/2005/8/Ad1, p7 para1(d)]
 - ⇒ Total amount of RMU of an Annex I Party is calculated from net removal of GHGs by afforestation and reforestation (A/R) activities [CMP/2005/8/Ad3, p5 para1(a)-(d)] and additional activities related to GHG removals by sinks [CMP/2005/8/Ad3, p5 para1(e)-(h)]
 - ☞ **Emission reduction unit (ERU)** from JI
 - ☞ **Certified emission reduction (CER)** from the CDM
 - ☞ **Temporary CER (tCER)** and **long-term CER (ICER)**
 - ⇒ tCER and ICER are issued from A/R project activities under the CDM. [CMP/2005/8/Ad1, p62 para1(g)-(h)]
- ◆ Minimum trading unit is 1t-CO₂ equivalent.
- ◆ GHG emission cap of an Annex I Party at the end of the 1st commitment period is as follows.



BOX: Carry-over

If an emission cap of an Annex I Party at the end of additional period (p69) is more than its GHG emissions during the 1st commitment period, the surplus can be carried over to the subsequent commitment period.

[CMP/2005/8/Ad2, p27 para15][CMP/2005/8/Ad2, p30 para36]

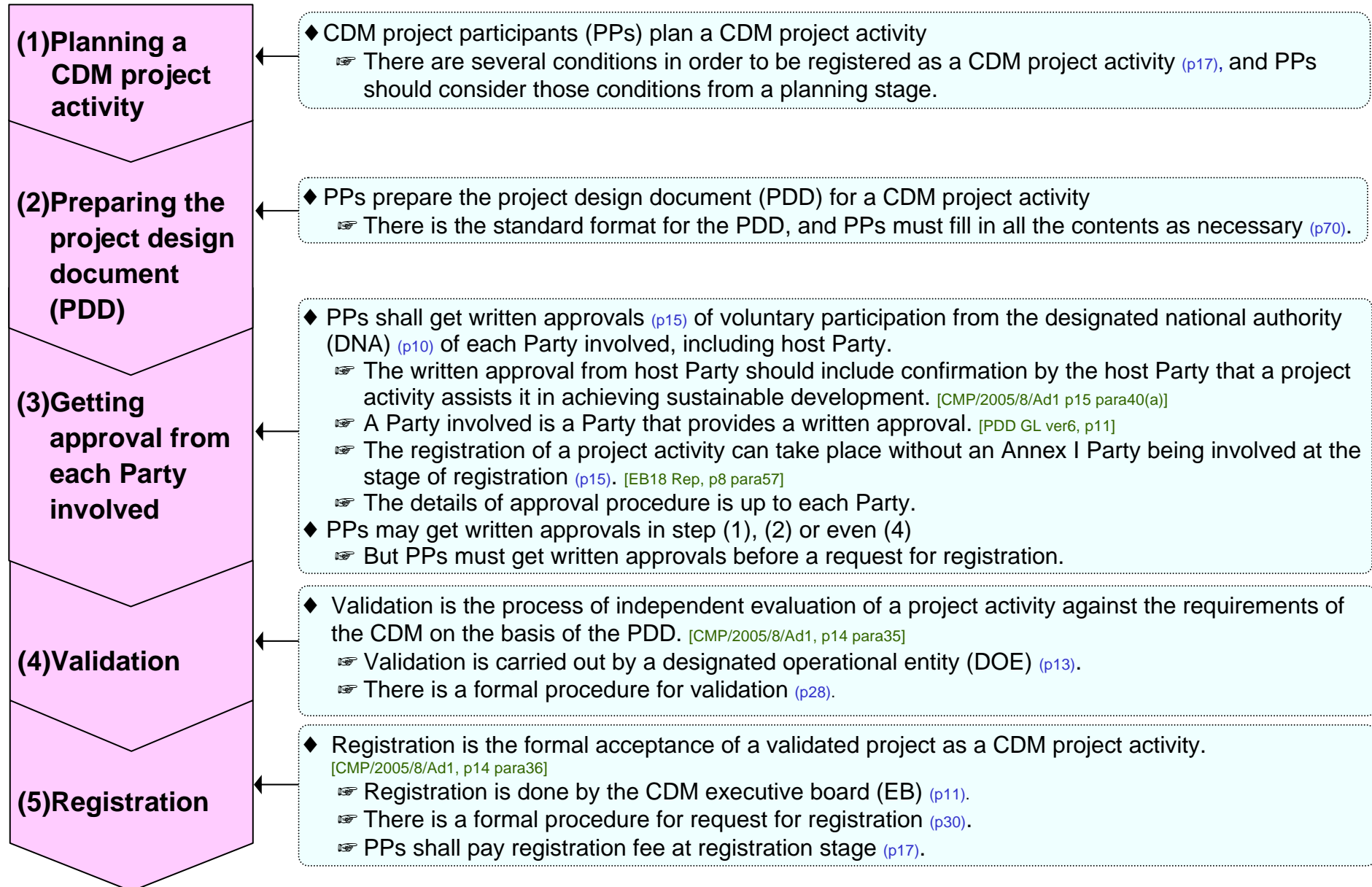
- ☞ The end of additional period is the 100th day after the date set by the COP/MOP. [CMP/2005/8/Ad3, p101 XIII]
- ☞ There are several restrictions depending on the type of KP units (p62).

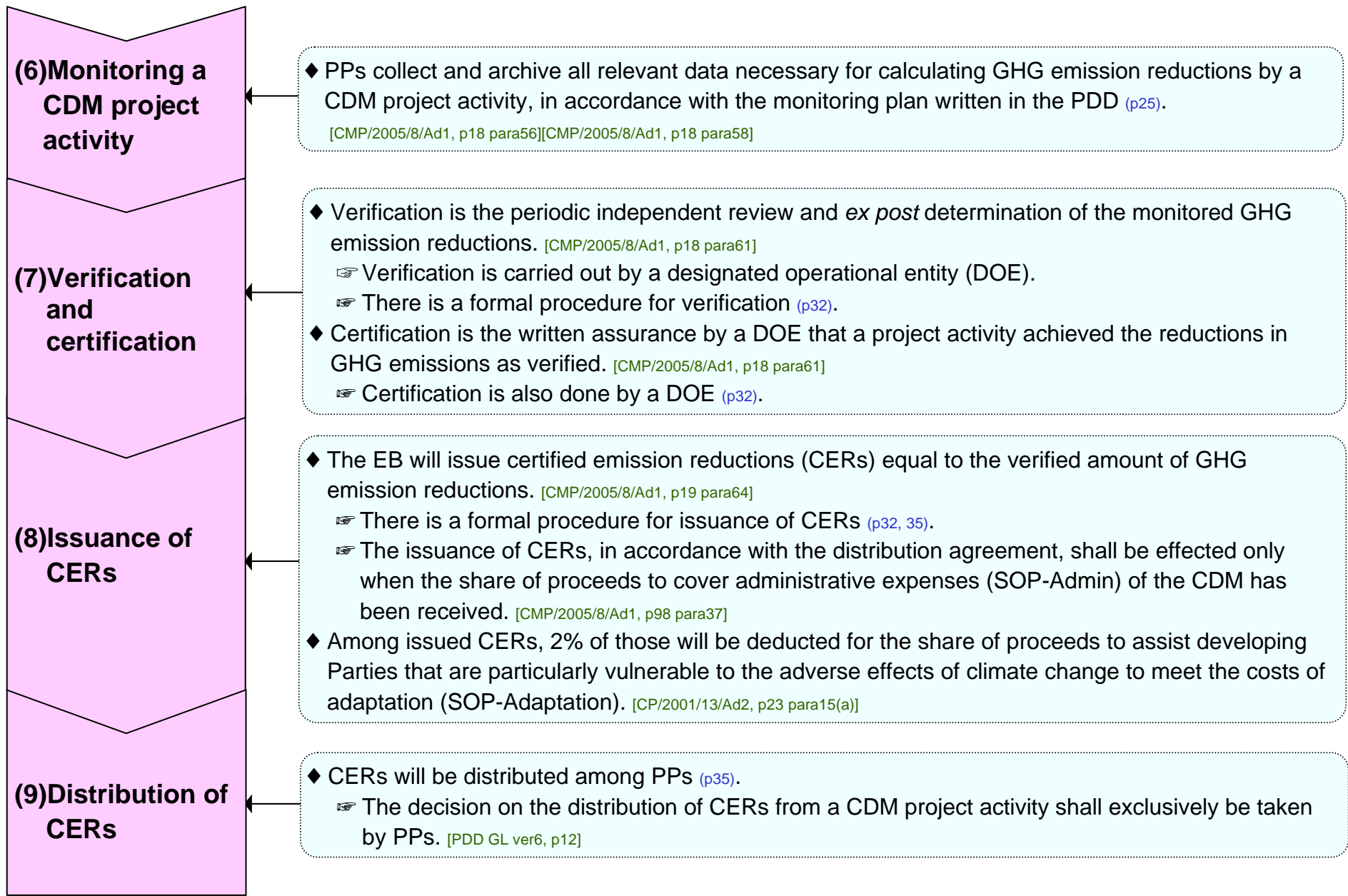
BOX: tCER and ICER

“tCER and ICER” will expire in the end in order to address non-permanence of an A/R project activity under the CDM (p43).

3. CDM project cycle

Sections 3 to 12 describe about large-scale emission reduction CDM project activity. For small-scale emission reduction CDM project activity, see section 13. For afforestation and reforestation CDM (A/R CDM) project activity, see section 14.





4. CDM-related entities

4-1. COP/MOP

- ◆ The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) [CMP/2005/8/Ad1, p7 para2-4]:
 - ☞ Has authority over and provides guidance to the CDM;
 - ☞ Decides on the recommendations made by the EB on its rules of procedure, and in accordance with provisions of decision 17/CP.7 [CP/2001/13/Ad2 p20-49], the present annex and relevant decisions of the COP/MOP;
 - ☞ Decides on the designation of operational entities (OEs) accredited by the EB;
 - ☞ Reviews annual reports of the EB;
 - ☞ Reviews the regional and subregional distribution of designated operational entities (DOEs) and CDM project activities;
 - ☞ Assists in arranging funding of CDM project activities, as necessary.

BOX: Revision of the modalities and procedures for the CDM

[CMP/2005/8/Ad1, p6 para4]

- ☞ Revision of the modalities and procedures for the CDM shall be decided in accordance with the rules of procedure of the COP/MOP.
 - ⇒ The 1st review shall be carried out no later than 1 year after the end of the 1st commitment period
 - ⇒ The 1st review shall be carried out based on recommendations by the EB and by the SBI drawing on technical advice from the SBSTA, as needed.
 - ⇒ Further reviews shall be carried out periodically thereafter.
- ☞ Any revision of the decision shall not affect clean development mechanism project activities already registered

4-2. Designated National Authority (DNA)

- ◆ Parties participating in the CDM shall set up a designated national authority (DNA) for the CDM. [CMP/2005/8/Ad1, p12 para29]
- ◆ CDM project participants (PPs) shall receive written approval of voluntary participation from the DNA of each Party involved.
 - ☞ The written approval shall include confirmation by the host Party that the project activity assists it in achieving sustainable development. [CMP/2005/8/Ad1, p15 para40(a)]
 - ☞ The details of approval procedure is up to each Party.

4-3. CDM Executive Board (EB)

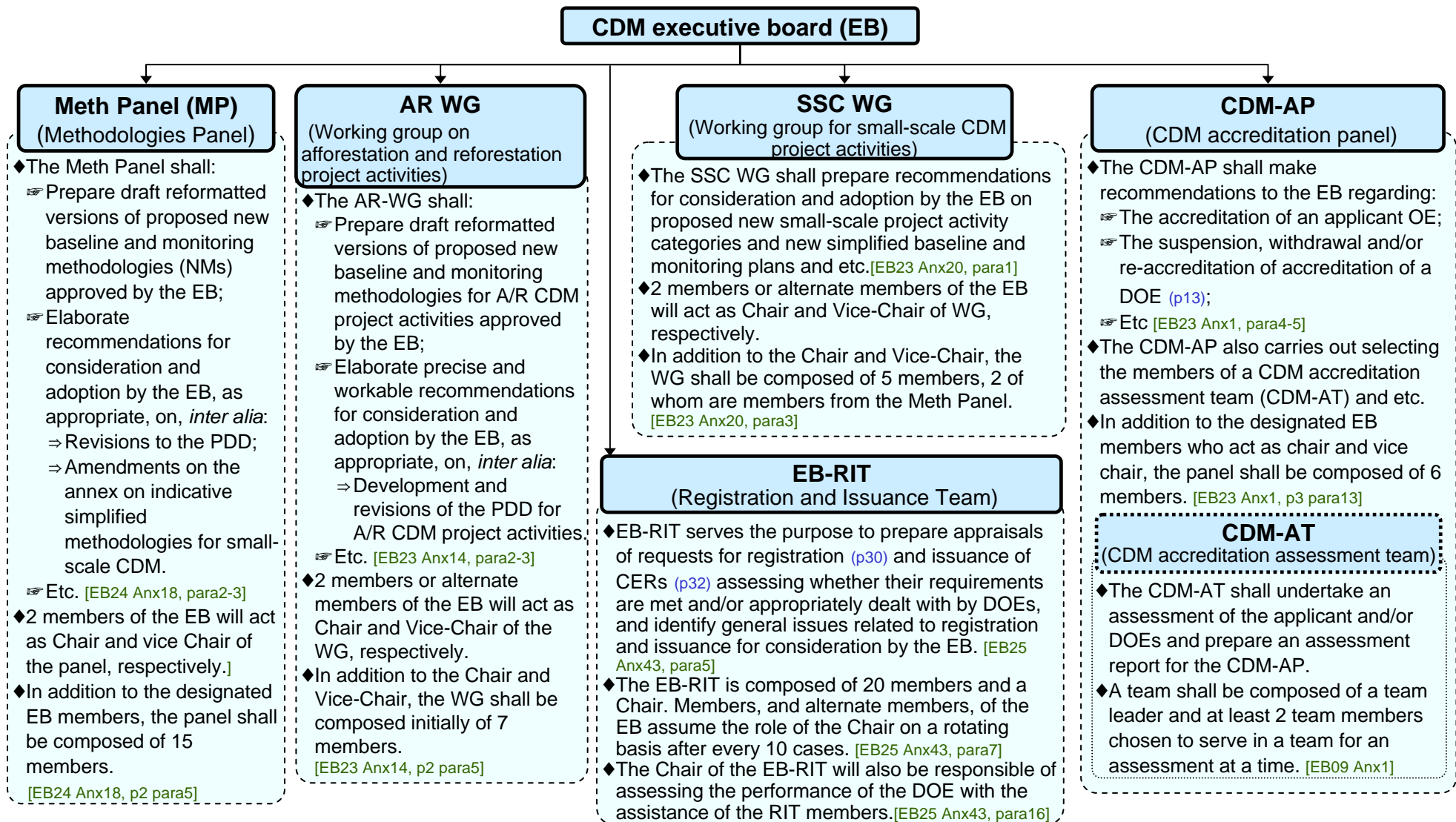
- ◆ The EB supervises the CDM, under the authority and guidance of the COP/MOP [CMP/2005/8/Ad1, p8 para5], and shall:
 - ☞ Make recommendations to the COP/MOP on further modalities and procedures for the CDM and/or any amendments or additions to rules of procedure for the EB, as appropriate;
 - ☞ Approve new methodologies (p20) related to, *inter alia*, baselines (p18), monitoring plans and project boundaries (p25);
 - ☞ Review provisions with regard to simplified modalities, procedures and the definitions of small scale CDM (SSC) project activities, and if necessary, makes appropriate recommendations to the COP/MOP;
 - ☞ Be responsible for the accreditation of operational entities (OEs), and make recommendations to the COP/MOP for the designation of OEs (p13).
 - ☞ Make any technical reports to the public and provide a period of at least 8 weeks for public comments on draft methodologies and guidance;
 - ☞ Develop and maintain the CDM registry (p65);
 - ☞ Formally accept a validated project as a CDM project activity (registration); [CMP/2005/8/Ad1, p14 para36]
 - ☞ Instruct to issue CERs for a CDM project activity to the CDM registry administrator; [CMP/2005/8/Ad1, p19 para66]
 - ☞ Etc.
- ◆ Activities of the EB, and approved rules, procedures, methodologies and standards related to the CDM can be downloaded from <<http://cdm.unfccc.int/>>.

- Members of the EB** [CMP/2005/8/Ad1, p9 para7-12]
- ☞ The EB comprises 10 members from Parties to the KP.
 - ⇒ 1 member from each of the 5 UN regional groups, 2 other members from the Annex I Parties, 2 other members from the non-Annex I Parties, and 1 representative of the small island developing States.
 - ⇒ The 5 regional groups of the UN are: Asia, Africa, Latin America, Eastern Europe, and the Western European and Others Group
 - ⇒ As a result, 4 are from Annex I Parties and 6 are from non-Annex I Parties, unless 1 member from Asia is selected from Japan.
 - ⇒ There is an alternate for each member of the EB.
 - ☞ Members, including alternate members, of the EB are nominated by the relevant constituencies referred above, and be elected by the COP/MOP.
 - ⇒ Vacancies shall be filled in the same way.
 - ☞ Members are elected for a period of 2 years and be eligible to serve a maximum of 2 consecutive terms.
 - ⇒ Terms as alternate members do not count.
 - ☞ 5 members and 5 alternate members are elected initially for a term of 3 years, and other members and alternate members for a term of 2 years. Thereafter, the COP/MOP elects, every year, 5 new members, and 5 new alternate members, for a term of 2 years.
 - ☞ The EB elects its own chair and vice-chair, with one being a member from an Annex I Party and the other being from a non-Annex I Party.
 - ⇒ The positions of chair and vice-chair alternate annually between a member from an Annex I Party and a non-Annex I Party.

- Meeting and decision of the EB** [CMP/2005/8/Ad1, p10 para13-16]
- ☞ The EB meets as necessary but no less than 3 times a year.
 - ☞ At least 2/3 of the members of the EB, representing a majority of members from Annex I Parties and a majority of members from non-Annex I Parties, must be present to constitute a quorum.
 - ☞ Decisions by the EB is taken by consensus, whenever possible. If that is not possible, decisions shall be taken by 3/4 majority of the members present and voting at the meeting. Members abstaining from voting shall be considered as not voting.
 - ☞ Meetings of the EB are open to attendance, as observers, except where otherwise decided by the EB.

4-4. Panels and Working Groups

- ◆ The EB may establish committees, panels or working groups to assist it in the performance of its functions. The EB shall draw on the expertise necessary to perform its functions, including from the UNFCCC roster of experts. In this context, it shall take fully into account the consideration of regional balance. [CMP/2005/8/Ad1, p10 para18]
- ◆ The EB has established following panels and working groups so far. <<http://cdm.unfccc.int/EB/Panels>>



4-5. Designated Operational Entity (DOE)

- ◆ A DOE under the CDM:
 - ☞ Is either a domestic legal entity or an international organization accredited and designated, on a provisional basis until confirmed by the COP/MOP, by the EB.
 - ☞ Has two key functions:
 - ⇒ It validates (p28) and subsequently requests registration (p30) of a proposed CDM project activity
 - ⇒ It verifies (p32) emission reduction of a registered CDM project activity, certifies as appropriate and requests the EB to issue Certified Emission Reductions (CERs) (p4) accordingly.
- ◆ Upon request, the EB may allow a single DOE to perform all these functions within a single CDM project activity. [CMP/2005/8/Ad1, p12 para27(e)]

The terms used in DOE related official documents are:

- ☞ Entity = prior to application;
- ☞ Applicant entity (AE)= once application has been duly submitted/subject to a procedure;
- ☞ Designated operational entity (DOE)= after designation by COP/MOP.

[EB07 Anx2, p2 footnote]

- Procedure for accrediting OEs** [EB07 Anx2, p2 para3]
- ◆ A CDM-AT (p12), under the guidance of the CDM-AP (p12), undertakes the detailed assessment of an AE and/or DOE, identifies non-conformities and reports to the CDM-AP.
 - ☞ A CDM-AT shall be established by the CDM-AP which draws members from a roster of experts established by the EB for this purpose.
 - ◆ The CDM-AP is responsible for preparing a recommendation to the EB regarding the accreditation of an AE based on assessment work conducted by a CDM-AT.
 - ☞ The CDM-AP is also responsible for preparing recommendations regarding unscheduled surveillance, re-accreditation and accreditation for additional sectoral scope(s).
 - ◆ The EB takes the decision whether or not to accredit an AE and recommend it to the COP/MOP for designation.
 - ◆ The COP/MOP designates operational entities based on a recommendation by the EB.
 - ◆ The secretariat supports the implementation of the CDM accreditation procedure.

Sectoral scope(s) of accreditation [EB07 Anx2, p4 para6]

- ☞ The scope of accreditation of a DOE is defined by the EB to be composed of sectoral scope(s) of accreditation.
- ☞ A sectoral scope(s) (p84) of accreditation sets the limits for work which a DOE may perform under the CDM with regard to validation as well as verification and certification related to identified sector(s).

The validity of accreditation [EB07 Anx2, p10 para51]

- ☞ The designation of the OE for any “sectoral scope” shall be valid for 3 years from the date of designation by the COP/MOP.
- ☞ No regular surveillance shall be undertaken within this three-year-period. Unscheduled surveillance (“spot-check”) shall, however, be undertaken.

Spot-check [EB07 Anx2, p3 para5]

- ☞ “Spot-check” is an unscheduled assessment activity of a DOE involving the CDM-AP and CDM-AT on the basis of which the CDM-AP shall prepare a recommendation to the EB.
- ☞ The EB shall conduct a “spot-check” at any time with a view to assessing whether a DOE still meets the accreditation requirements.
- ☞ The EB shall take a final decision on the status of accreditation of a DOE which has undergone a “spot-check”.

4-5. Designated Operational Entity (DOE)

Suspension or withdrawal of a DOE [CMP/2005/8/Ad1, p11 para21]

- ◆ The EB may recommend to the COP/MOP to suspend or withdraw the designation of a DOE if it has carried out a review and found that the entity no longer meets the accreditation standards or applicable provisions in decisions of the COP/MOP.
 - ☞ The EB may recommend the suspension or withdrawal of designation only after the DOE has had the possibility of a hearing.
 - ☞ The suspension or withdrawal is with immediate effect, on a provisional basis, once the EB has made a recommendation, and remains in effect pending a final decision by the COP/MOP.
 - ☞ The affected entity shall be notified, immediately and in writing, once the EB has recommended its suspension or withdrawal.
 - ☞ The recommendation by the EB and the decision by the COP/MOP on such a case shall be made public.
 - ⇒ It is assumed that if the COP/MOP decides the affected DOE meets the accreditation standards, the DOE will recover from its suspension or withdrawal.

Affect to registered CDM project activities by the suspension or withdrawal of designation of a DOE

[CMP/2005/8/Ad1, p11 para22-24]

- ☞ Registered project activities shall not be affected by the suspension or withdrawal of designation of a DOE unless significant deficiencies are identified in the relevant validation, verification or certification report for which the entity was responsible.
 - ⇒ There is no clear definition of “significant deficiencies.”
- ☞ In this case, the EB shall decide whether a different DOE shall be appointed to review, and where appropriate correct, such deficiencies.
 - ⇒ Any costs related to the review shall be borne by the DOE whose designation has been withdrawn or suspended.
- ☞ If such a review reveals that excess CERs were issued, the DOE whose accreditation has been withdrawn or suspended shall acquire and transfer, within 30 days of the end of review, an amount of reduced tonnes of CO₂ equivalent equal to the excess CERs issued, as determined by the EB, to a cancellation account in the CDM registry (p65).
- ☞ Any suspension or withdrawal of a DOE that adversely affects registered project activities shall be recommended by the EB only after the affected PPs have had the possibility of a hearing.

4-6. Project participants (PPs)

- ◆ Participation in a CDM project activity is voluntary. [CMP/2005/8/Ad1, p12 para28]
- ◆ A PP is (a) a Party involved, and/or (b) a private and/or public entity authorized by a Party involved to participate in a CDM project activity. [PDD GL ver6, p11]

A Party involved

- ☞ A non-Annex I Party may participate in a CDM project activity if it is a Party to the Kyoto Protocol. [CMP/2005/8/Ad1, p12 para30]
- ☞ “Party involved” is only considered a PP if this is clearly indicated in section A.3 of the PDD (p70) or, in case of registered projects, if the secretariat is explicitly informed of this in accordance with modalities of communication (p16). [EB25 Rep, p18 para110]

A private and/or public entity

- ☞ Private and/or public entities may only transfer and acquire CERs if the authorizing Party is eligible to do so at that time. [CMP/2005/8/Ad1, p13 para33]
- ☞ A written approval constitutes the authorization by a designated national authority (DNA) of specific entity(ies)’ participation as project proponents in the specific CDM project activity. [PDD GL ver6, p6]

A change of PPs [PDD GL ver6, p12]

- ☞ A change of PPs shall immediately be communicated to the EB through the secretariat in accordance with the modalities of communication (p16).
- ☞ The indication of change shall be signed by all PPs of the previous communication and by all new and remaining PPs.
- ☞ Each new PP needs authorization, as required.

Participation by a fund [PDD GL ver6, p6]

- ☞ Multilateral funds do not necessarily require written approval from each participant’s DNA. However those not providing a written approval may be giving up some of their rights and privileges in terms of being a Party involved in the project.

Approval by Parties involved [PDD GL ver6, p6]

- ◆ The DNA (p10) of a Party involved in a proposed CDM project activity shall issue a statement including the following:
 - ☞ The Party has ratified the Kyoto Protocol.
 - ☞ The approval of voluntary participation in the proposed CDM project activity
 - ☞ In the case of Host Party(ies): statement that the proposed CDM project activity contributes to sustainable development of the Host Party(ies).
- ◆ The written approval shall be unconditional with respect to the above.
- ◆ A written approval from a Party may cover more than one project provided that all projects are clearly listed in the letter.
- ◆ The DOE shall receive documentation of the approval.

- ☞ The registration of a project activity can take place without an Annex I Party being involved at the stage of registration.
- ☞ Before an Annex I Party acquires CERs from such a project activity from an account within the CDM registry (p65), it shall submit a letter of approval to the EB in order for the CDM Registry administrator to be able to forward CERs from the CDM registry to the Annex I national registry (p63). [EB18 Rep, p8 para57]

4-7. Modalities of communication

Procedures for public communication with the EB [EB21 Anx27]

- ◆ Relevant communications received by the EB which are not responding to a call for input (hereinafter referred to as unsolicited communications) will only be taken into consideration at its next meeting if received before the documents submission deadline (2 weeks prior to the meeting).
 - ☞ Any unsolicited communication received after this deadline would be considered, as appropriate, at a subsequent meeting.
- ◆ Unsolicited communications should generally be addressed to the Chair of the EB and send to the UNFCCC secretariat via email (secretariat@unfccc.int) or fax (number +49. 228.815.1999).
- ◆ The secretariat shall acknowledge receipt of the unsolicited communications addressed to the EB and forward them to the EB.

- ☞ 1 member and/or 1 alternate members shall be identified to be responsible for addressing the submissions received.
- ☞ They shall decide if the communication shall be responded before the next EB meeting or if it shall be considered by the EB at its next informal consultations.
- ☞ In the case they decide a need to respond before the next EB meeting, they shall, with the assistance of the secretariat, prepare a draft response and share the draft with the EB via listserve.
- ☞ If no objection is received on their proposal within a period of 5 working days, the answer shall be sent by the secretariat on behalf of the Chair of the EB.
 - ⇒ In the case that unsolicited communications are related to the work of one of the panels or WGs, the Chair of the respective panel or WG shall decide if the submission shall be shared, via listserve, with the panel or group and inform the identified member and/or alternate member about it.

- ◆ If a member or alternate member receives, in his/her capacity, individually an unsolicited communication, he/she shall forward it to the secretariat for sharing with the rest of the EB copying the sender of the unsolicited communication. This request will be dealt in accordance with above.
 - ☞ The same action shall be taken if panel or working group members receive, in their capacity, individually an unsolicited communication.

Modalities of communication of PPs with the EB

[PDD GL ver6, p10]

- ◆ The modalities of communication between PPs and the EB are indicated at the time of registration (p30) by submitting a statement signed by all PPs.
- ◆ All official communication from and to PPs, after a request for registration (p30) is submitted by a DOE, shall be handled in accordance with these modalities of communication.

BOX: Confidential/proprietary information

[PDD GL ver6, p8]

- ☞ Information obtained from PPs marked as proprietary or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law.
 - ⇒ Information used to determine additionality, to describe the baseline methodology and its application, and to support an environmental impact assessment shall not be considered as proprietary or confidential.
- ☞ PPs shall submit documentation that contains confidential and proprietary information in one marked up version where all confidential/proprietary parts shall be made illegible by the PPs, and a second version containing all information which shall be treated as strictly confidential by all handling this documentation.

5. Conditions for CDM projects

- ◆ When planning a CDM project activity, it is necessary to keep in mind following points:
 - ☞ The purpose of the CDM shall be to assist non-Annex I Parties in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Annex I Parties in achieving compliance with their commitments. [KP Art.12 para2]
⇒ It is the host Party's prerogative to confirm whether a CDM project activity assists it in achieving sustainable development. [CP/2001/13/Ad2, p20]
 - ☞ A CDM project activity is additional if GHG emissions are reduced below those that would have occurred in the absence of the registered CDM project activity (p18); [CMP/2005/8/Ad1, p16 para43]
 - ☞ Annex I Parties are to refrain from using CERs generated from nuclear facilities to meet their quantified GHG emissions reduction targets; [CP/2001/13/Ad2, p20]
 - ☞ The eligibility of land use, land-use change and forestry project activities under the CDM is limited to afforestation and reforestation (A/R) (p42); [CP/2001/13/Ad2, p22 para7(a)]
 - ☞ Public funding for CDM projects from Annex I Parties is not to result in the diversion of official development assistance (ODA) and is to be separate from and not counted towards the financial obligations of Annex I Parties. [CP/2001/13/Ad2, p20]
⇒ Annex I Parties shall provide an affirmation that such funding does not result in a diversion of ODA and is separate from and is not counted towards the financial obligations of those Parties. [PDD GL ver6, p16]
- ◆ It is necessary to prepare a project design document (PDD) in order to be registered as a CDM project activity.
 - ☞ The contents of PDD is described in Attachment 1 (p70).

Registration fee of the CDM project activity [EB23 Rep Anx35]

- ☞ PPs shall pay registration fee at registration stage.(p30)
- ☞ The revised registration fee shall be the share of proceeds to cover administrative expenses (SOP-Admin)(p35) applied to the expected average annual emission reduction for the project activity over its crediting period.
 - ⇒ SOP-Admin is USD 0.10/CER issued for the first 15,000 t-CO₂ and USD 0.20/CER issued for any amount in excess of 15,000 t-CO₂, for which issuance is requested in a given calendar year.
 - ⇒ The maximum registration fee shall be USD 350,000.
 - ⇒ No registration fee has to be paid for CDM project activities with expected average annual emission reduction over the crediting period below 15,000 t-CO₂.
- ☞ The registration fee shall be deducted from the SOP-Admin.
 - ⇒ In effect, the registration fee is an advance payment of the SOP-Admin for the emission reductions achieved during the first year.
 - ⇒ If an activity is not registered, any registration fee above USD 30,000 shall be reimbursed.
- ☞ The DOE shall include a statement of the likelihood of the project activity to achieve the anticipated emission reductions stated in the PDD. This statement will constitute the basis for the calculation of the registration fee. [EB11 Rep Anx6]

BOX: CDM project activities under a programme of activities [CMP/2005/8/Ad1, p97 para20]

- ☞ Local/regional/national policy or standard cannot be considered as a CDM project activity
- ☞ But that project activities under a programme of activities can be registered as a single CDM project activity provided that approved baseline and monitoring methodologies are used that, inter alia, define the appropriate boundary, avoid double counting and account for leakage, ensuring that the emission reductions are real, measurable and verifiable, and additional to any that would occur in the absence of the project activity.

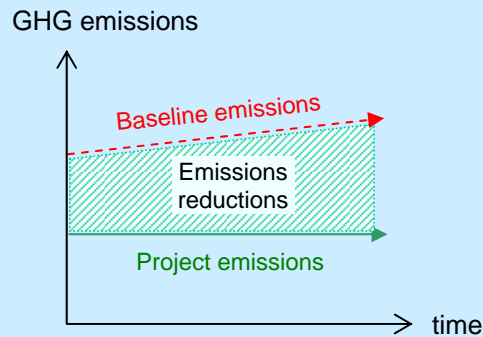
BOX: Carbon dioxide capture and storage (CCS)

- ☞ The COP/MOP decides to consider, at COP/MOP2, how to consider carbon dioxide capture and storage as CDM project activities, taking into account issues relating to project boundary, leakage and permanence. [CMP/2005/8/Ad1, p95 para8]

6. Baseline

6-1. Concept of the baseline and additionality

- ◆ The baseline (scenario and emissions) for a CDM project activity is the scenario that reasonably represents GHG emissions that would occur in the absence of the proposed project activity. [CMP/2005/8/Ad1, p16 para44]



- ◆ Difference between the baseline emissions and GHG emissions after implementing the CDM project activity (project emissions) is emission reductions.

- ◆ A baseline (scenario and emissions) shall be established:
 - (a) By PPs in accordance with provisions for the use of approved and new methodologies (p20);
 - (b) In a transparent and conservative manner regarding the choice of approaches, assumptions, methodologies, parameters, data sources, key factors and additionality, and taking into account uncertainty;
 - (c) On a project-specific basis;
 - (d) In the case of small-scale CDM project activities (p36), in accordance with simplified procedures developed for such activities; (p38)
 - (e) Taking into account relevant national and/or sectoral policies (p19) and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector. [CMP/2005/8/Ad1, p16 para45]
- ◆ Before calculating baseline emissions, it is necessary to identify baseline scenarios (p19).
- ◆ A baseline (emissions) shall cover emissions from all gases, sectors and source categories within the project boundary (p25). [CMP/2005/8/Ad1, p16 para44]

- ◆ A CDM project activity is **additional** if GHG emissions are reduced below those that would have occurred in the absence of the registered CDM project activity. [CMP/2005/8/Ad1, p16 para43]
 - ⇒ The DOE shall review the PDD to confirm that the project activity is expected to result in a reduction in GHG emissions that are **additional** to any that would occur in the absence of the proposed project activity. [CMP/2005/8/Ad1, p14 para37(d)]
- ◆ PPs have to write explanation of how and why this project activity is **additional** and therefore not the baseline scenario in accordance with the selected baseline methodology. [PDD GL ver6, p18]
 - ⇒ If the starting date of the project activity is before the date of validation, provide evidence that the incentive from the CDM was seriously considered in the decision to proceed with the project activity. This evidence shall be based on (preferably official, legal and/or other corporate) documentation that was available at, or prior to, the start of the project activity. [PDD GL ver6, p18]
- ◆ “The tool for the demonstration and assessment of additionality” (p76) provides a general framework for demonstrating and assessing additionality. PPs may also propose other tools for the demonstration of additionality. [EB22 Anx8 para1]

BOX: Wording

PPs shall refrain from providing glossaries or using key terminology not used in the COP documents and the CDM glossary (environmental/investment **additionality**).

[EB09 Anx3 para3]

6-2. Baseline scenario

- ◆ The baseline scenario for a CDM project activity is the scenario that reasonably represents GHG emissions that would occur in the absence of the proposed project activity. [PDD GL ver6, p8]
- ◆ Different scenarios may be elaborated as potential evolutions of the situation existing before the proposed CDM project activity.
 - ☞ The continuation of a current activity could be one of them;
 - ☞ Implementing the proposed project activity may be another;
 - ☞ And many others could be envisaged.
- ◆ Baseline methodologies shall require a narrative description of all reasonable baseline scenarios.
- ◆ To elaborate the different scenarios, different elements shall be taken into consideration.
 - ☞ For instance, the PPs shall take into account national / sectoral policies and circumstances, ongoing technological improvements, investment barriers, etc.
- ◆ The baseline scenario may include a scenario where future GHG emissions are projected to rise above current levels, due to the specific circumstances of the host Party. [CMP/2005/8/Ad1, p16 para46]

Clarifications on the treatment of national and/or sectoral policies and regulations in determining a baseline scenario (p18)

- ◆ The EB agreed to differentiate the following 2 types of national and/or sectoral policies that are to be taken into account when establishing baseline scenarios: [EB22 Anx3]

Type E+ That give comparative advantages to more emissions-intensive technologies or fuels.

- ☞ Only national and/or sectoral policies or regulations that have been implemented before adoption of the Kyoto Protocol (11 December 1997) shall be taken into account when developing a baseline scenario.
- ☞ If such national and/or sectoral policies were implemented since the adoption of the Kyoto Protocol, the baseline scenario should refer to a hypothetical situation without the national and/or sectoral policies or regulations being in place.

Type E- That give comparative advantages to less emissions-intensive technologies (e.g. public subsidies to promote the diffusion of renewable energy or to finance energy efficiency programs).

- ☞ National and/or sectoral policies or regulations that have been implemented since the adoption by the COP of the CDM M&P(11 November 2001) need not be taken into account in developing a baseline scenario.
 - ⇒ i.e. the baseline scenario could refer to a hypothetical situation without the national and/or sectoral policies or regulations being in place).

6-3. Baseline methodology

◆ Baseline emission under the selected baseline scenarios shall be calculated by PPs in accordance with **approved methodologies (AMs)** or **new methodologies (NMs)**.

◆ No methodology is excluded a priori so that PPs have the opportunity to propose any methodology. [PDD GL ver6, p7]

A baseline methodology approved by the EB is publicly available along with relevant guidance on the UNFCCC CDM website (<http://unfccc.int/cdm>). [PDD GL ver6, p8]
☞ DOEs can submit queries regarding the applicability of **approved methodologies** (p21).

If a DOE determines that a proposed project activity intends to use a **new baseline methodology**, it shall, prior to the submission for registration of this project activity, forward the proposed methodology to the EB for review, i.e. consideration and approval (p22), if appropriate. [EB20 Anx2, p2 para2]
☞ There is “Technical Guidelines for the Development of New Baseline and Monitoring Methodologies version 01”. [EB24 Anx16]

◆ It is needed to ensure consistency between baseline scenario derived by baseline methodology and the procedure and formulae used to calculate baseline emissions. [PDD GL ver6, p30]

Baseline approach (para 48 of the CDM M&P) [CMP/2005/8/Ad1, p16 para48]

◆ In choosing a baseline methodology for a project activity, PPs shall select from among the following baseline approaches the one deemed most appropriate for the project activity, and justify the appropriateness of their choice:

(a) Existing actual or historical emissions, as applicable; or

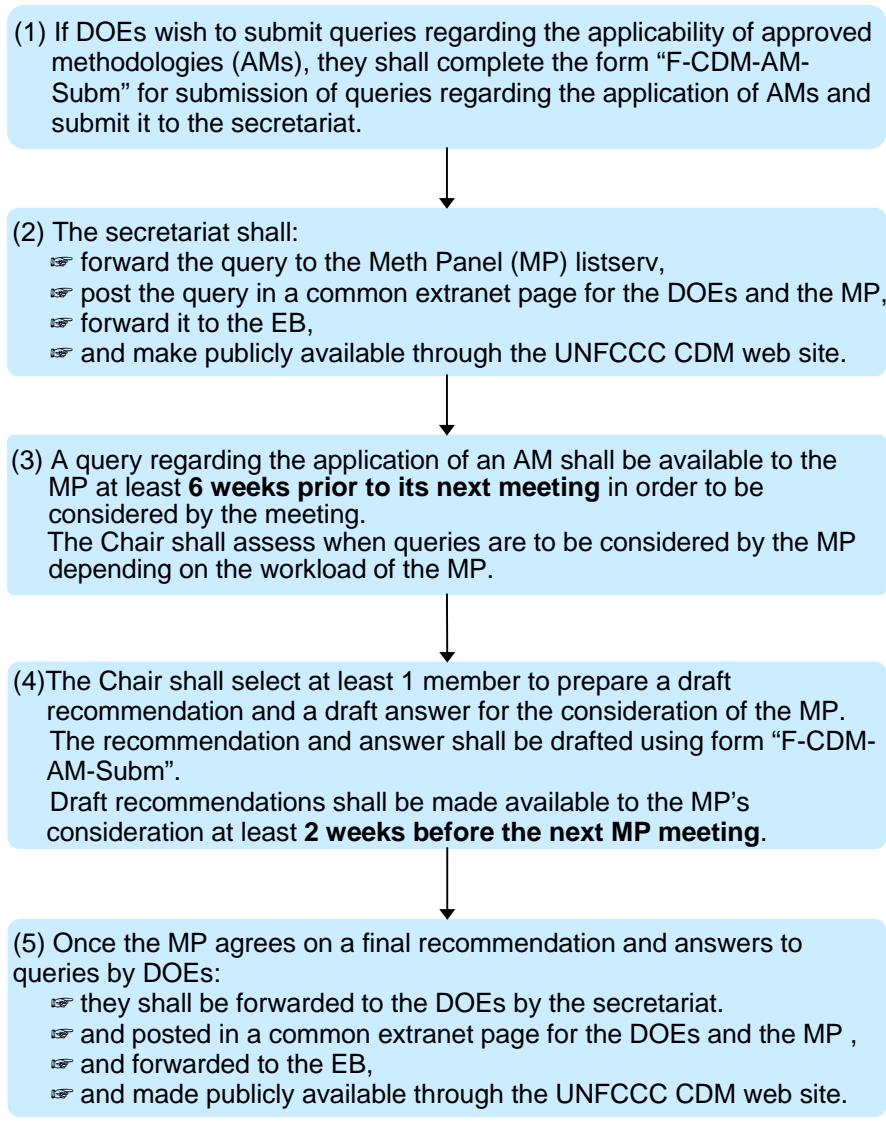
(b) Emissions from a technology that represents an economically attractive course of action, taking into account barriers to investment; or

(c) The average emissions of similar project activities undertaken in the previous 5 years, in similar social, economic, environmental and technological circumstances, and whose performance is among the top 20 per cent of their category. <See [EB08 Anx1 para4-5] for guidance>

☞ Proponents of methodologies have indicated some apparent overlap between approaches (a), (b), and (c) of para 48 of the CDM M&P.
☞ Since para 48 stipulates that only one approach should be chosen, developers are advised to select the one that most closely reflects the process used for calculating baseline emissions or baseline emission rates. [EB10 Anx1 para4]

6-4. Procedures for the submission and consideration of queries from DOEs to the MP

[EB24 Anx15]



The Chair shall decide on a case by case basis whether a daily fee or a half day fee shall be paid for the preparation of draft recommendations and answers.

6-5. Procedures for the submission of a proposed new methodology

[EB25 Anx17][Version 11 / 28 July 2006]

(1) The new baseline and monitoring methodologies (NMs) shall be proposed and approved together. The form "CDM-NM" is to be used to propose a NM, accompanied by a draft PDD with sections A-C completed, including relevant annexes. The CDM-NM form for several NMs may be submitted together with the same CDM-PDD for several components of a proposed project. [EB24 Anx16, p2 para1]

(2) A DOE/AE may voluntarily undertake a pre-assessment of a proposed NM before submitting it. If a voluntary pre-assessment has been undertaken, no pre-assessment by the Meth Panel, as referred in (5), is needed.

The submitted methodology may be in such case be considered as received after (3) and (4) is completed.

(3) A fee of USD 1,000 shall be charged to PPs when submitting a proposed NM for regular project activities.

- ☛ If a methodology is approved and the project activity for which it was developed is registered, the registration fee shall be lowered by that amount.
- ☛ If the proposed methodologies are incorporated in consolidations or in existing AMs, the fee shall be refunded.
- ☛ The amount of this fee will be reviewed and, if necessary, revised in the 3rd quarter 2006.
- ☛ Not applicable to methodologies for small-scale and afforestation and reforestation project activities.

(4) The secretariat checks that the "CDM: Proposed new methodology form (F-CDM-NM)" has been duly filled by the DOE, documentation provided by the DOE is complete and the proof of payment of the stipulated submission fee has been received.

(5) The secretariat forwards the documentation to 1 member of the MP. This member is to assess the quality of the submission and grade it as being 1 and 2 in accordance with the criteria for pre-assessment as contained in the "CDM: Proposed new methodology assessment form (F-CDM-NMas)".

- ☛ If the grade is 2, the documentation is to be sent back to the PPs who may resubmit it as a proposed NM, along with a fee of USD 1000.
- ☛ If the grade is 1, the documentation is considered as received by the EB, and be forwarded by the secretariat for consideration of the EB and the MP.

The member shall receive a half-day fee as remuneration.

The date of receipt of the proposed NM

(6) At the same time, the secretariat makes the proposed NM publicly available on the UNFCCC CDM web site and invite public inputs for a period of 15 working days.

Public inputs shall be made using the "public comment form (F-CDM-NMpu)"

(7) Comments are forwarded to the MP at the moment of receipt and made available to the public at the end of the 15 working day period.

(8) Upon receipt of a proposed NM, 2 members of the MP are selected on a rotational basis in alphabetical order. The 2 members prepare draft recommendations by the MP to the EB.

The 2 panel members shall be paid a fee for 1 working day for the preparation of the draft recommendations.

(9) The Chair and the Vice-Chair of the MP, with the assistance of the 2 designated panel members and the secretariat, shall, **no later than 7 working days** after the receipt of the proposed NM, select 2 experts from a roster of experts who are to undertake a desk review to appraise the validity of the proposed NM, being one the lead reviewer.

The lead is to be paid 3 days fee and the second reviewer a 2 days fee for the 1st 100 pages of the proposed NM and for each additional 30 pages, or part thereof, a 1 day fee.

(10) Each desk reviewer forwards his/her recommendation to the MP independently, wherever possible, within **10 working days** after having received a proposed NM using lead expert desk review form "F-CDM-NMex_3d" and second expert desk review form "F-CDM-NMex_2d".

(11) The MP may request, through the secretariat, and via the DOE, the PPs additional technical information within a deadline stipulated by the Chair of MP.

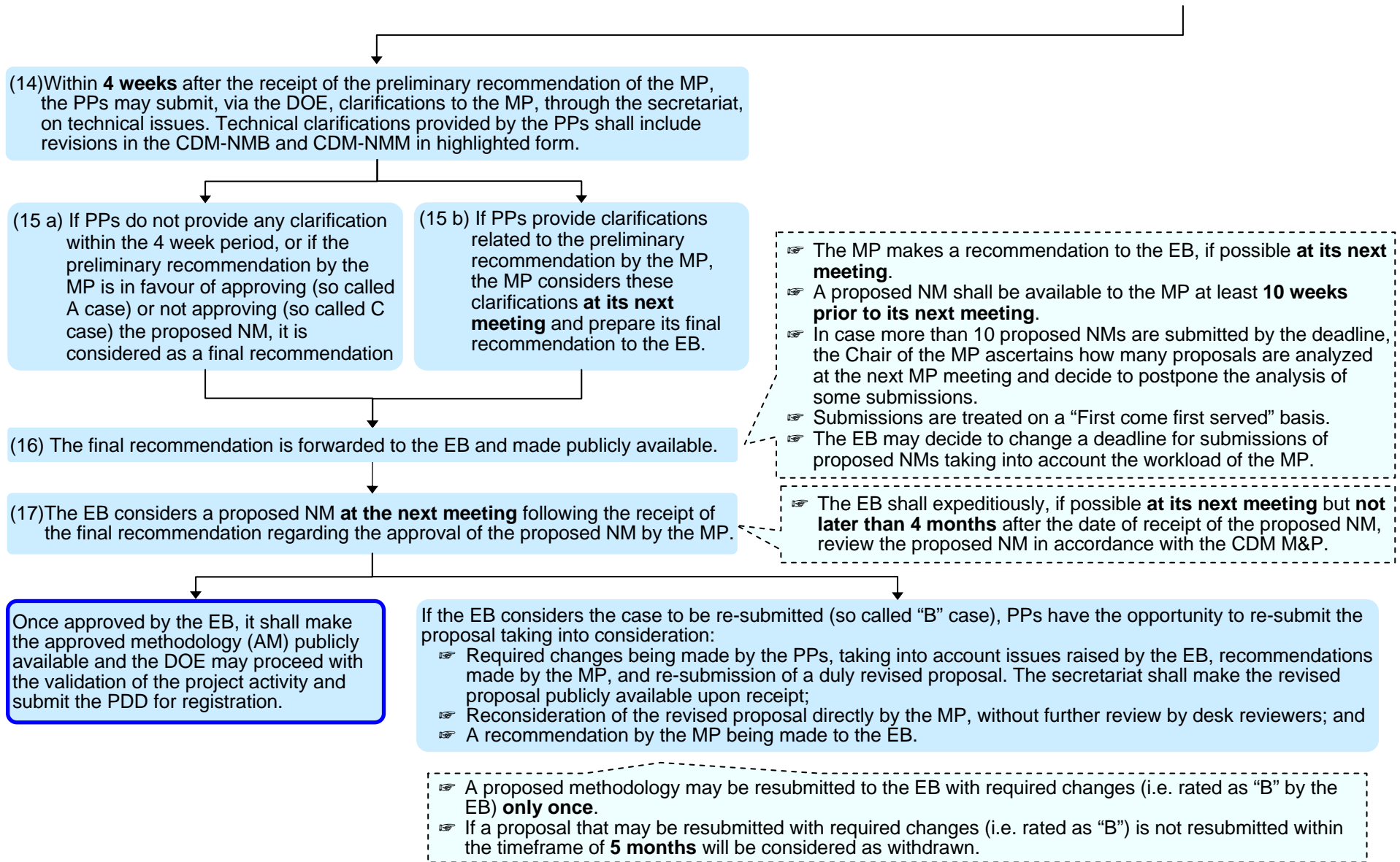
Any additional technical information provided by PPs to the MP shall be made available to the EB and to the public.

(12) The MP prepares its preliminary recommendation regarding the approval of the proposed NM to the EB using the forms "CDM: Proposed NM - Panel recommendation to the EB (F-CDM-NMmp)" and "CDM: Proposed NM - Panel recommendation summary to the EB (F-CDM-NMSUMmp)".

(13) The MP, through the secretariat, and via the DOE, forwards its preliminary recommendation to PPs.

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6-5. Procedures for the submission of a proposed new methodology



6-6. Procedures for the revision of an approved methodology

[EB25 Anx18][Version 4]

- (1) If PPs intend to propose a revision to an approved baseline or monitoring methodology (AM) for consideration and approval by the EB, they shall submit to a DOE the form for submission of requests for revisions of AMs to the MP "F-CDMAM-Rev" along with a draft revised version of the AM highlighting proposed changes together with a draft PDD with complete sections A to C, including relevant annexes.
 - (2) In the event that the COP/MOP requests the revision of an AM, no CDM project activity may use this methodology. The PPs shall revise the methodology, as appropriate, taking into consideration any guidance received from the EB in accordance with these procedures unless otherwise decided by the COP/MOP.
 - (3) Having checked that the above requirements are met and documentation is complete, the DOE transmits the documentation to the secretariat.
 - (4) The secretariat forwards the documentation to the EB and the MP after having checked that (a) the "CDM: Proposed revision of AM form" has been duly filled by the DOE, and (b) the documentation provided by the DOE is complete.
Information on a request for revision of an AM shall be made available in the UNFCCC CDM web site.
- The date of receipt of a proposed revision to an AM by the EB
- (5) Bearing in mind the timelines and deadlines for the consideration of documents by the MP and priorities set by the EB and the Chair of the MP, the MP considers the proposed revision at **its next meeting**, if feasible, and recommend to the EB whether the proposed revision should be accepted for consideration.

- (1) If the EB decides that a revision of a baseline and monitoring methodology shall be considered, it requests the MP to further analyze the case and prepare a recommendation to the EB to be received no later than for consideration **at the 2nd meeting** following the request by the EB.
 - (2) Depending on the proposed revision of a methodology, the EB may decide to request the secretariat to invite public inputs on the proposed revision for a period of **15 working days**.
 - (3) Up to 2 member(s) of the MP, under the guidance of the Chair and Vice-Chair of the MP, be selected for preparing draft recommendations for the MP.
- The selected Panel member(s) shall each be paid a fee of a maximum of 2 working days.
- (4) The MP recommends, based on substantiated justification, a revision to an AM or the continued validity of the already AM, possibly with minor revisions and/or minor corrections. The MP may also recommend a review of an AM based on the experience gained through the examination of submissions of NMs in order to ensure a consistent approval process.
 - (5) The EB shall consider the recommendation by the MP **at the next meeting**.
 - (6) If the EB approves the revision of an AM, this methodology shall replace the previous AM.

BOX: Revision of an AM

- ☞ Any revision to an AM only be applicable to project activities registered subsequent to the date when the revision took effect.
- ☞ The date of revision shall be effective as of the date of publication on the UNFCCC website (24h00 GMT), which shall be within **5 calendar days** after the date of publication of the report of the EB.
- ☞ The revision shall not affect (a) registered CDM project activities during their crediting period; and (b) project activities that use the previous AM for which requests for registration are submitted before or **within 8 weeks** after the methodology was revised.

☞ If the EB considers that the possible revision of the methodology could have significant implications for the use of the methodology, the EB may agree to suspend the use of the methodology, by putting it "on hold", with immediate effect.

- ☞ Project activities which use this methodology but have not been submitted for registration **within 4 weeks** after the methodology "on hold", will not be able to use the methodology until the EB has decided on any revision of the methodology.
- ☞ If the EB puts a methodology "on hold", a revised methodology should be approved not later than **at the 3rd meeting** of the EB after it has agreed to put the methodology "on hold".

These procedures shall apply *mutatis mutandis* to approved methodologies for A/R project activities and approved small scale methodologies.

7. Items in the project design document (PDD)

7-1. Project boundary and leakage

Project Boundary

- ◆ The project boundary shall encompass all anthropogenic GHG emissions by sources under the control of the PPs that are significant and reasonably attributable to the CDM project activity. [CMP/2005/8/Ad1, p17 para52]
 - ☞ The Meth Panel (MP) shall develop specific proposals for consideration by the EB on how to operationalize the terms “under the control of”, “significant” and “reasonably attributable.” [PDD GL ver6, p11]
 - ☞ Pending decisions by the EB on these terms, PPs are invited to explain their interpretation of such terms when completing and submitting the CDM-NM (p74).

Leakage

- ☞ Leakage is defined as the net change of GHG emissions which occurs outside the project boundary, and which is measurable and attributable to the CDM project activity. [CMP/2005/8/Ad1, p17 para51]
 - ⇒ In an operational context, the terms measurable and attributable should be read as “which can be measured” and “directly attributable”, respectively. [PDD GL ver6, p10]
- ☞ Reductions in GHG emissions shall be adjusted for leakage in accordance with the monitoring and verification provisions. [CMP/2005/8/Ad1, p17 para50]

7-2. Monitoring

- ◆ Monitoring refers to the collection and archiving of all relevant data necessary for determining the baseline, measuring GHG emissions within the project boundary of a CDM project activity and leakage, as applicable. [PDD GL ver6, p10]
- ◆ A monitoring plan for a proposed project activity shall be based on a previously approved monitoring methodology or a new methodology. [CMP/2005/8/Ad1, p17 para54]
- ◆ Revisions, if any, to the monitoring plan to improve its accuracy and/or completeness of information shall be justified by PPs and shall be submitted for validation to a DOE. [CMP/2005/8/Ad1, p18 para57]
 - ☞ The EB requested the secretariat to prepare draft procedures to facilitate the changes in monitoring plans of registered CDM project activities. [EB25 Rep, p18 para109]

- ☞ A monitoring methodology approved by the EB and made publicly available along with relevant guidance. [PDD GL ver6, p10]
- ☞ PPs may propose a new monitoring methodology.
 - ⇒ The new baseline and monitoring methodologies (NMs) shall be proposed and approved together (p22).

BOX: Conditions of use of measurement instruments in the monitoring [EB23 Rep, p5 para24]

- ◆ The specific uncertainty levels, methods and associated accuracy level of measurement instruments and calibration procedures to be used for various parameters and variables should be identified in the PDD, along with detailed quality assurance and quality control procedures.
- ◆ In addition standards recommended shall either be national or international standards.
- ◆ The verification of the authenticity of the uncertainty levels and instruments are to be undertaken by the DOE during the verification stage.
- ◆ A zero check cannot be considered as a substitute for calibration of the measurement instrument. [EB24 Rep, p8 para37]

7-3. Crediting period

- ◆ CERs shall only be issued for a crediting period starting after the date of registration of a CDM project activity. [CP/2001/13/Ad2, p23 para12]
- ◆ PPs select a crediting period for a proposed project activity from one of the following alternative approaches
 - [CMP/2005/8/Ad1, p17 para49] :
 - ☞ A maximum of 7 years which may be renewed at most 2 times.
 - ⇒ For each renewal, a DOE determines and informs the EB that the original project baseline is still valid or has been updated taking account of new data where applicable.
 - ☞ A maximum of 10 years with no option of renewal.
- ◆ GHG emission reductions since 2000 may be eligible to claim CERs. [EB12 Anx3, para1(b)]

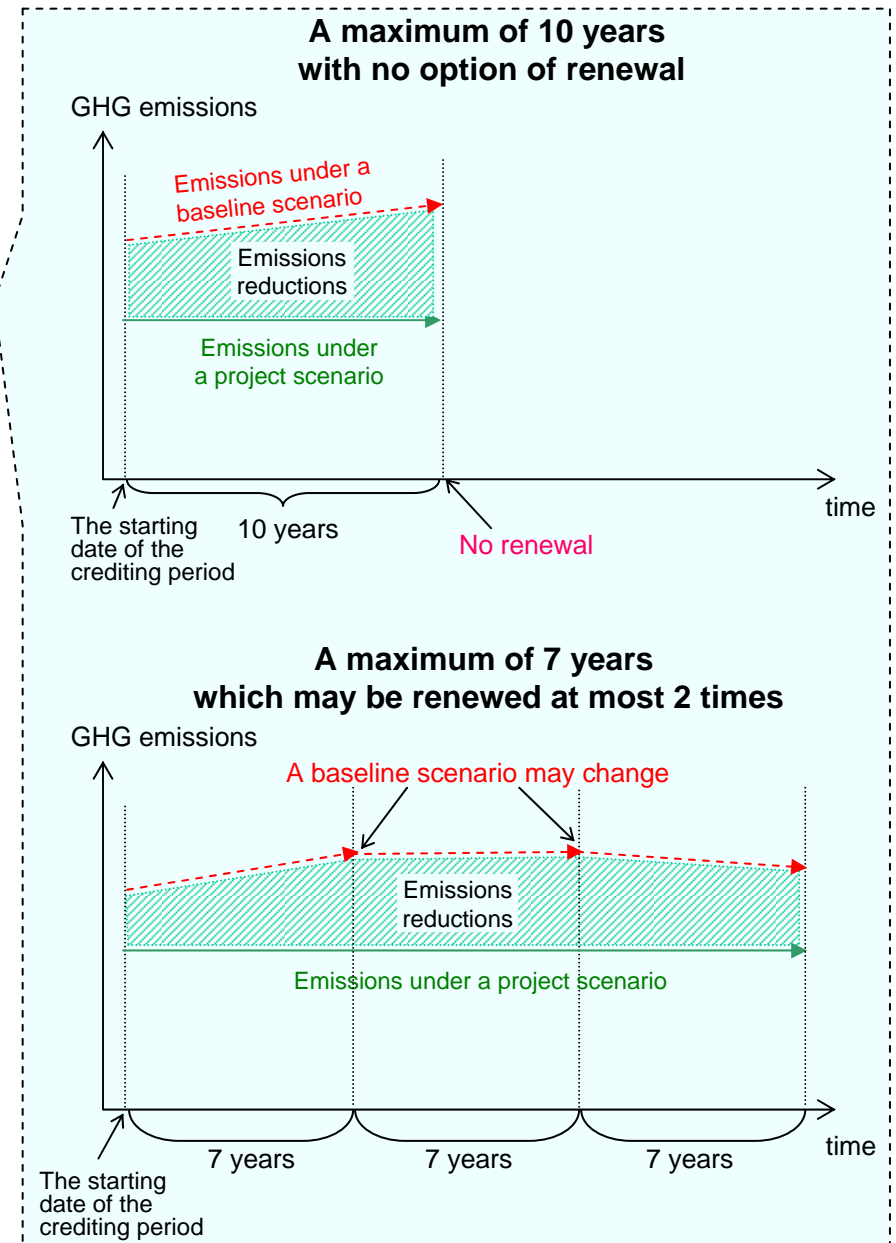
Regarding the procedures and documentation which need to be used for the renewal of a crediting period, the EB agreed that at the start of the 2nd and 3rd crediting period for a project activity, 2 issues need to be addressed:

- ☞ assessing the continued validity of the baseline,
- ☞ updating the baseline.

[EB20 Anx7]

Indicating the starting date of the crediting period [EB24 Anx31, para4-5]

- ◆ PPs shall state in the PDD the starting date of the crediting period in the format dd/mm/yyyy, no qualifications, e.g. “expected”, can be made to this date.
- ◆ PPs shall specify only one starting date for the crediting period, even in cases of phased implementation.



Retroactivity of a crediting period

- ◆ Project activities that started in the period between 1 January 2000 and 18 November 2004 and have not yet requested registration but have either submitted a new methodology or have requested validation by a DOE by 31 December 2005 can request retroactive credits if they are registered by the EB by 31 December 2006 at the latest. [CMP/2005/8/Ad1, p94 para4]
- ◆ The starting date of a CDM project activity is the date at which the implementation or construction or real action of a project activity begins. [PDD GL ver6, p12]

☞ The starting date of a CDM project activity does not need to correspond to the starting date of the crediting period for this project activity. Therefore project activities starting as of 1 January 2000 may be validated and registered as a CDM project activity after 31 December 2005. [EB21 Rep, p10 para63]

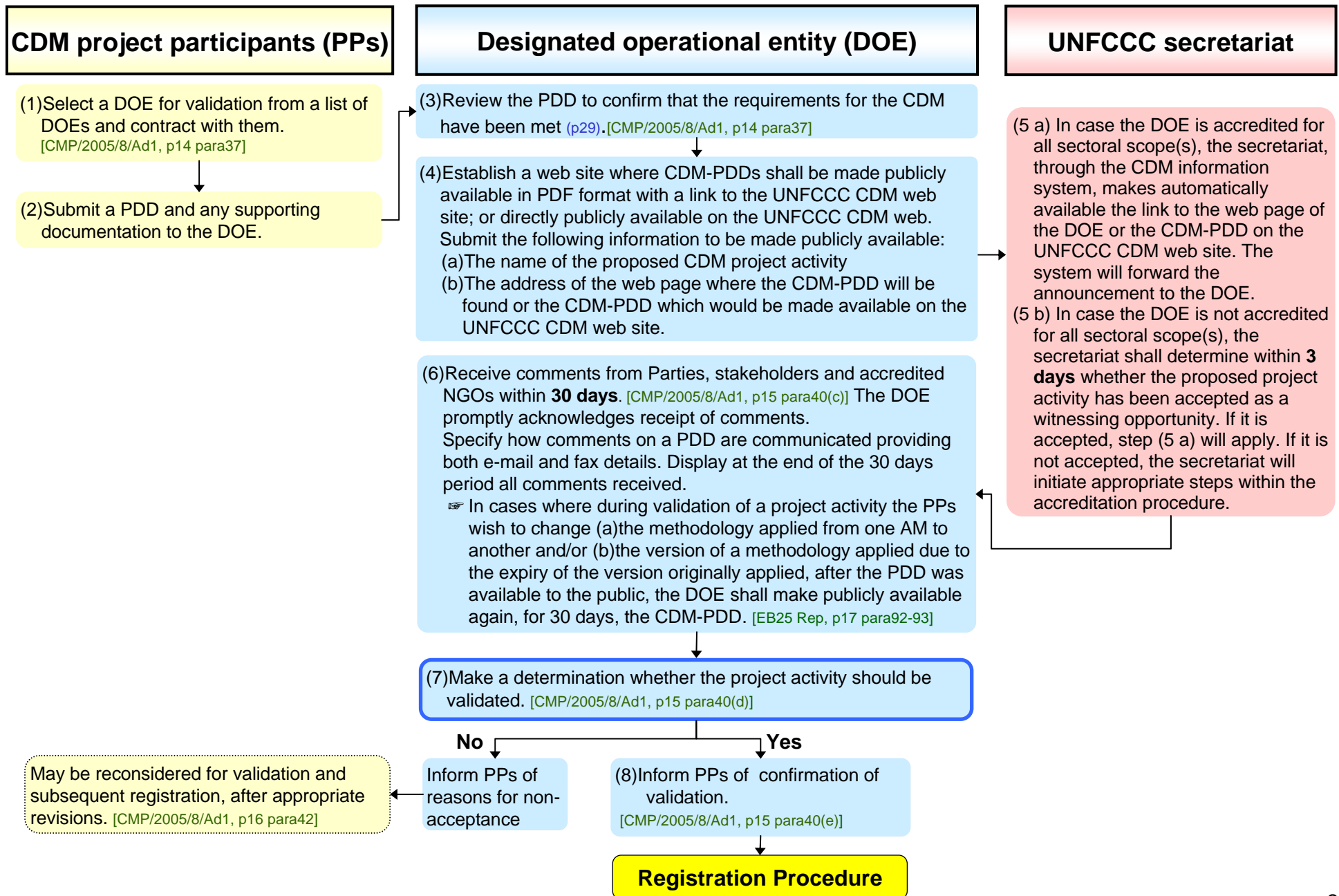
Requesting changes to the starting date of the crediting period [EB24 Anx31, para6-9]

- ◆ PPs in projects for which the starting date of the crediting period is prior to the date of registration (i.e. project claiming retroactive credits) cannot request changes in the starting date of the crediting period.
- ◆ PPs of projects for which the starting date of the crediting period is after the date of registration may:
 - ☞ (a) Inform the secretariat that the starting date of the crediting period be moved to a date up to 1 year earlier than the one indicated in the PDD, provided that this date is not earlier than the date of registration of the project activity;
 - ☞ (b) Inform the secretariat to delay the starting date of the crediting period by up to 1 year;
 - ☞ (c) Make a request to the secretariat, via a DOE, that the starting date of the crediting period be delayed by more than 1 year but no more than 2 years by submitting to the secretariat:
 - ⇒ confirmation from a DOE that no changes have occurred which would result in a less conservative baseline and that substantive progress has been made by the PPs to start the project activity;
 - ⇒ confirmation from the Host Party that the revision to the crediting period will not alter the project's contribution to sustainable development.
- ◆ The secretariat will consider requests made under (c), in consultation with the Chair of the EB, before making the requested change to the start of the crediting period.
- ◆ PPs may only make use of provisions of (a), (b) or (c) above once for each registered project activity.
- ◆ For the case of a request for a change in the starting date of the crediting period of a project activity for which CERs have already been issued, procedures above apply and that the secretariat can proceed to make the change as requested. [EB25 Rep, para105]

8. Validation of a CDM project activity

<http://cdm.unfccc.int/Reference/Procedures/public_availPDD_ver04.pdf>[Version 4 / June 2005]

8-1. Overview of validation procedures



8-2. Validation requirements

- ◆ The DOE selected by PPs to validate a project activity, being under a contractual arrangement with them, shall review the PDD and any supporting documentation to confirm that the following requirements have been met. [CMP/2005/8/Ad1, p14 para37]
 - ☞ The participation requirements, as follows, are satisfied;
 - ⇒ Participation in a CDM project activity is voluntary. Parties participating in the CDM shall designate a national authority (DNA) for the CDM. A non-Annex I Party may participate in a CDM project activity if it is a Party to the Kyoto Protocol.
 - ☞ Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the DOE on how due account was taken of any comments has been received;
 - ☞ PPs have submitted to the DOE documentation on the analysis of the environmental impacts of the project activity or an environmental impact assessment in accordance with procedures as required by the host Party;
 - ☞ The project activity is expected to result in GHG reductions that are additional to any that would occur in the absence of the proposed project activity;
 - ☞ The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the EB, or modalities and procedures for establishing a new methodology;
 - ☞ Provisions for monitoring, verification and reporting are in accordance with the CDM M&P and relevant decisions of the COP/MOP;
 - ☞ The project activity conforms to all other requirements for CDM project activities in CDM M&P and relevant decisions by the COP/MOP and the EB.

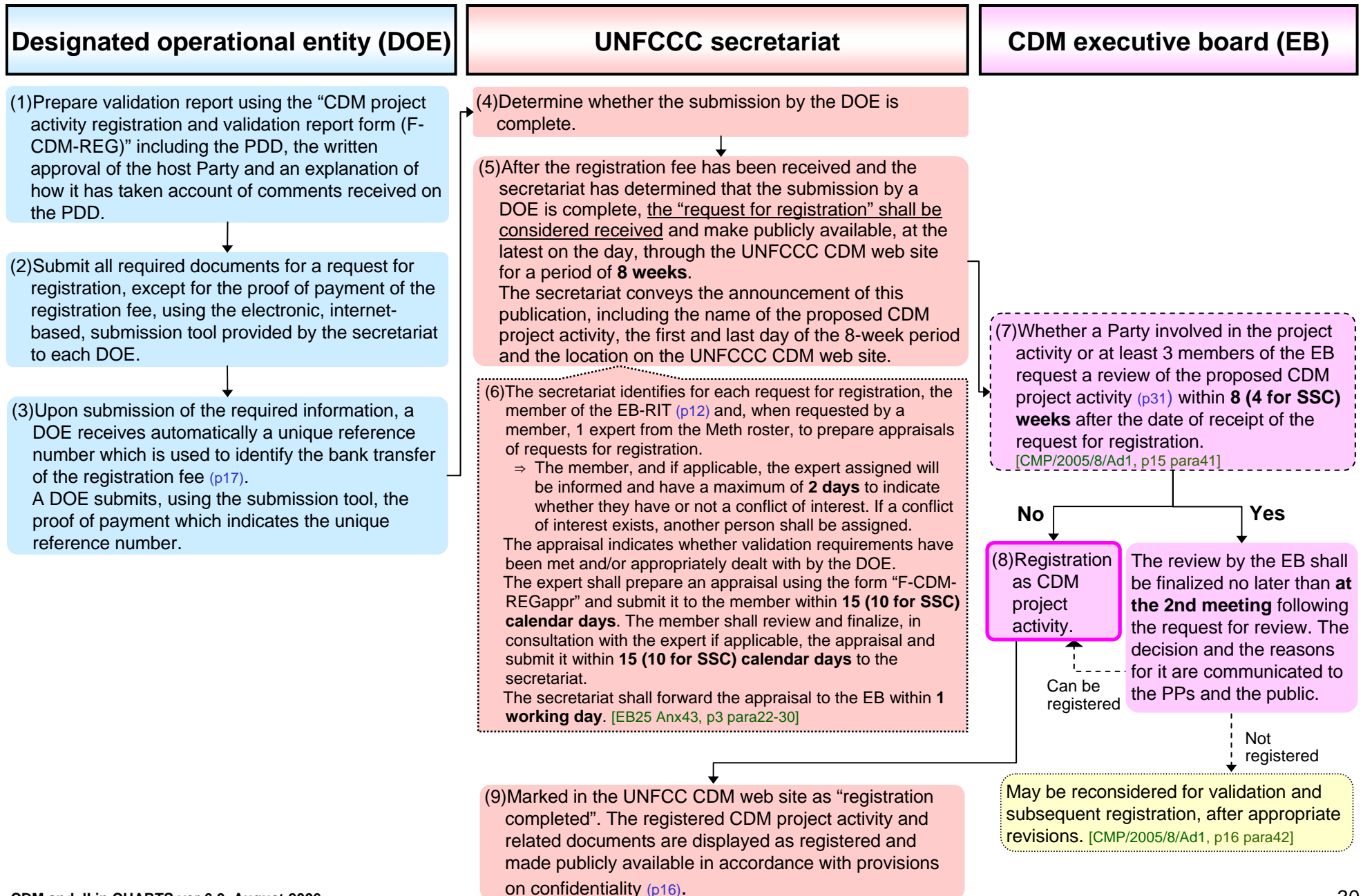
Validation Report [CMP/2005/8/Ad1, p15 para40]

- ◆ The DOE shall:
 - ☞ Prior to the submission of the validation report to the EB, have received from the PPs written approval of voluntary participation from the DNA of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development;
 - ☞ In accordance with provisions on confidentiality (p16) above, make publicly available the PDD;
 - ☞ Submit to the EB, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the PDD, the written approval of the host Party, and an explanation of how it has taken due account of comments received;
 - ☞ Make this validation report publicly available upon transmission to the EB.

9. Registration of a CDM project activity

9-1. Overview of registration procedures

[EB14 Anx7] [CMP/2005/8/Ad1, p54]



9-2. Procedures for review of registration [EB25 Anx44]

(1) Request for review (p30)

By a Party involved in a proposed CDM project activity

A request for review shall be sent by the relevant DNA to the EB, through the secretariat, using official means of communication (such as recognized official letterhead and signature or an official dedicated e-mail account).

By a member of the EB

A request for review shall be made by notifying the EB.

The secretariat acknowledges the receipt of a request for review and promptly forward the request to the EB via the list-serve.

- ☞ A review shall be related to issues associated with the validation requirements. A request for review shall be specific in this regard.
- ☞ A request for review shall include the form “CDM Project Activity Registration Review (F-CDM-RR)” and provide reasons, including any supporting documentation.
- ☞ A request for review is considered to be received by the EB as of the date it has been received by the secretariat, and not be considered if it is received after **17:00 GMT** of the last day of the **8 week** period after the receipt of the request for registration.
- ☞ If requests for review received are only based on minor issues the PP and DOE will then be informed by the secretariat that the registration of the project has been postponed until they have provided satisfactory clarifications to the issue(s) raised, and if necessary revised documentation. These clarifications and documentation shall be checked by the secretariat, in consultation with the Chair of the EB before the activity is displayed as registered.

As soon as a Party involved or 3 EB members request a review of a proposed project activity, the following action are taken:

- (a) The consideration of a review of the proposed project activity shall be included in the proposed agenda of the next EB meeting;
- (b) The EB notifies the PPs and the DOE that a review has been requested, and inform about the date and venue of the next and subsequent EB meetings at which the request for review will be considered. Stakeholders interested in the review process also be given opportunity to attend the EB meeting;
 - ⇒ PPs and the DOE, when being notified of the request for review, shall be invited to submit comments to the EB on issues raised **within 2 weeks but not later than 2 week before the meeting**. These inputs shall be made publicly available.
 - ⇒ An RIT member (p12) shall prepare an appraisal of these inputs with regard to issues identified in the requests for review.
 - ⇒ The secretariat, under the guidance of the Chair of the EB, shall prepare a decision sheet for consideration of the EB.
- (c) The PPs and the DOE shall each provide a contact person for the review process;
- (d) The proposed project activity will be marked as being “under review” on the UNFCCC CDM web site and a notification be sent through the News facility.

(2) Scope and modalities of review

- ☞ The EB considers and decides, at **its next meeting**, either to undertake a review or register as a CDM project activity.
- ☞ If the EB agrees to undertake a review, it decides on the scope of the review and the composition of a review team, at the same meeting. The review team consists of 2 EB members and outside experts, as appropriate.
- ☞ The review team requests further information to the DOE and PPs and analyze information received.

(3) Review process

- ☞ The decision by the EB on the scope of the review is made publicly available as part of the report of its meeting.
- ☞ A request for further information is sent to the DOE and the PPs. Answers shall be submitted to the review team, through the secretariat, within **5 working days** after the receipt of the request for clarification.
- ☞ The 2 EB members prepare the recommendation to be forwarded to the EB via list serve at least **2 weeks** before the next EB meeting.

(4) Review decision

- ☞ The review by the EB shall be finalized no later than **at the 2nd meeting** following a request for review.
- ☞ The EB decides on whether: to register the proposed project activity: to request the DOE and PPs to make corrections before proceeding with registration; or to reject it.
- ☞ The EB shall communicate the decision to the public.
- ☞ If the review indicates any issues relating to performance of the DOE, the EB considers whether or not to trigger a spot-checking of the DOE.

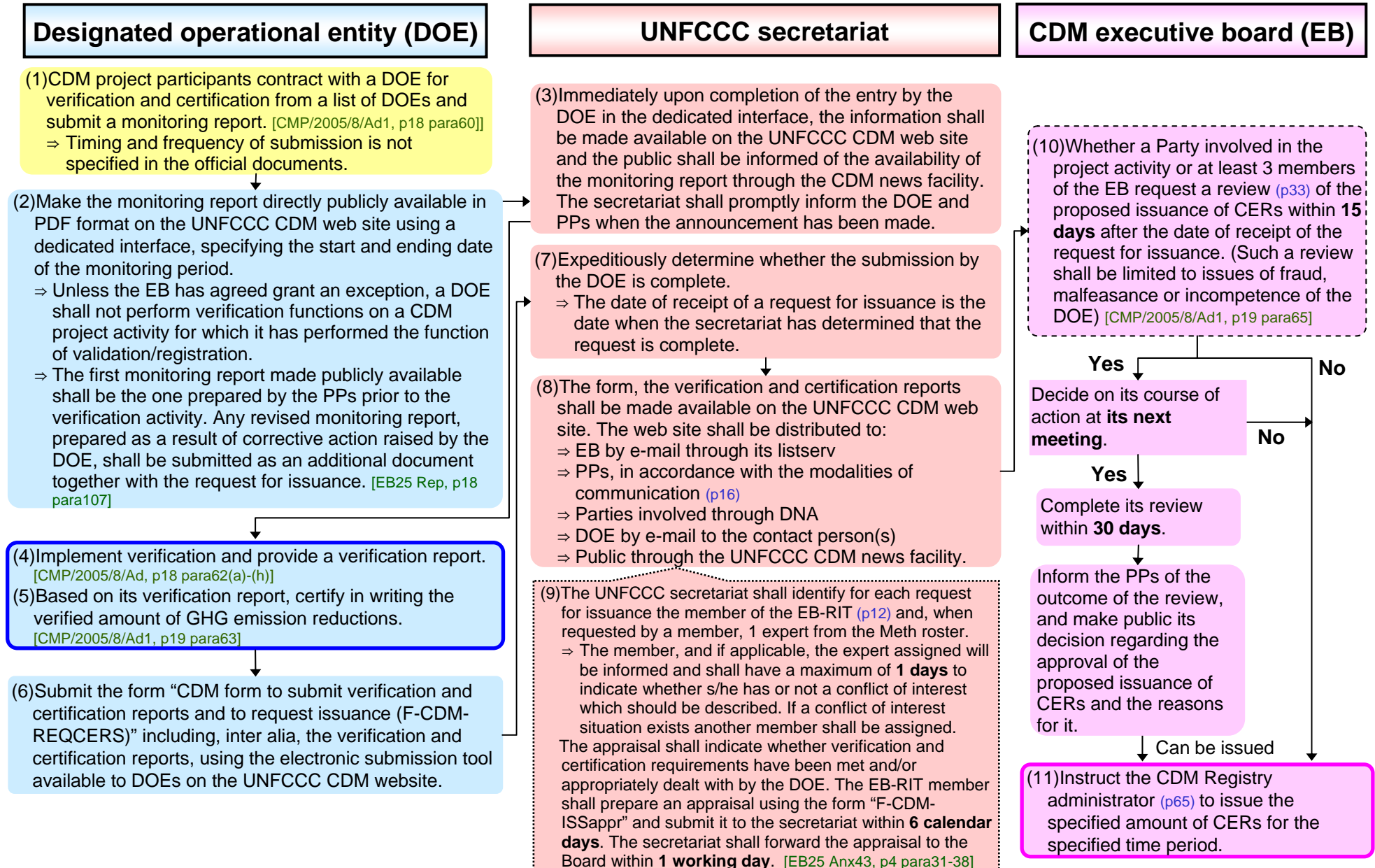
BOX: Coverage of costs of the request for review

The EB bears the costs for reviewing. If the EB rejects the registration and if a DOE is found in the situation of malfeasance or incompetence, the DOE shall reimburse the EB for the expenses. This provision is subject to review as experience accrues.

10. Verification, certification and issuance of CERs

10-1. Overview of procedures for verification, certification and issuance of CERs

[Procedures for making the monitoring report available to the public in accordance with paragraph 62 of the modalities and procedures for the CDM version 01 / 7 April 2005][Procedures relating to verification report and certification report/request for issuance of CERs version 01 / 8 June 2005] <http://cdm.unfccc.int/Reference/Procedures>



10-2. Procedures for review of issuance

[EB25 Anx48]

(1) Request for review (p32)

By a Party involved in a proposed CDM project activity

A request for review shall be sent by the relevant DNA to the EB, through the secretariat, using official means of communication (such as recognized official letterhead and signature or an official dedicated e-mail account).

By a member of the EB

A request for review shall be sent to the EB.

The secretariat acknowledges the receipt of a request for review and promptly forward the request to the EB via the list-serve.

- ☞ A review shall be limited to issues of fraud, malfeasance or incompetence of the DOEs. A request for review shall be specific in this regard.
- ☞ A request for review shall be considered received by the EB on the date it has been received by the secretariat, and not be considered if it is received after **17:00 GMT** of the last day of the **15 days** period after the receipt of the request for issuance of CERs.

As soon as a Party involved or 3 EB members request a review of a proposed issuance of CERs, the following action are taken:

- (a) The consideration of a review of the proposed issuance of CERs shall be included in the proposed agenda of the next EB meeting;
- (b) The EB notifies the PPs and the DOE that a review has been requested, informed about the date and venue of the EB meeting at which the request for review will be considered. Stakeholders interested in the review process also be given an opportunity to attend the EB meeting;
 - ⇒ PPs and the DOE, when being notified of the request for review, shall be invited to submit comments to the EB on issues raised **within 2 weeks but not later than 2 week before the meeting**. These inputs shall be made publicly available.
 - ⇒ An RIT member (p12) shall prepare an appraisal of these inputs with regard to issues identified in the requests for review.
 - ⇒ The secretariat, under the guidance of the Chair of the EB, shall prepare a decision sheet for consideration of the EB.
- (c) The PPs and the DOE shall each provide a contact person for the review process;
- (d) The proposed issuance of CERs shall be marked as being “under review” on the UNFCCC CDM web site and a notification shall be sent through the UNFCCC CDM News facility.

(2) Scope and modalities of review

- ☞ The EB considers and decides, at **its next meeting**, either to perform a review of the proposed issuance of CERs or to approve the issuance.
- ☞ If the EB agrees to perform a review, it decides on the scope of the review and the composition of a review team, at the same meeting. The review team consists of 2 EB members and outside experts, as appropriate.
- ☞ The review team requests further information to the DOE and PPs and analyze information received.

(3) Review process

- ☞ The decision by the EB is made publicly available as part of the report of its meeting.
- ☞ Requests for clarification and further information may be sent to the DOE and the PPs. Answers shall be submitted to the review team, through the secretariat, within **5 working days** after the receipt of the request for clarification.
- ☞ The 2 EB members shall be responsible for compiling inputs and comments and preparing the recommendation to be forwarded to the EB via listserv.

(4) Review decision

- ☞ The EB shall complete its review within **30 days** following its decision to perform the review.
- ☞ The EB decides on whether: to approve the proposed issuance of CERs; to request the DOE to make corrections based on the findings from the review before approving the issuance of CERs; or to not approve the proposed issuance of CERs.
- ☞ The EB shall inform the PPs of the outcome of the review, and make public its decision regarding the approval of the proposed issuance of CERs and the reasons for it.
- ☞ If the review indicates any issues relating to performance of the DOE, the EB shall consider whether or not to trigger a spot-check of the DOE.

BOX: Coverage of costs of the request for review

The EB bears the costs for reviewing. If the EB decides not to approve a proposed issuance of CERs and if a DOE is found to be in the situation of malfeasance or incompetence, the DOE shall reimburse the EB for the expenses. This provision is subject to review as experience accrues.

11. Procedures for request for deviation

[EB24 Anx30]

A DOE shall, prior to requesting registration of a project activity or issuance of CERs, notify the EB of deviations from approved methodologies (AMs) and/or provisions of registered project documentation and explain how it intends to address such deviations. The DOE shall only proceed with further actions after receipt of guidance from the EB. The Chairs of the panels shall provide an input as to whether the issue should be considered or not by the panels.

(1) Submission of a request for deviation

(a) Registration: Request for deviation from an AM

If a DOE finds at validation that PPs deviated from an AM when applying it to a proposed project activity and the DOE does not consider that the deviation implies a revision of the methodology (p24) it may seek guidance on the acceptability of the deviation from the EB prior to requesting registration of the proposed project activity.
If a DOE finds that the deviation from the AM requires revision of this methodology the procedures provided for revision of AM shall be used.

(b) Issuance: Request for deviation from provisions for a registered project activity

If a DOE determines at verification that PPs deviated from the provisions contained in the documentation related to the registered CDM project activity,
☞ it may conclude not to certify the emission reductions for the verified period, and inform the EB accordingly,
☞ or to seek guidance from the EB on the acceptability of the deviation prior to concluding on its verification/certification decision.

If guidance is sought, the DOE shall submit the form for submission of a request for deviation "F-CDM-DEV" through the dedicated internet interface.

Upon submission of the form, the secretariat shall forward the documentation to the EB (in case of (a), and to the MP), after having checked that (a) the F-CDM-DEV has been completed, and (b) the documentation provided by the DOE is complete. If the Secretariat, in consultation with the Chair of the MP (in case of (b), the Chair of the EB), assesses that the request for deviation does not meet the criteria for a request for deviation, it shall ask the DOE to submit the request as a request for revision of an AM (p24) (in case of (b), to resubmit the request for deviation). The date of transmission by the secretariat to the EB is the date of receipt of a request for deviation. Information on a request for deviation shall be made publicly available unless specified differently by the DOE.

(2) Consideration of a request for deviation

The Chair of the EB, in consultation with the relevant chair of panel(s) and/or WG(s) shall decide **within 5 working days** if:

- ☞ The submission shall be considered by the relevant panel(s) and/or working group(s) in order to provide technical input.
- ☞ More information is required. If so, the secretariat will inform the DOE which shall provide such information as soon as possible. Upon receipt the information is forwarded to the members of the EB, panels, WGs, as applicable.

In the case that no technical clarification is needed by any panel and/or WG, or once technical clarifications have been provided by a panel and/or WG, the EB shall decide, whenever possible, by electronic decision making based on a decision prepared by the Chair of the EB,
☞ if the request for deviation shall be accepted or not;
☞ if further guidance is to be provided to the DOE; and
☞ if the general clarifications shall be shared with all DOEs and PPs, as appropriate.

The proposed decision shall include the original request, reasons for acceptance or rejection of the request and the language of the proposed decision.

Once a decision has been made by the EB, the secretariat shall inform the DOE about the decision and guidance provided by the EB. If general clarifications shall be shared with all DOEs and PPs, the secretariat shall make the guidance publicly available.

(3) Consideration of a request for deviation by panel/WG

If a panel and/or WG is to consider a request for deviation, the Chair of the panel/WG shall decide,
☞ if it shall be treated at the next meeting of the panel/WG;
☞ or whether the request can be treated electronically by the panel/WG.

In the case the request shall be considered at a meeting the panel/working group shall consider the proposed deviation at **its next meeting, if feasible**, and recommend to the EB whether the proposed request should be accepted and/or provide clarifications requested.
Up to 2 member(s) of the panel/WG shall, under the guidance of the Chair and Vice-Chair of the panel/WG, be selected for preparing draft recommendations for the panel/WG. The selected panel/WG member(s) shall each be paid a fee of a maximum of 1 working days for the preparation of the draft recommendation.

12. Distribution of CERs

(1) CERs will be issued in the CDM registry

- ◆ Upon being instructed by the EB to issue CERs for a CDM project activity, the CDM registry administrator (p65) promptly issues the specified quantity of CERs. [CMP/2005/8/Ad1, p19 para66]
- ◆ The issuance of CERs, in accordance with the distribution agreement, shall be effected only when the share of proceeds to cover administrative expenses (SOP-Admin) of the CDM has been received. [CMP/2005/8/Ad1, p98 para37][EB23 Rep Anx35]
 - ☞ The SOP-Admin shall be:
 - ⇒ USD 0.10 per CER issued for the 1st 15,000 t-CO₂ equivalent for which issuance is requested in a given calendar year;
 - ⇒ USD 0.20 per CER issued for any amount in excess of 15,000 t-CO₂ equivalent for which issuance is requested in a given calendar year.
 - ☞ The registration fee shall be deducted from the SOP-Admin (p17).
- ◆ CERs are issued into the pending account of the EB in the CDM registry (p65).

(2) 2% of CERs are deducted

- ◆ Among issued CERs, 2% of those will be deducted for share of proceeds to assist developing Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation (SOP-Adaptation). [CP/2001/13/Ad2, p23 para15(a)]
 - ☞ CDM project activities in least developed country Parties shall be exempt from the SOP to assist with the costs of adaptation.[CP/2001/13/Ad2, p23 para15(b)]

(3) CERs are forwarded to the registry accounts of PPs, in accordance with their request.

[CMP/2005/8/Ad1, p20 para66(b)]

- ◆ The decision on the distribution of CERs from a CDM project activity shall exclusively be taken by PPs. [PDD GL ver6, p11]
 - ☞ PPs shall communicate with the EB, through the secretariat, in writing in accordance with the “modalities of communication” as indicated at the time of registration or as subsequently altered.
 - ☞ If a PP does not wish to be involved in taking decisions on the distribution of CERs, this shall be communicated to the EB through the secretariat at the latest when the request regarding the distribution is made.
 - ☞ The request regarding the distribution of CERs can only be changed if all signatories have agreed to the change and signed the appropriate document.
- ◆ Requests for the partial distribution of CERs issued in a single transaction shall be allowed. [EB21 Rep, p11 para70]

13. Small-scale CDM (SSC)

13-1. Definition of a small-scale CDM project activity

Simplified modalities and procedures are applicable for the following small-scale CDM project activities. [CMP/2005/8/Ad1, p43-45]

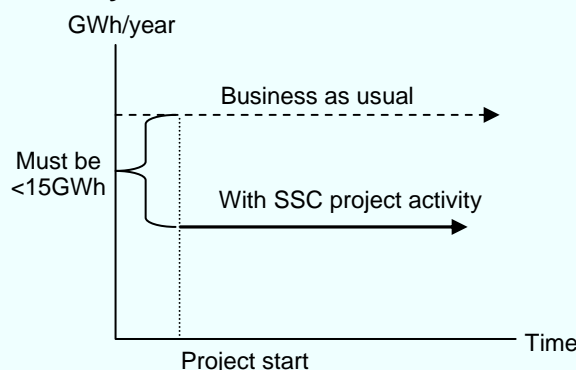
Type (i) : Renewable energy project activities with a maximum output capacity equivalent to up to 15 MW (or an appropriate equivalent)

- ☞ Maximum “output” is defined as installed/rated capacity, as indicated by the manufacturer of the equipment or plant, disregarding the actual load factor of the plant;
- ☞ “Appropriate equivalent” of 15 MW is defined as 15 MW (electric).
 - ⇒ Projects referring to MW (peak) or MW (thermal) will have to use a conversion factor to 15 MW (electric)
- ☞ Project activities referring to the burning of peat and non-biogenic waste should not be included.
- ☞ For biomass, biofuel and biogas project activities, the maximal limit of 15MW(e) is equivalent to 45 MW thermal output of the equipment or the plant (e.g. boilers). In case of cofiring renewable and fossil fuels, the rated capacity of the system when using fossil fuel shall apply. [EB25 Anx32, p2 para7(c)]

BOX: Equipment performance [SSC GL ver3, p12]

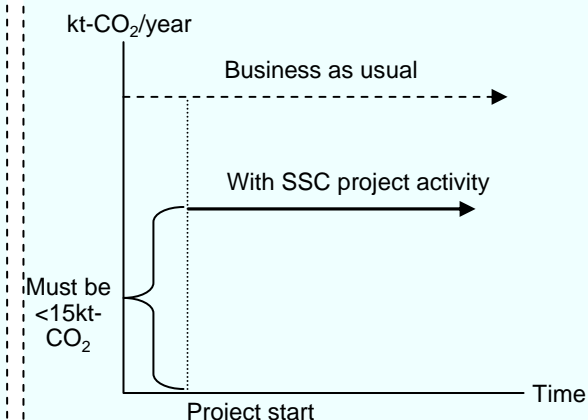
- ◆ To determine equipment performance, PPs shall use:
 - ☞ (a) The appropriate value specified in Appendix B (=CP/2002/7/Ad3 ApxB);
 - ☞ (b) If the value specified in (a) is not available, the national standard for the performance of the equipment type;
 - ☞ (c) If the value specified in (b) is not available, an international standard for the performance of the equipment type, such as ISO and IEC standards;
 - ☞ (d) If a value specified in (c) is not available, the manufacturer’s specifications provided that they are tested and certified by national or international certifiers.
- ◆ PPs have the option of using performance data from test results conducted by an independent entity for equipment installed under the project activity.

Type (ii) : Energy efficiency improvement project activities which reduce energy consumption, on the supply and/or demand side, by up to the equivalent of 15GWh/year



- ☞ Energy efficiency is the improvement in the service provided per unit power, that is, project activities which increase unit output of traction, work, electricity, heat, light (or fuel) per MW input are energy efficiency project activities;
- ☞ Energy consumption is the consumption reduced and measured in watt-hours with reference to an approved baseline. Lower consumption as a result of lower activity shall not be taken into consideration;
- ☞ Demand side, as well as supply side, projects shall be taken into consideration, provided that a project activity results in a reduction of maximum 15 GWh.
 - ⇒ A total saving of 15 GWh is equivalent to 1000 hours of operation of a 15 MW plant or $15 \cdot 3.6 \text{ TJ} = 54 \text{ TJ}$, where TJ stands for terajoules.

Type (iii) : Other project activities that both reduce anthropogenic emissions by sources and directly emit less than 15,000 t-CO₂ equivalent annually



- ☞ Type (iii) projects shall not exceed total direct emissions of 15,000 t-CO₂ equivalent annually, and must reduce GHG emissions.
- ☞ This category is applicable for project activities resulting in annual emission reductions lower than 25,000 t-CO₂ equivalent. If the emission reduction of a project activity exceeds the reference value of 25,000 t-CO₂ equivalent in any year of the crediting period, the annual emission reduction for that particular year is capped at 25,000 t-CO₂ equivalent. [EB24 Rep, p11 para64]

Project activity with more than one component

- ◆ The 3 types of project activities are mutually exclusive.
- ☞ In a project activity with more than one component that will benefit from simplified CDM modalities and procedures (p38), each component shall meet the threshold criterion of each applicable type,
- ☞ e.g. for a project with both a renewable energy and an energy efficiency component, the renewable energy component shall meet the criterion for “renewable energy” and the energy efficiency component that for “energy efficiency”.

In case a SSC project activity goes beyond the limit

- ◆ SSC project activities shall remain under the limits for SSC project activities types, every year during each year of the crediting period.
- ☞ If a project activity goes beyond the limit of its type in any year of the crediting period, the emission reductions that can be claimed by the project during this particular year will be capped at the maximum emission reduction level estimated in the CDM-SSC-PDD by the PPs for that year during the crediting period.

[SSC GL ver3, p16]

Proof of eligibility for a SSC project activity

- ◆ PPs shall demonstrate in the CDM-SSC-PDD that the project activity characteristics are defined in a way that precludes project activities to go beyond the limits:
 - ☞ For type I: PPs shall provide proof that the installed capacity of the proposed project activity will not increase beyond 15 MW;
 - ☞ For type II: PPs shall provide proof that the efficiency improvements are below the equivalent of 15 GWh/year every year throughout the crediting period;
 - ☞ For type III: PPs shall provide an estimation of emissions of the project activity over the crediting period and proof that the emissions every year will not go beyond the limits of 15,000 t-CO₂e/y over the entire crediting period.

Renewal of a crediting period of a SSC project activity

- ◆ Project activities using a renewable crediting period shall reassess their compliance with the limits at the time when they request renewal of the crediting period.

13-2. Simplified modalities and procedures

- ◆ SSC project activities shall follow the stages of the project cycle specified in the CDM M&P. In order to reduce transaction costs, however, modalities and procedures are simplified for SSC project activities, as follows: [CMP/2005/8/Ad1, p45 para9]
 - ☞ Project activities may be bundled or portfolio bundled at the following stages in the project cycle: the PDD, validation, registration, monitoring, verification and certification (p41);
 - ☞ The requirements for the PDD are reduced;
 - ☞ Baselines methodologies by project category are simplified to reduce the cost of developing a project baseline;
 - ☞ Monitoring plans are simplified to reduce monitoring costs;
 - ☞ The same operational entity may undertake validation, and verification and certification.
- ◆ The other differences from large-scale CDM project activities are as follows:
 - ☞ For the appraisal by EB-RIT, the expert prepares an appraisal and submit it to the member within 10 (15 for large CDM) calendar days. The member reviews and finalize the appraisal and submit it within 10 (15 for large CDM) calendar days to the secretariat (p30). [EB24 Anx27, p4 para25-26]
 - ☞ The registration by the EB shall be deemed final 4 (8 for large) weeks after the date of receipt of the request for registration, unless there is a request for review of the proposed CDM project activity (p30). [CMP/2005/8/Ad1, p48 para24]

- ◆ Baseline and monitoring methodologies approved by the EB is included in an indicative list of simplified baseline and monitoring methodologies for selected SSC project activity categories (contained in the Appendix B (=CP/2002/7/Ad3 ApxB)) and is publicly available along with relevant guidance on the UNFCCC CDM website
<http://cdm.unfccc.int/methodologies/SSCmethodologies/approved>. [SSC GL ver3, p7]
- ◆ A simplified baseline and monitoring methodology listed in Appendix B (=CP/2002/7/Ad3 ApxB) may be used for a SSC project activity if the PPs are able to demonstrate to a DOE that the project activity would otherwise not be implemented due to the existence of one or more of the barriers (p39) listed in the attachment A to Appendix B (=CP/2002/7/Ad3 ApxB AttA). [SSC GL ver3, p6]

Overall monitoring plan [SSC GL ver3, p14]

- ◆ If project activities are bundled (p41), a separate monitoring plan shall apply for each of the constituent project activities, or an overall monitoring plan shall apply for the bundled projects, as determined by the DOE at validation to reflect good monitoring practice appropriate to the bundled project activities and to provide for collection and archiving of the data needed to calculate the emission reductions achieved by the bundled project activities

BOX: Revisions to the CDM-SSC-PDD [SSC GL ver3, p3]

- ☞ Revisions to the CDM-SSC-PDD do not affect projects already validated, or already made publicly available by an OE for receiving comments prior to the adoption of the revised CDM-SSC-PDD. The EB will not accept documentation using previous versions of the CDM-SSC-PDD, **6 months after** the adoption of the new version.

13-2. Simplified modalities and procedures

Additionality for SSC project activities [http://cdm.unfccc.int/methodologies/SSCmethodologies/AppB_SSC_AttachmentA.pdf]

- ◆ The attachment A to Appendix B (=CP/2002/7/Ad3 ApxB AttA) corresponds to list of barriers PPs shall use in order to demonstrate that a small-scale project activity would not have occurred otherwise (i.e. is additional).
- ◆ PPs shall provide an explanation to show that the project activity would not have occurred anyway due to at least one of the following barriers:

Investment barrier:

☞ a financially more viable alternative to the project activity would have led to higher emissions;

Barrier due to prevailing practice:

☞ prevailing practice or existing regulatory or policy requirements would have led to implementation of a technology with higher emissions;

Technological barrier:

☞ a less technologically advanced alternative to the project activity involves lower risks due to the performance uncertainty or low market share of the new technology adopted for the project activity and so would have led to higher emissions;

Other barriers:

☞ without the project activity, for another specific reason identified by the PP, such as institutional barriers or limited information, managerial resources, organizational capacity, financial resources, or capacity to absorb new technologies, emissions would have been higher.

- ◆ Quantitative evidence that the project activity would otherwise not be implemented may be provided instead of a demonstration based on the barriers listed above.

13-3. Simplified baseline and monitoring methodologies

◆ Simplified baseline and monitoring methodologies for selected SSC project activity categories have been developed for the following categories. <<http://cdm.unfccc.int/methodologies/SSCmethodologies/approved.html>>

TYPE I - RENEWABLE ENERGY PROJECTS		Sectoral Scope
I.A. ver8	Electricity generation by the user	1
I.B. ver8	Mechanical energy for the user	1
I.C. ver8	Thermal energy for the user	1
I.D. ver9	Renewable electricity generation for a grid	1
TYPE II - ENERGY EFFICIENCY IMPROVEMENT PROJECTS		Sectoral Scope
II.A. ver7	Supply side energy efficiency improvements - transmission and distribution	2
II.B. ver7	Supply side energy efficiency improvements - generation	1
II.C. ver7	Demand-side energy efficiency programmes for specific technologies	3
II.D. ver7	Energy efficiency and fuel switching measures for industrial facilities	4
II.E. ver7	Energy efficiency and fuel switching measures for buildings	3
II.F. ver7	Energy efficiency and fuel switching measures for agricultural facilities and activities	3
TYPE III - OTHER PROJECT ACTIVITIES		Sectoral Scope
(III.A. Agriculture is under development)		-
III.B. ver9	Switching fossil fuels	1
III.C. ver9	Emission reductions by low-greenhouse gas emitting vehicles	7
III.D. ver10	Methane recovery	10, 13
III.E. ver9	Avoidance of methane production from biomass decay through controlled combustion	13, 15
III.F. ver3	Avoidance of methane production from biomass decay through composting	13
III.G. ver3	Landfill methane recovery	13
III.H. ver3	Methane recovery in wastewater treatment	13, 15
III.I. ver3	Avoidance of methane production in wastewater treatment through replacement of anaerobic lagoons by aerobic systems	13, 15

☞ PPs may propose changes to the simplified baseline and monitoring methodologies or propose additional small-scale project categories for consideration by the EB.

☞ A form (F-CDM-SSC-Subm) shall be used for each submission for submitting queries or proposals to be considered by the EB through the SSC-WG (p12).

☞ Request for the creation of new categories should be accompanied by a completed draft PDD (section A to E) along with more substantive evidence from the PPs as to the need for a small-scale methodology and why an applicable large-scale methodology cannot be used.

☞ The submissions will be considered by **the SSC-WG in its next meeting**, if presented at least **4 weeks in advance**.
[SSC GL ver3, p33]

13-4. Bundling of SSC projects activities

Bundling [SSC GL ver3, p8]

- ◆ Bundle is defined as, bringing together of SSC project activities, to form a single CDM project activity or portfolio without the loss of distinctive characteristics of each project activity.
- ◆ Project activities within a bundle can be arranged in one or more sub-bundles, with each project activities retaining its distinctive characteristics.
 - ☞ Such characteristics include its: technology/measure; location; application of simplified baseline methodology.
 - ☞ Sub-bundle is defined as: “An aggregation of project activities within a bundle having the characteristics that all project activities within a sub-bundle belong to the same type (p40).”
- ◆ The sum of the size (capacity for type I, energy saving for type II and direct emissions of project activity for type III) of the technology or measure utilized in the bundle should not exceed the limits for SSC project activities. [SSC GL ver3, p34 para10]

Debundling [SSC GL ver3, p10]

- ◆ Debundling is defined as the fragmentation of a large project activity into smaller parts. A small-scale project activity that is part of a large project activity is not eligible to use the simplified modalities and procedures for SSC project activities.
- ◆ It shall be deemed to be a debundled if there is a registered SSC project activity or a request for registration by another small-scale project activity:
 - ⇒ By the same PPs;
 - ⇒ In the same project category and technology/measure; and
 - ⇒ Registered within the previous 2 years; and
 - ⇒ Whose project boundary is within 1 km of the project boundary of the proposed small-scale activity at the closest point.

[SSC GL ver3, p34-35]

General Characteristics

- ☞ Project activities wishing to be bundled shall indicate this when making the request for registration.
- ☞ PPs provide a written statement along with the submission of the bundle indicating at registration:
 - ⇒ That all PPs agreed that their individual project activities are part of the bundle;
 - ⇒ One PP who represents all PPs in order to communicate with the EB (p16).
- ☞ The composition of bundles shall not change over time.
- ☞ All project activities in the bundle shall have the same crediting period.
- ☞ Bundled project activities shall be submitted in a single submission to the EB and pay only one fee (p17) proportional to the amount of expected average annual emission reductions of the total bundle;
- ☞ If 3 EB members or a Party involved in a project activity requests the review of the project activity (p31), the total bundle remains under review.
- ☞ A form with information related to the bundle “F-CDM-BUNDLE” must be included in the submission.

Use of a single PDD covering all activities

- ☞ If all project activities in the bundle belong to the same type, same category and technology/measure, PPs may submit a single CDM-SSC-PDD covering all activities in the bundle. In this case (a single PDD is used) a single verification and certification report shall be submitted by the DOE.
- ☞ In all other cases (if the bundle includes project activities with (a) the same type, same category and different technology/measure; (b) same type, different categories and technologies/measures and; and (c) different types), PPs would have to make the submission of the bundle using a CDM-SSC-PDD for each of the project activities contained in the bundle. In these cases a single verification and certification report can be submitted for the bundle provided that it appraises each of the project activities of the bundle separately and covers the same verification period.

Letter of approval

- ☞ The letter of approval by the host Party(ies) has to indicate that the Party is aware that the project activity(ies) taking place in its territory is part of the bundle.

Validation and verification

- ☞ One DOE can validate this bundle.
- ☞ One verification report (p32) is adequate, one issuance will be made at the same time for the same period, and a single serial number (p64) will be issued for all the project.

14. Afforestation and Reforestation CDM (A/R CDM) project activity

14-1. Overview of A/R CDM project activity

Rules and procedures regarding A/R CDM project activities are similar to those of GHG emission reduction CDM project activity including project cycle, PDD contents, and validation and verification procedure. The most significant difference between the emission reduction CDM and A/R CDM is non-permanence. Once GHG emission reductions are achieved, they are permanent reduction whereas in A/R CDM, CO₂ once sequestered in trees could be release back into the atmosphere in an occasion of such as forest fire or die back from pests. The issue of non-permanence is addressed by creating different type of CERs, namely temporary CERs (**tCERs**) and long-term CERs (**ICERs**) (p43).

Types of A/R CDM project activities

◆ Land use, Land-use change and Forestry project activities under the CDM is limited to afforestation and reforestation

[CMP/2005/8/Ad3, p7 para13]

☞ “Afforestation” is the direct human-induced conversion of land that has not been forested for a period of at least 50 years to forested land through planting, seeding and/or the human-induced promotion of natural seed sources.

☞ “Reforestation” is the conversion of non-forested land to forested land, on land that was forested but that has been converted to non-forested land. For the 1st commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989.

[CMP/2005/8/Ad3. p5 para1(b)-(c)]

PPs shall provide evidence that the land within the planned project boundary is eligible as an A/R CDM project activity. In order to demonstrate, PPs shall provide one of the following verifiable information: [EB22 Anx16]

- ☞ Aerial photographs or satellite imagery complemented by ground reference data; or
- ☞ Ground based surveys (land use permits, land use plans or information from local registers such as cadastre, owners register, land use or land management register); or
- ☞ If options above are not available/applicable, PPs shall submit a written testimony which was produced by following a participatory rural appraisal methodology.

Participation requirements [CMP/2005/8/Ad1, p63 para7-8]

◆ All provisions of participation requirements of the CDM M&P apply mutatis mutandis to A/R CDM.

◆ An non-Annex I Party may host an A/R CDM project, if it has selected and reported to the EB through its DNA:

- (a) A single minimum tree crown cover value between 10 and 30%; and
- (b) A single minimum land area value between 0.05 and 1 hectare; and
- (c) A single minimum tree height value between 2 and 5 metres.

Crediting period of the A/R CDM project activity [CMP/2005/8/Ad1, p67 para23]

☞ It begins at the start of the A/R CDM project activity and can be either:

- ⇒ A maximum of 20 years, may be renewed twice (total 60 years maximum)
- ⇒ A maximum of 30 years

☞ A/R CDM project activity starting after 1 January 2000 can be validated and registered after 31 December 2005 as long as the 1st verification of the project activity occurs after the date of registration of this project activity.

☞ Given that the crediting period starts at the same date as the starting date of the project activity, the projects starting 2000 onwards can accrue tCERs/ICERs as of the starting date. [EB21 Rep, p10 para64]

☞ The initial verification and certification of an A/R CDM project activity may be undertaken at a time selected by the PPs. Thereafter, verification and certification shall be carried out **every 5 years** until the end of the crediting period. [CMP/2005/8/Ad1, p69 para32]

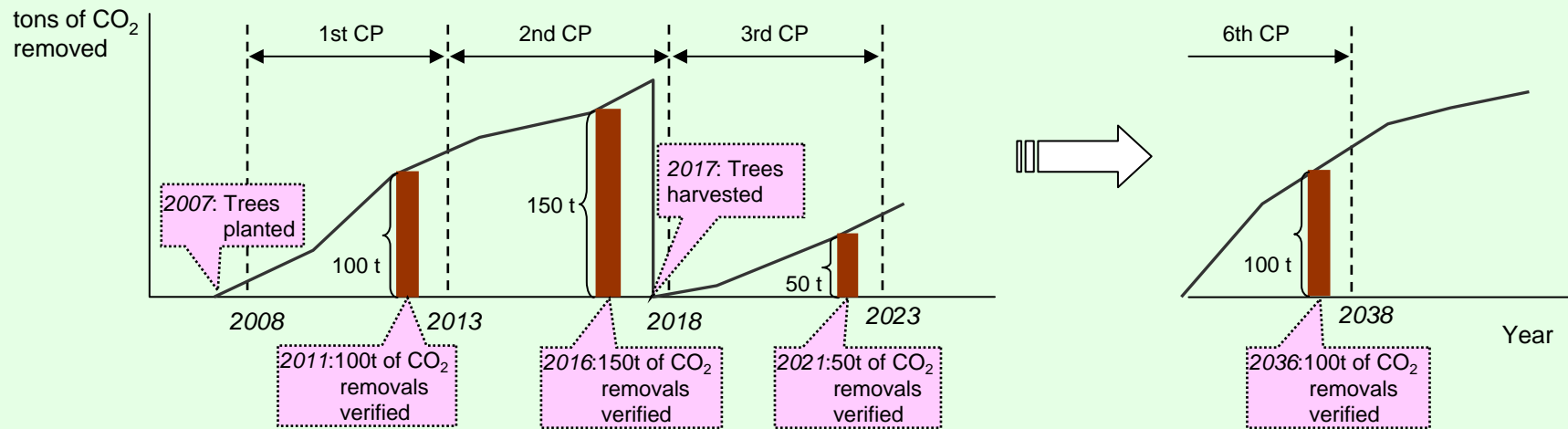
14-2. Non-permanence of A/R CDM project activities (tCER and ICER)

- ◆ Temporary CERs (tCERs) and Long-term CERs (ICERs):
 - ☞ The PPs shall select one of the following approaches to addressing non-permanence of an A/R CDM project activity [CMP/2005/8/Ad1, p70 para38]:
 - (a) Issuance of tCERs for the net GHG removals by sinks achieved by the project activity since the project starting date; or
 - (b) Issuance of ICERs for the net GHG removals by sinks achieved by the project activity during each verification period
 - ☞ The approach chosen to address non-permanence shall remain fixed for the crediting period including any renewals.

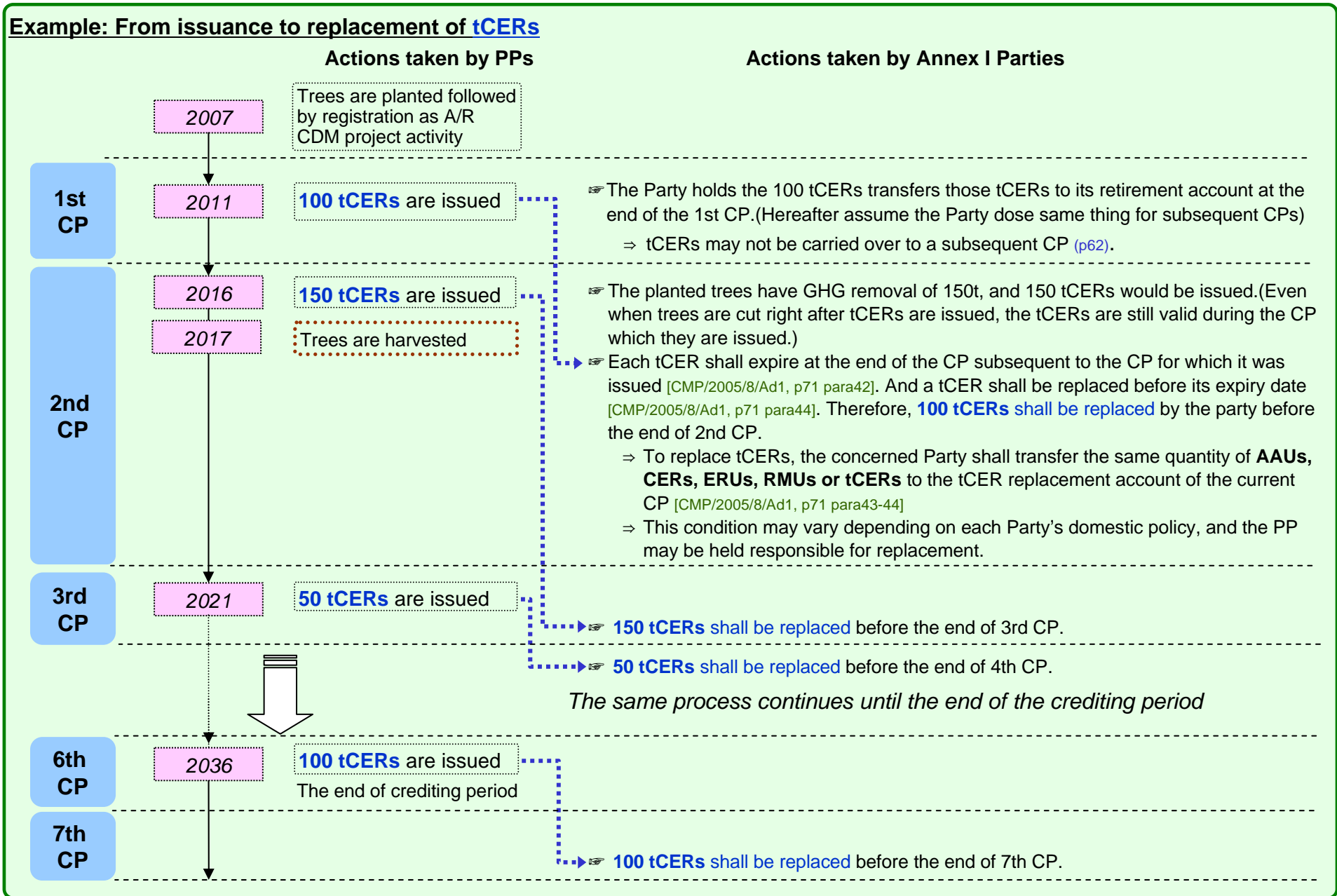
- Expiry of tCERs and ICERs**
- ☞ Each tCER shall expire at the end of the commitment period subsequent to the commitment period for which it was issued. [CMP/2005/8/Ad1, p71 para42]
 - ☞ Each ICER shall expire at the end of the crediting period or, where a renewable crediting period is chosen, at the end of the last crediting period of the project activity. [CMP/2005/8/Ad1, p71 para46]

Example: Changes in net GHG removals by a A/R project activityt

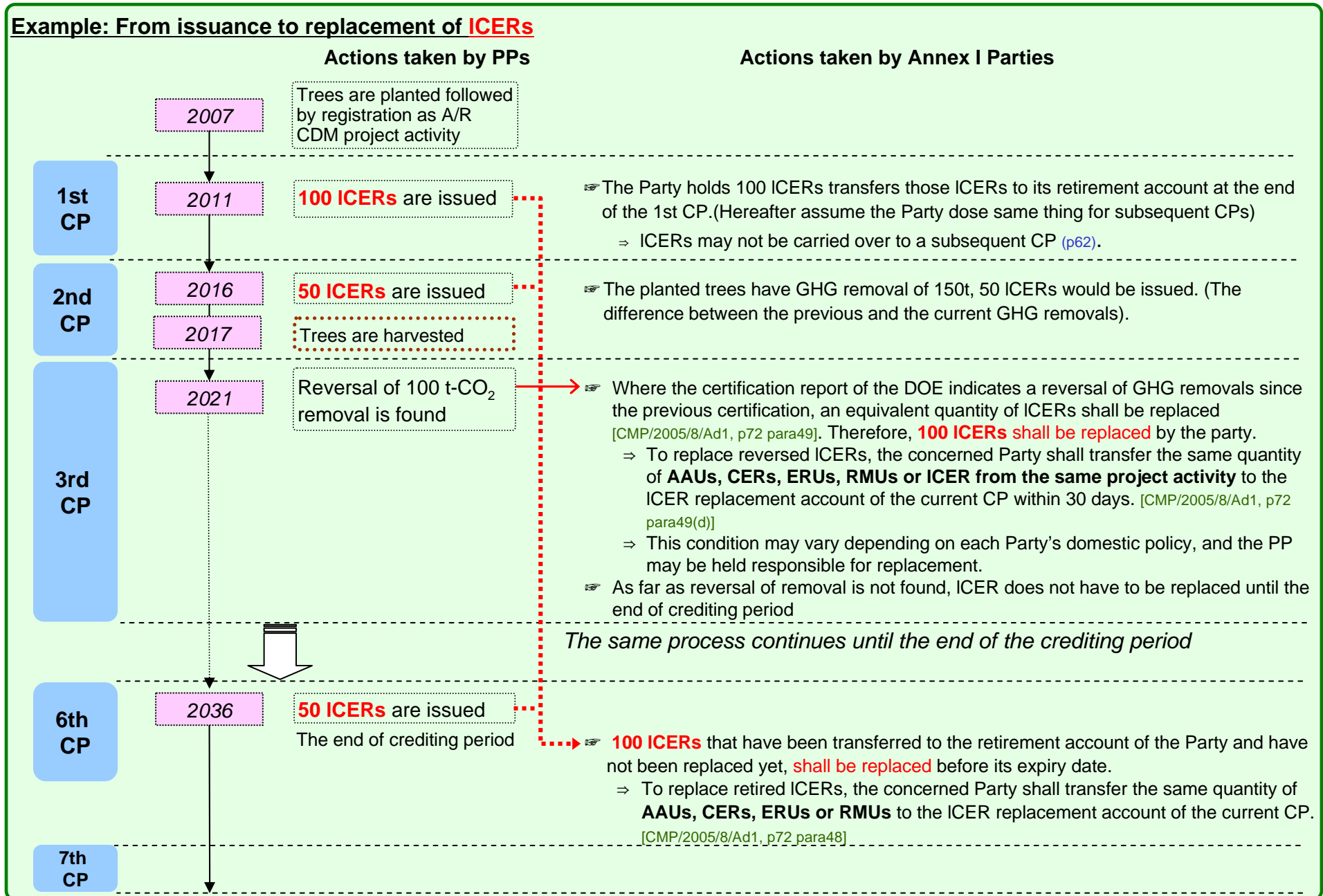
- ◆ The chart below shows changes in GHG removals by an A/R project activity. In the next two pages, an explanation of issuance and expiration of tCERs and ICERs will be given based on the assumptions shown in the chart below.
 - ☞ Trees are planted in 2007.
 - ☞ 1st issuance of tCERs or ICERs takes place in 2011. Trees are left to grow during the 1st and 2nd commitment periods and 2nd issuance of tCERs or ICERs takes place in 2016.
 - ☞ Assuming each commitment period (CP) would be 5 years.
 - ☞ Trees are cut in 2017 before the end of the 2nd commitment period (CP) and 3rd issuance takes place in 2021. The last issuance takes place in in 2036.
 - ☞ Each tCER or ICER issued will be used for achieving a Party's emission reduction target.
 - ☞ Crediting period is 30 years without renewal.



14-2. Non-permanence of A/R CDM project activities (tCER and ICER)



14-2. Non-permanence of A/R CDM project activities (tCER and ICER)



14-3. Calculation of GHG removals

Equations for the calculation of tCER and ICER [EB22 Anx15 para4-9]

Equations to calculate tCERs

(carbon stock in the project – carbon stock in the baseline)
in the carbon pools, at the time of verification

less

cumulative GHG emissions from the project

less

cumulative GHG emissions, outside the project boundary due to A/R

less

(carbon stock in the baseline – carbon stock in the project)
in the carbon pools outside the project boundary affected by A/R,
at the time of verification

Equations to calculate ICERs

(increment of the carbon stock in the project –
increment of the carbon stock in the baseline)
in the carbon pools, at the time of 2 verification period respectively

less

GHG emissions from the project, between 2 verification period

less

cumulative GHG emissions, outside the project boundary due to A/R,
between 2 verification period

less

(increment of the carbon stock in the baseline –
increment of the carbon stock in the project)
in the carbon pools outside the project boundary affected by A/R,
at the time of 2 verification period respectively

Carbon pools [AR-CDM GL, ver4 p9]

- ☞ Carbon pools are: above-ground biomass, belowground biomass, litter, dead wood and soil organic carbon.
- ☞ PPs may choose not to account for one or more carbon pools if they provide transparent and verifiable information that indicates that the choice will not increase the expected net GHG removals by sinks.

Project boundary

[AR-CDM GL, ver4 p13]

- ☞ The “project boundary” geographically delineates the A/R CDM project activity under the control of the PPs.
- ☞ An A/R CDM project activity may contain more than one discrete areas of land.

Pre-project emissions

[EB22 Anx15, para1-2]

- ☞ Pre-project GHG emissions as a consequence of the implementation of the project activity has to be taken into account in the calculation of net GHG removals by sinks.

BOX: Revisions to the CDM-AR-PDD [AR-CDM GL, ver4 p4]

Revisions to the CDM-AR-PDD do not affect A/R project activities:

- ☞ Already validated, or already submitted to the OE for validation prior to the adoption of the revised CDM-AR-PDD;
- ☞ Submitted to the OEs within a month of the adoption of the revised CDM-AR-PDD;
- ☞ The EB will not accept documentation using previous versions of the CDM-AR-PDD **6 months after** the adoption of the new version.

BOX: Revisions to the CDM-AR-NMB/NMM [AR-CDM GL, ver4 p4]

Revisions to the CDM-AR-NMB and CDM-AR-NMM do not affect new baseline and monitoring methodologies:

- ☞ Submitted to the OEs prior to the adoption of the revised CDM-AR-NMB and CDM-ARNMM;
- ☞ Submitted to the OEs within a month of the adoption of the revised CDM-AR-NMB and CDM-AR-NMM;
- ☞ The EB will not accept documentation using previous versions of the CDM-AR-NMB and CDM-AR-NMM **3 months after** the adoption of the new versions.

14-4. Small-scale A/R CDM project activity

Definition of small-scale A/R CDM project activity

- ☞ Those that are expected to result in net GHG removals by sinks of less than 8,000 t-CO₂/year; [CMP/2005/8/Ad1, p62 para1(i)]
 - ⇒ The average projected net GHG removals by sinks for each verification period shall not exceed 8,000 t-CO₂/year. [CP/2004/10/Ad2, p26 para1(b)]
- ☞ Developed or implemented by low-income communities and individuals as determined by the host Party. [CMP/2005/8/Ad1, p62 para1(i)]
 - ⇒ Prior to the submission of the validation report to the EB, the DOE have received from the PPs a written declaration of that. [CMP/2005/8/Ad1, p85 para15(b)]

☞ If a small-scale A/R CDM project activity results in net GHG removals by sinks greater than 8,000t of CO₂ per year, the excess removals will not be eligible for the issuance of **tCERs** or **ICERs**.
[CMP/2005/8/Ad1, p62 para1(i)]

Simplified modalities and procedures for small-scale A/R CDM project activity

- ◆ In order to reduce transaction costs, modalities and procedures are simplified for small-scale A/R CDM project activities as follows: [CMP/2005/8/Ad1, p82 para1]
 - ☞ The requirements for the project design document are reduced;
 - ☞ Baseline methodologies by project type are simplified to reduce the cost of developing a project baseline;
 - ☞ Monitoring plans are simplified, including simplified monitoring requirements, to reduce monitoring costs;
 - ☞ The same operational entity may undertake validation, and verification and certification.
- ◆ Small-scale A/R CDM project activities shall be:
 - ☞ exempt from the share of proceeds to be used to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change;
 - ☞ entitled to a reduced level of the non-reimbursable fee for requesting registration and a reduced rate of the share of proceeds to cover administrative expenses of the CDM. [CMP/2005/8/Ad1, p83 para13]

- ◆ The EB shall develop simplified baseline methodologies, for the following types of small-scale A/R CDM project activities: [CMP/2005/8/Ad1, p90 para4]
 - ☞ Grassland to forested land
 - ☞ Cropland to forested land
 - ☞ Wetland to forested land
 - ☞ Settlements to forested land
- ◆ No monitoring of the baseline is requested.
- ◆ If PPs demonstrate that the small-scale A/R CDM project activity does not result in the displacement of activities or people, or does not trigger activities outside the project boundary, that would have been attributable to the small-scale A/R CDM project activity, such that an increase in GHG emissions by sources occurs, a leakage estimation is not required.
 - ☞ In all other cases leakage estimation is required.
 - ☞ The EB shall develop guidelines to estimate leakage. [CMP/2005/8/Ad1, p91 para9]

15. Joint Implementation (JI)

15-1. JI project cycle

“Joint Implementation (JI)” is a common name for “Article 6 project activity” defined in the Kyoto Protocol. However, this guide employs the term JI since it is widely used and popularly recognized.

Track 1 and track 2

◆ The procedures for issuing emission reduction unit (ERU) based on a project activity which reduces or removes GHG emissions in a host Party (Annex I Party), are different depending on whether a host Party meets the eligibility requirements shown on the right.

Track 1 : Where it is considered a host Party meets the eligibility requirements, the host Party may issue the appropriate quantity of ERUs. [CMP/2005/8/Ad2, p7 para23]

☞ Because JI involves credit transfers between Parties both of which have emission caps and the total amount of emission cap of Annex I Parties will not change, a host Party can decide the amount of ERUs to be issued and transferred.

☞ A host Party which meets the eligibility requirements may at any time elect to use the verification procedure under the JISC (which means track 2). [CMP/2005/8/Ad2, p7 para25]

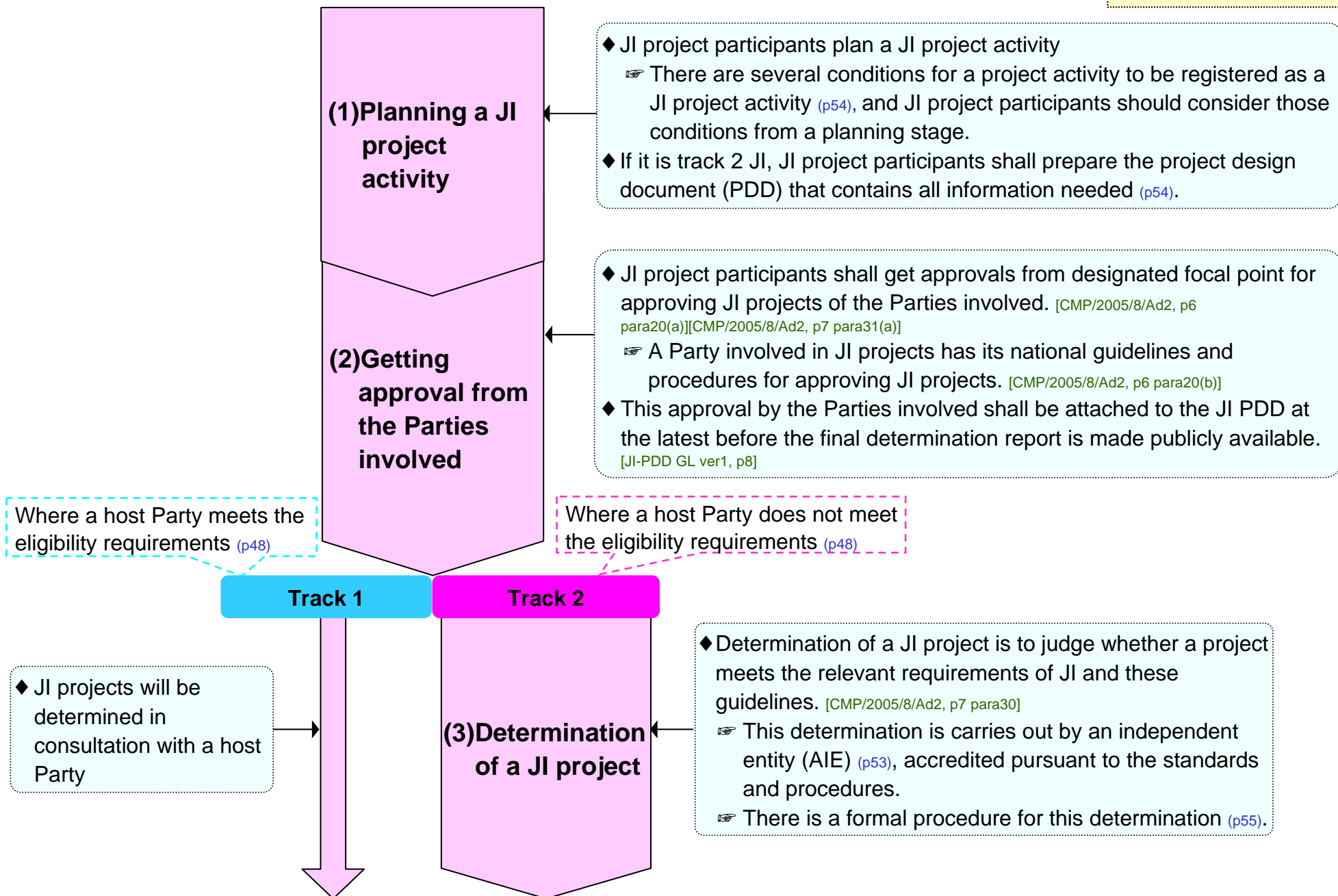
Track 2 : Where it is considered a host Party does not meet the eligibility requirements, the verification of GHG emission reductions or removals by sinks from a JI project shall occur through the verification procedure as set out, which is similar to modalities and procedures for CDM. [CMP/2005/8/Ad2, p7 para24]

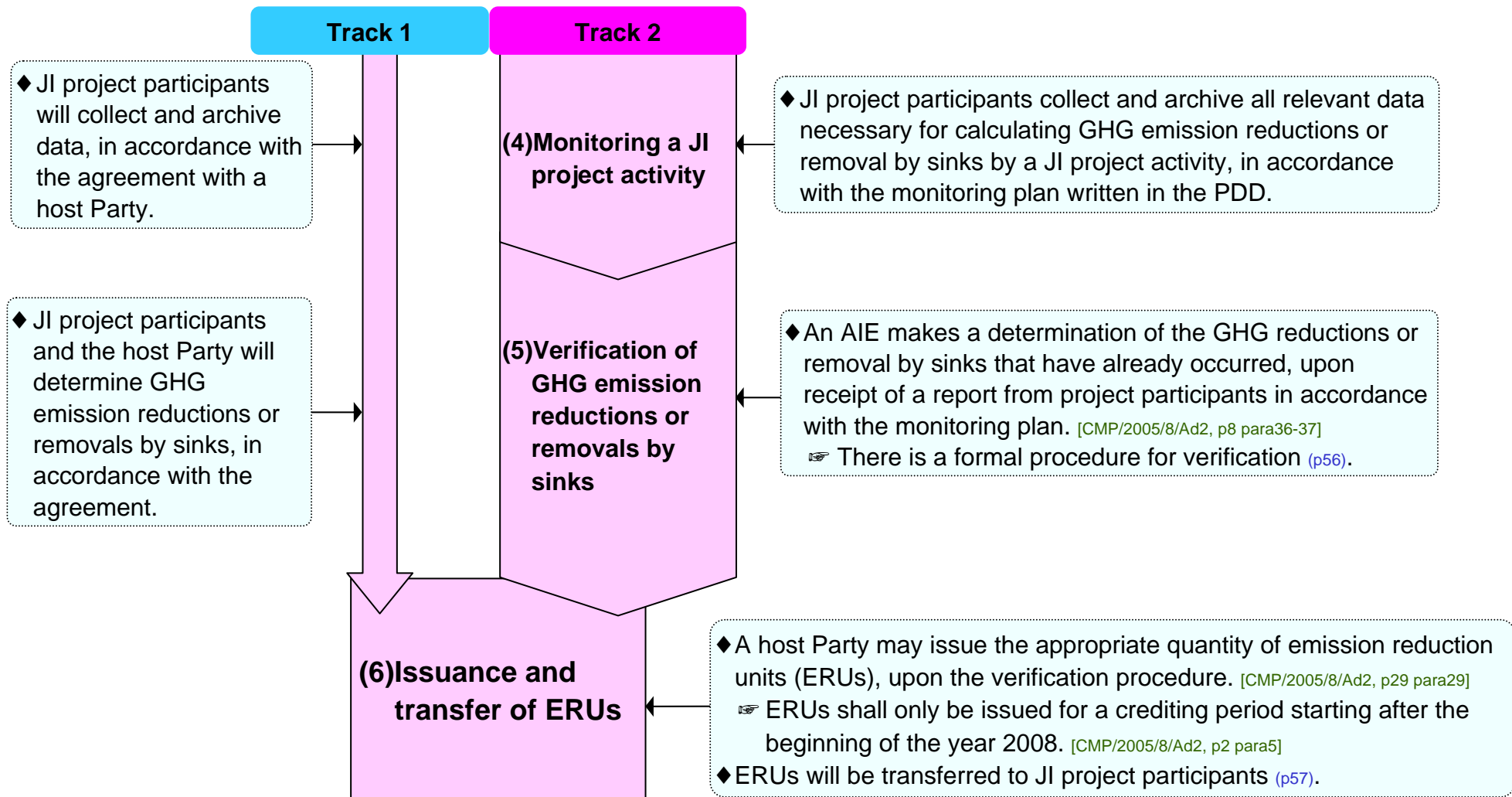
☞ The host Party may however only issue and transfer ERUs upon meeting the requirements below:

- ⇒ It is a Party to the Kyoto Protocol;
- ⇒ Its assigned amount (p1) has been calculated and recorded;
- ⇒ It has in place a national registry (p63).

Eligibility requirements [CMP/2005/8/Ad2, p6 para21]

- ☞ An Annex I Party is eligible to transfer and/or acquire ERUs issued in accordance with the relevant provisions, if it is in compliance with the following eligibility requirements:
- ⇒ It is a Party to the Kyoto Protocol;
 - ⇒ Its assigned amount has been calculated and recorded;
 - ⇒ It has in place a national registry;
 - ⇒ It has in place a national system for the estimation of GHG emissions and removals by sinks of GHGs;
 - ⇒ It has submitted annually the most recent required inventory, including the national inventory report and the common reporting format;
 - ⇒ For the 1st commitment period, the quality assessment needed for the purpose of determining eligibility to use the mechanisms shall be limited to the parts of the inventory pertaining to GHG emissions from sources/sector categories from Annex A to the KP and the submission of the annual inventory on sinks;
 - ⇒ It submits the supplementary information on assigned amount and makes any additions to, and subtractions from, assigned amount, including for the activities under Art.3, para3 and 4 of the KP (land-use, land-use change and forestry).





15-2. JI-related entities

For Track 1

For Track 2

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP)

- ◆ The COP/MOP shall provide guidance regarding the implementation of JI and exercise authority over the Joint Implementation Supervisory Committee (JISC) (p52). [CMP/2005/8/Ad2, p3 para2]

BOX: Future revision of the guidelines for the implementation of JI

[CMP/2005/8/Ad2, p2 para8]

- ☞ Future revision of the guidelines is decided in accordance with the rules of procedure of the COP/MOP, as applied.
 - ⇒ The 1st review is carried out no later than 1 year after the end of the 1st commitment period, and further reviews are carried out periodically thereafter.
 - ⇒ The 1st review is carried out based on recommendations by the JISC and by the SBI drawing on technical advice of the SBSTA, as needed.
 - ⇒ Any revision of the decision shall not affect ongoing JI projects.

For Track 1

For Track 2

Designated focal point [CMP/2005/8/Ad2, p6 para20]

- ◆ A Party involved in an JI project shall inform the secretariat of:
 - ☞ Its designated focal point for approving JI projects;
 - ☞ Its national guidelines and procedures for approving JI projects, including the consideration of stakeholders' comments, as well as monitoring and verification.

For Track 2

Joint Implementation Supervisory Committee (JISC)

<Formerly, the Article 6 supervisory committee>

- ◆ The COP/MOP requests the JISC to:
 - ☞ Develop rules of procedure taking into consideration, as appropriate, the rules of procedure of the CDM-EB, and to recommend them for adoption by the COP/MOP2, and to apply them provisionally until they are so adopted;
 - ☞ Elaborate, as a priority, standards and procedures for the accreditation of independent entities (IEs)(p53), taking into consideration, as appropriate, the procedures for accrediting OEs (p13) developed by the CDM-EB, and accredit independent entities;
 - ☞ Elaborate and agree on a JI project design document (p72) , with the understanding that it shall be applied provisionally until the COP/MOP has adopted;
 - ☞ Develop, as soon as possible, guidance including provisions for small-scale projects as SSC (p36), as appropriate;
 - ☞ Develop provisions for the charging of fees to cover administrative costs relating to the activities of the JISC;
 - ☞ Etc. [CMP/2005/8/Ad2, p14 para1-2]
- ◆ JISC shall supervise, inter alia, the verification of ERUs (p56) generated by JI project activities. [CMP/2005/8/Ad2, p3 para3]

For Track 2 JI review teams (JI-RTs)

- ◆ The JI-RTs prepare appraisals indicating whether all the requirements of JI and further relevant requirements defined by the COP/MOP or the JISC with regard to determinations/verifications are met and appropriately dealt with by the AIE. [JISC03 Anx4, para7]
- ◆ The JISC establishes a roster of experts on which it may draw with regard to appraisals of determinations and verifications and when setting up JISC-RTs. [JISC03 Anx4, para13]

Members of the JISC [CMP/2005/8/Ad2, p4 para4-8]

- ☞ The JISC comprises 10 members from Parties to the KP.
 - ⇒ 3 members from EIT countries (Annex I Parties), 3 members from Annex I Parties not referred to in above, 3 members from non-Annex I Parties and 1 member from the small island developing States.
 - ⇒ As a result, 6 are from Annex I and 4 are from non-Annex I Parties.
 - ⇒ There is an alternate for each member of the JISC.
- ☞ Members, including alternate members, of the JISC are nominated by the relevant constituencies referred above and be elected by the COP/MOP.
 - ⇒ The nomination by a constituency of a candidate member shall be accompanied by a nomination of a candidate alternate member from the same constituency.
- ☞ Members may be eligible to serve a maximum of 2 consecutive terms.
 - ⇒ Terms as alternate members do not count.
- ☞ 5 members and 5 alternates are elected for a term of 2 years and 5 members and 5 alternates for a term of 3 years. Thereafter, the COP/MOP elects, every year, 5 new members and 5 alternates for a term of 2 years.
 - ⇒ The members and alternates shall remain in office until their successors are elected.
- ☞ The JISC elects annually a chair and vice-chair from among its members, with one being from an Annex I and the other being from a non-Annex I Party.
 - ⇒ The positions of chair and vice-chair alternate annually between a member from an Annex I and the other being from a non-Annex I Party.

Meeting and decision of the JISC

- ☞ The JISC meets at least 2 times each year, whenever possible in conjunction with the meetings of the subsidiary bodies, unless decided otherwise. [CMP/2005/8/Ad2, p4 para9]
- ☞ At least 2/3 of the members of the JISC, representing a majority of members from Annex I Parties and a majority of members from non-Annex I Parties, must be present to constitute a quorum. [CMP/2005/8/Ad2, p5 para14]
- ☞ Decisions by the JISC is taken by consensus, whenever possible. If that is not possible, decisions shall as a last resort be adopted by a 3/4 majority vote of the members present and voting at the meeting. Members abstaining from voting shall be considered as not voting. [CMP/2005/8/Ad2, p5 para15]

For Track 2

Joint Implementation accreditation panel (JI-AP)

- ◆ The JI-AP shall make recommendations to the JISC regarding:
 - ☞ The accreditation of an applicant independent entity;
 - ☞ The suspension, withdrawal and re-accreditation of an AIE. [JISC01 Anx4, para3]
- ◆ The JI-AP also carries out selecting the members of a JI accreditation assessment team (JI-AT). [JISC01 Anx4, para4]
- ◆ The JI-AP shall be composed of 6 members, in addition to the designated JISC members who act as Chair and Vice-Chair.
 - ☞ 1 member of the JI-AP shall be an expert in baseline setting and monitoring. [JISC01 Anx4, para12]

For Track 2 Accredited Independent Entity (AIE)

- ◆ The AIE is an independent verifier for track 2 JI, which corresponds a DOE for the CDM (p13), and it shall:
 - ☞ Determine whether a project which reduces GHG emissions (or removes by sinks) meets the relevant requirements of JI and these guidelines; [CMP/2005/8/Ad2, p7 para30]
 - ☞ Make a determination of the GHG emission reductions (or removal by sinks) reported by PPs in accordance with criteria for baseline setting and monitoring. [CMP/2005/8/Ad2, p8 para37]
- ◆ The AIEs are accredited by the JISC. [CMP/2005/8/Ad2, p3 para3(b)]
 - ☞ There are standards and procedures for the accreditation of IEs [CMP/2005/8/Ad2 ApxA, p10].
- ◆ DOEs under the CDM may act provisionally as AIEs until the JISC has approved its procedures for accreditation.
 - ☞ Those DOEs that apply for accreditation under the approved procedures for accreditation may continue to act provisionally as AIEs until a final accreditation decision is taken.
 - ☞ The determinations and relevant activities undertaken under these provisions shall be valid only after the accreditation of the IE is finalized. [CMP/2005/8/Ad2, p15 para3(c)]

Suspension or withdrawal of a AIE [CMP/2005/8/Ad2, p9 para42]

- ◆ The JISC shall suspend or withdraw the accreditation of an IE if it has carried out a review and found that the entity no longer meets the accreditation standards.
 - ☞ The JISC may suspend or withdraw accreditation only after the AIE has had the opportunity of a hearing and depending on the outcome of the hearing.
 - ☞ The suspension or withdrawal is with immediate effect.

Affect to verified JI project by the suspension or withdrawal of accreditation of an AIE

[CMP/2005/8/Ad2, p9 para43-45]

- ☞ Verified projects shall not be affected by the suspension or withdrawal of the accreditation of an AIE unless significant deficiencies are identified in the determination for which the entity was responsible.
- ☞ In case that significant deficiencies are identified, the JISC shall decide whether a different AIE shall be appointed to assess and, where appropriate, correct such deficiencies.
 - ⇒ Any costs related to the assessment shall be borne by the AIE whose accreditation has been withdrawn or suspended.
- ☞ If such an assessment reveals that excess ERUs have been transferred as a result of the deficiencies identified in the determination, the IE whose accreditation has been withdrawn or suspended shall acquire an equivalent amount of AAUs and ERUs and place them in the holding account of the Party hosting the project within 30 days from the assessment mentioned above.
- ☞ Any suspension or withdrawal of an AIE that adversely affects verified projects shall be decided on by the JISC only after the affected PPs have had the opportunity of a hearing.

15-3. Conditions for JI projects

For Track 1

For Track 2

- ◆ When planning a JI project activity, it is necessary to keep in mind following points:
 - ☞ Annex I Parties are to refrain from using ERUs generated from nuclear facilities to meet their commitments of the KP; [CP/2001/13/Ad2, p5]
 - ☞ JI projects aimed at enhancing removals by sinks shall conform to definitions, accounting rules, modalities and guidelines under Art.3, para 3 and 4, of the KP. [CMP/2005/8/Ad2, p2 para4]
 - ⇒ For the 1st commitment period, ERUs resulting from forest management project activities shall not exceed the value inscribed in the [CMP/2005/8/Ad3 Apx, p9], times five, for each Party.
- ◆ Projects starting as of the year 2000 may be eligible as JI projects. [CMP/2005/8/Ad2, p2 para5]
 - ☞ ERUs shall only be issued for a crediting period starting after the beginning of the year 2008.

For Track 2

Project design document (PDD)

- ◆ JI project participants shall submit to an AIE a PDD that contains all information needed for the determination. [CMP/2005/8/Ad2, p7 para31]
 - ☞ The JI PDD form (p72) will be in effect as of 15 June 2006 and shall be used for JI projects after this date.
 - ☞ Projects with written approvals from Parties dated before 15 June 2006 shall use either the JI PDD form or the CDM PDD forms.
 - ⇒ In the latter case, the AIE selected by the project participants to perform the determination shall confirm that the PDD submitted provides all the information covered by the JI PDD form and related JISC guidance. [JISC03 Rep, p2 para8]

- ◆ Methodologies for baselines and monitoring, including methodologies for small-scale project activities, approved by the CDM-EB, may be applied by PPs under JI, as appropriate.

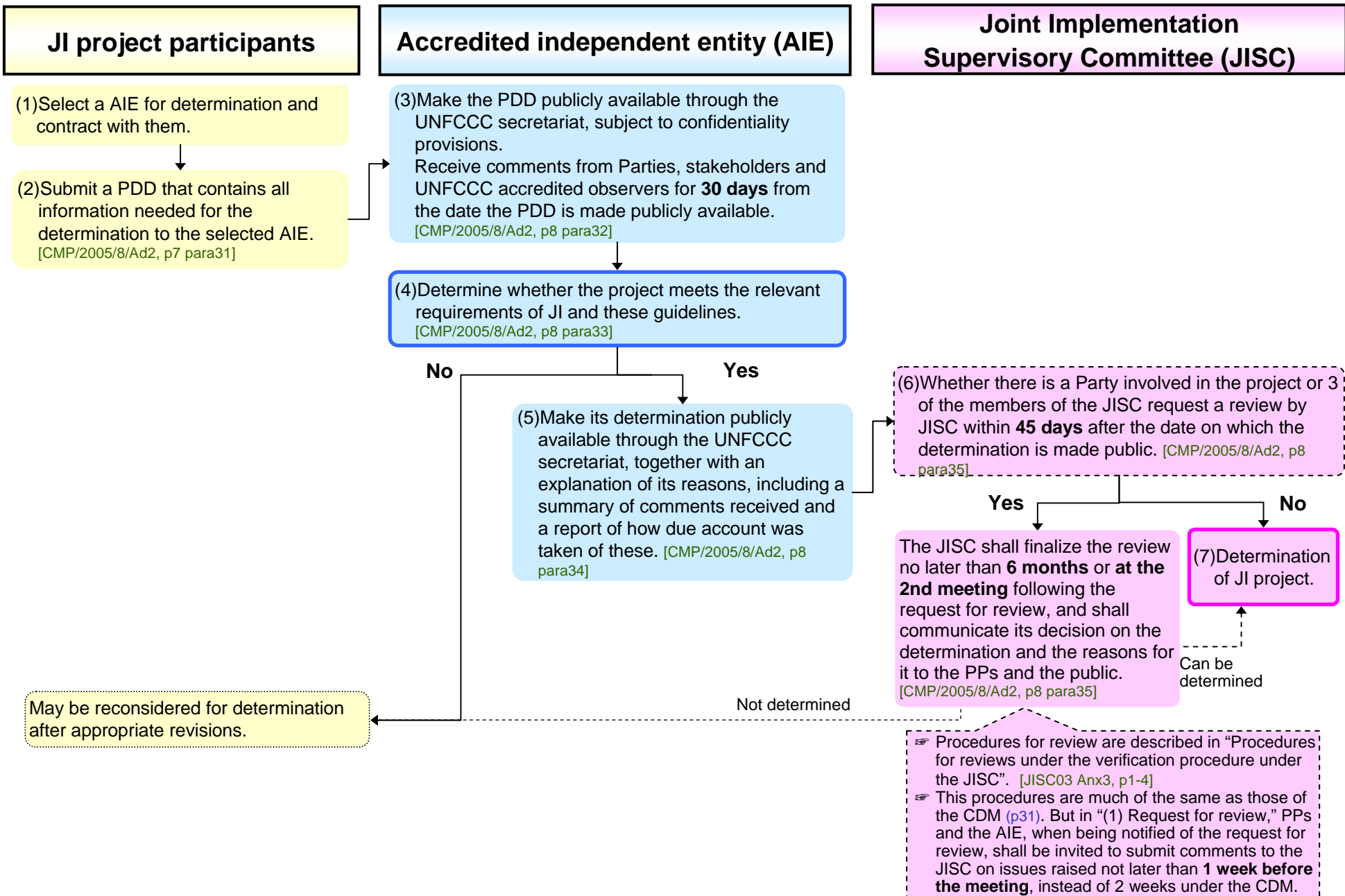
[CMP/2005/8/Ad2, p15 para4]

BOX: Crediting period [JI-PDD GL, p6]

- ☞ The project participants shall choose the starting date of the crediting period to be on or after the date the first ERs are generated by the JI project.
- ☞ The crediting period shall not extend beyond the operational lifetime of the project.
- ☞ The end of the crediting period can be after 2012 subject to the approval by the host Party. The status of ERs generated by JI projects after the end of the 1st commitment period may be determined by any relevant agreement under the UNFCCC.
 - ⇒ The issue of baseline in the case of crediting period that extends beyond 2012 is further discussed by the JISC.

[JISC03 Rep, p2 para6]

15-4. Overview of determination of JI projects For Track 2



15-5. Overview of verification of the reductions or removals

For Track 2

JI project participants

Accredited independent entity (AIE)

Joint Implementation Supervisory Committee (JISC)

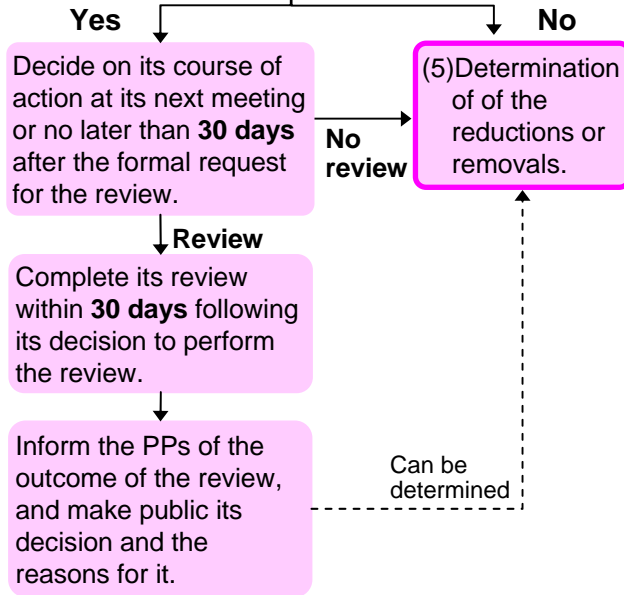
(1) Submit to an AIE a report in accordance with the monitoring plan on GHG emission reductions or removals by sinks that have already occurred.
 The report shall be made publicly available.
 [CMP/2005/8/Ad2, p8 para36]

Timing and frequency of submission is not specified in the official documents.

(2) Make a determination of the GHG emission reductions or removals by sinks reported by PPs, provided that they were monitored and calculated in accordance with the monitoring plan. [CMP/2005/8/Ad2, p8 para37]

(3) Make its determination publicly available through the UNFCCC secretariat, together with an explanation of its reasons. [CMP/2005/8/Ad2, p8 para38]

(4) Whether there is a Party involved in the project or 3 of the members of the JISC request a review by JISC within 15 days after the date on which it is made public. [CMP/2005/8/Ad2, p9 para39]



Procedures for review are described in "Procedures for reviews under the verification procedure under the JISC". [JISC03 Anx3, p5-8]
 This procedures are much of the same as those of the CDM. (p33).

15-6. Issuance and transfer of ERUs

(1) A host Party will issue ERUs into its national registry by converting AAUs or RMUs previously issued by that Party and held in its national registry.
[CMP/2005/8/Ad2, p29 para29]

◆ Each Annex I Party shall establish and maintain a national registry (p63) to ensure the accurate accounting of the issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs and the carry-over of ERUs, CERs and AAUs. [CMP/2005/8/Ad2, p28 para17]

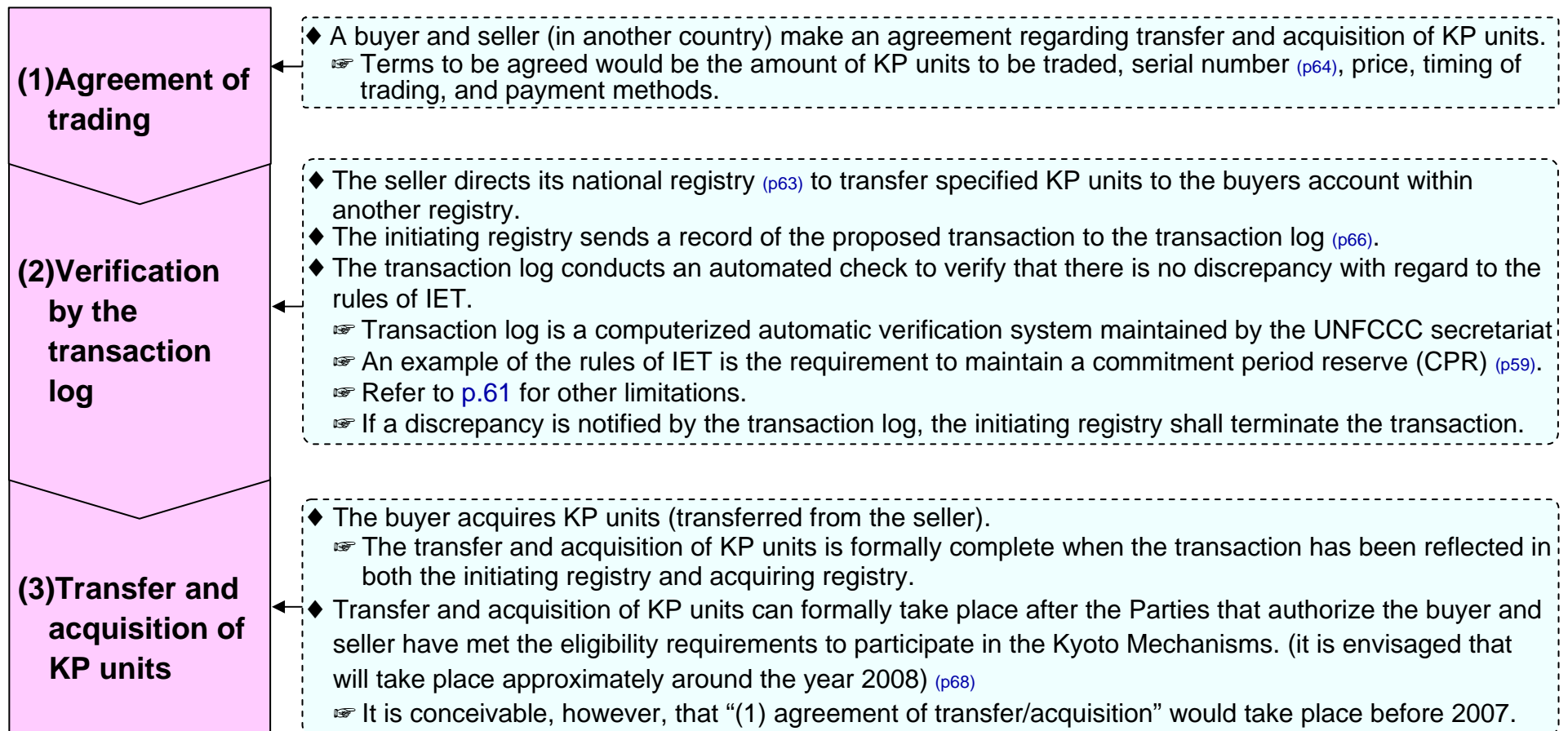
(2) JI project participants will acquire ERUs (a host Party will transfer ERUs)

◆ If JI project participant is a Party, it is necessary that the Party meets eligibility requirements (p60) in order to acquire ERUs.
◆ If JI project participant is an entity, it is necessary that the authorizing Party is eligible to do so at that time in order to acquire ERUs. [CMP/2005/8/Ad2, p7 para29]

16. International Emissions Trading

16-1. Overview of International Emissions Trading

The Kyoto Protocol (KP) and the Marrakech Accords do not clearly specify practical steps for International Emissions Trading (IET). However, it can be assumed that the following steps would apply when a Party or legal entity transfers and acquires KP units (ERUs, CERs, tCERs, ICERs, AAUs and RMUs) through IET.



Reference: Future revision of the modalities, rules and guidelines for International Emissions Trading [CP/2001/13/Ad2, p50 para2]

☞ The future revision is to be decided in accordance with the rules of procedures of the COP/MOP.

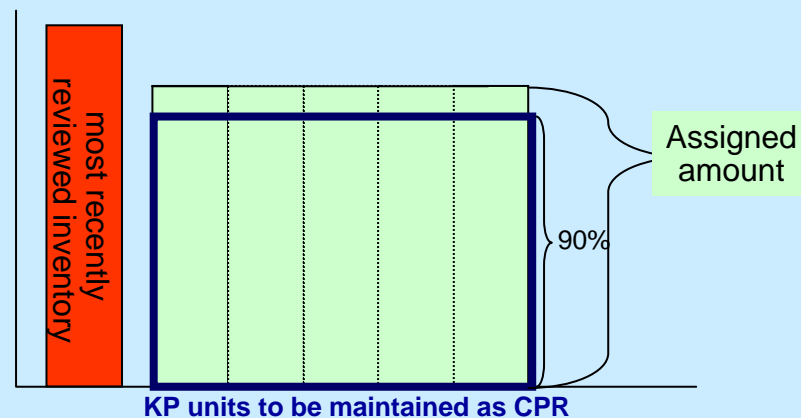
⇒ The 1st review shall be carried out no later than 1 year after the end of the 1st commitment period.

⇒ The review will be based on recommendations by the SBI drawing on technical advice of the SBSTA, as needed. Further reviews shall be carried out periodically thereafter.

16-2. Commitment period reserve (CPR)

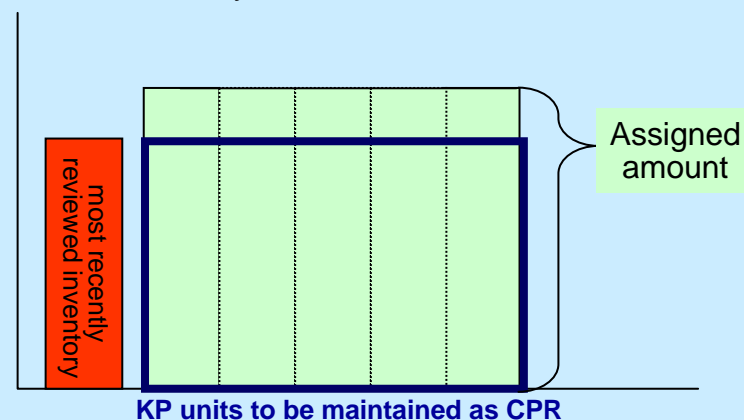
- ◆ Commitment period reserve (CPR) aims at preventing Annex I Parties to oversell KP units through IET, and as a result for their GHG emissions to exceed its holdings of KP units at the end of the 1st commitment period.
- ◆ Each Annex I Party maintains holdings of KP units (AAUs, ERUs, CERs, tCERs, ICERs and/or RMUs), in its national registry, the lower of (1) or (2) below as a CPR,. [CMP/2005/8/Ad2, p19 para6-7]

(1) 90% of the Party's assigned amount calculated pursuant to Art.3, para7 and 8, of the Kyoto Protocol



(2) 100% of 5 times its most recently reviewed inventory.

☞ In case (2) above applies, the amount of KP units to be maintained as a CPR would vary every year depending on the inventory.



- ◆ A Party cannot make a transfer which would result in the holdings of KP units being below the required level of the CPR.

[CMP/2005/8/Ad2, p20 para8]

- ◆ In case of (2) above, if the amount of KP units to be maintained as a CPR fluctuates, and as a result, the required level of the CPR surpasses the Party's holdings of KP units valid for the relevant commitment period, which have not been cancelled, the Party would be notified by the secretariat. [CMP/2005/8/Ad2, p20 para9]

☞ The Party must bring its holdings to the required level within 30 days of the notification.

- ◆ Any provisions relating to the CPR shall not apply to transfers by a Party of ERUs issued into its national registry which were verified in accordance with the verification procedure under the JISC (i.e. JI track 2).

[CMP/2005/8/Ad2, p9 para41] [CMP/2005/8/Ad2, p20 para10]

17. Terms for the Kyoto Mechanisms

17-1. Eligibility requirements to participate the Kyoto Mechanisms

Eligibility requirements for a Party

- ◆ For an Annex I Party to participate in the KM, it has to be in compliance with the following eligibility requirements.
[CMP/2005/8/Ad2, p6 para21] [CMP/2005/8/Ad1, p12 para31] [CMP/2005/8/Ad2, p18 para2]
- ☞ It is a Party to the Kyoto Protocol;
- ☞ Its assigned amount (p1) has been calculated and recorded, and it submits the supplementary information (p67);
- ☞ It has in place a national registry (p63);
- ☞ It has in place a national system for the estimation of GHG emissions and removals by sinks of GHGs;
- ☞ It has submitted annually the most recent required inventory.
⇒ For the 1st commitment period, to have passes the quality assessment (p67).

Eligibility requirements for an entity

- ◆ Entities of an Annex I Party may develop CDM/JI projects, and CERs can be issued into the CDM registry and be forwarded to accounts in the CDM registry, even if the Party does not meet the eligibility requirements.
- ◆ The following must be satisfied for entities to acquire and transfer KP units by the KM:
 - ☞ The Party authorizing the entities to participate in the KM meets the eligibility requirements to participate in the KM.
[CMP/2005/8/Ad2, p7 para29] [CMP/2005/8/Ad1, p13 para33] [CMP/2005/8/Ad2, p19 para5]
 - ☞ A holding account for each entity authorized by the Party has been set up within the national registry
 - ☞ It is possible to prepare CDM and JI projects before the Party fulfills eligibility requirements.

Here, “participate” means:

- ☞ to transfer/acquire KP units through International Emissions Trading;
- ☞ to use CERs to meet emissions reduction target of an Annex I Party. Eligibility requirement for issuance and acquisition of CERs is, the Party designate a national authority for the CDM (which is called DNA);
- ☞ to acquire ERUs through JI, and to issue and transfer ERUs through track 1 procedures. Eligibility requirements to issue and transfer ERUs through track 2 procedures are; to be a Party to the KP; its assigned amount has been calculated; and it has in place a national registry.

BOX: Obtaining eligibility to participate the KM

- ☞ An Annex I Party shall be considered to meet the eligibility requirements to participate the KM, after 16 months have elapsed since the submission of its report regarding the eligibility to the UNFCCC, unless “the enforcement branch of the compliance committee” finds that the Party does not meet these requirements.
⇒ A Party may acquire eligibility before 16 months have elapsed after the submission of the report if the enforcement branch so permits.
⇒ A Party is considered to continue to meet the eligibility requirements unless and until the enforcement branch of the compliance committee decides that the Party does not meet the eligibility requirements.

[CMP/2005/8/Ad2, p6 para22] [CMP/2005/8/Ad1, p13 para32] [CMP/2005/8/Ad2, p19 para3]

BOX: Suspension and reinstatement of a Party’s eligibility

- ☞ Where the enforcement branch has determined that a Party does not meet the eligibility requirements, it shall suspend the eligibility of that Party (as well as entities authorized by that Party) to participate the KM.
[CMP/2005/8/Ad3, p102 para4]
- ☞ Where the eligibility of a Party has been suspended, the Party concerned may submit a request to reinstate its eligibility to the enforcement branch after having taken necessary measures for reinstatement.
[CMP/2005/8/Ad3, p102 para4]
- ☞ The enforcement branch shall reinstate that Party’s eligibility, unless it considers that there continues to be a question of implementation. (the same applies to entities authorized by that Party).
- ☞ The secretariat maintains publicly accessible lists of Annex I Parties that do not meet the requirements or have been suspended.

[CMP/2005/8/Ad2, p7 para27] [CMP/2005/8/Ad1, p14 para34] [CMP/2005/8/Ad2, p19 para4]

17-2. Limitations of the acquisition and issuance of KP units

Supplementality of the Kyoto Mechanisms

- ◆ The use of the KM must be supplemental to domestic action and that domestic action shall thus constitute a significant element of the effort made by each Annex I Party to meet its quantified emission limitation and reduction commitments under Art.3, para1 of the KP. [CMP/2005/8/Ad1, p4 para1]
 - ☞ This does not set any quantitative limits to the utilization (acquisition of KP units) of the KM.

Limitation for net acquisitions of tCERs and ICERs

- ◆ For the 1st commitment period, the total of credits from eligible A/R CDM project activities (p42) additions to a Party's assigned amount, shall not exceed 1 % of base year emissions of that Party, times five. [CP/2001/13/Ad2, p22 para7(b)]
 - ☞ This means net additions (acquisitions – transfers) and it will be checked at retirement.

Limitation for ERUs issuance from forest management

- ◆ For the 1st commitment period only, there is a limitation to amount of ERUs issuance from forest management JI project activities for each Party. [CMP/2005/8/Ad3, p7 para10-11]
 - ☞ A limit is set to the total amount of RMUs resulting from domestic forest management activities and ERUs resulting from forest management JI project activities, for each Party.
- ◆ There is no limitation for ERUs resulting from afforestation and reforestation JI project activities.

☞ These limitations apply to Parties that participate the Kyoto Mechanisms. However, entities can be affected by such limitations indirectly.

17-3. Restrictions to carry over KP units

Each Party may carry over KP units held in its registry, that have not been cancelled or retired for the 1st commitment period, to the subsequent commitment period [CMP/2005/8/Ad2, p30 para36]. But there are some restrictions as follows.

☞ These restrictions apply to Parties that participate the Kyoto Mechanisms. However, entities can also be indirectly affected by such limitations.

Restrictions on carrying over of ERUs

- ◆ A maximum amount of ERUs acquired through JI project activities that can be carried over is limited to 2.5 % of the assigned amount of each Party.
- ◆ ERUs that have been converted from RMUs cannot be carried over [CMP/2005/8/Ad2, p27 para15(a)]

Restrictions on carrying over of CERs

- ◆ A maximum amount of CERs acquired through CDM project activities that can be carried over is limited to 2.5 % of the assigned amount of each Party. [CMP/2005/8/Ad2, p27 para15(b)]

Restrictions on carrying over of tCERs and ICERs

- ◆ tCERs and ICERs may not be carried over. [CP/2003/6/Ad1, p71 para41] [CP/2003/6/Ad1, p71 para45]

Restrictions on carrying over of RMUs

- ◆ RMUs may not be carried over. [CMP/2005/8/Ad2, p27 para16]

- ◆ There is no restrictions on carrying over of AAUs [CMP/2005/8/Ad2, p27 para15(c)]

17-4. Restrictions in case a Party is not in compliance for its commitments

- ◆ At the end of the additional period for fulfilling commitments (p69), if “the enforcement branch of the compliance committee” has determined that the emissions of a Party have exceeded its emission cap, suspension of the eligibility to make transfers under International Emissions Trading will be applied until the Party is reinstated. [CMP/2005/8/Ad3, p102 para5(c)]
 - ☞ Suspension of the eligibility will apply to a legal entity in the Party as well.
- ◆ If it is declared that a Party is not in compliance with its commitments, a number of tonnes equal to 1.3 times the amount in tonnes of excess emissions will be deducted from the Party’s assigned amount for the 2nd commitment period. [CMP/2005/8/Ad3, p102 para5(a)]

18. Modalities for dealing with KP units

Mainly related to Art.7, para4 of the KP

18-1. National registry

- ◆ Each Annex I Party must establish and maintain a national registry to ensure the accurate accounting of the issuance, holding, transfer, acquisition, cancellation and retirement of ERUs, CERs, AAUs and RMUs and the carry-over of ERUs, CERs and AAUs.

[CMP/2005/8/Ad2, p28 para17]

- ☞ Each Party designates an organization as its registry administrator to maintain the national registry of that Party. [CMP/2005/8/Ad2, p28 para18]
 - ⇒ Any 2 or more Parties may voluntarily maintain their respective national registries in a consolidated system, provided that each national registry remains distinct.

- ☞ A national registry is in the form of a standardized electronic database. The accurate, transparent and efficient exchange of data between national registries, the CDM registry (p65) and the transaction log (p66) should be ensured. [CMP/2005/8/Ad2, p28 para19]

- ◆ Each national registry has the following accounts in order to account for KP units (AAUs, ERUs, CERs, tCERs, ICERs and RMUs):

[CMP/2005/8/Ad2, p28 para21] [CMP/2005/8/Ad1, p71 para43] [CMP/2005/8/Ad1, p71 para47]

(1) Holding account for the Party

(3) Cancellation account for LULUCF activities,
to cancel the KP units in case such activities result in a net source of GHG emissions.

(6) tCER replacement account,
to cancel AAUs, CERs, ERUs, RMUs and/or tCERs for the purposes of replacing tCERs prior to expiry.

(2) Holding account for each legal entity authorized by the Party,
to hold KP units under its responsibility.

(4) Cancellation account for non compliance,
to cancel the KP units equal to 1.3 times the amount of excess emissions in case the Party was not in compliance in the 1st commitment period

(7) ICER replacement account,
to cancel AAUs, CERs, ICERs, ERUs and/or RMUs for the purposes of replacing ICERs.

(5) Cancellation account for other cancellations by the Party,
to cancel KP units for purposes of cancellations other than (3) and (4) above.

(8) Retirement account,
used to retire KP units valid for that commitment period for use towards meeting the Party's commitments.
[CMP/2005/8/Ad2, p27 para14]

- ☞ For accounts described in (1) (2)(3)(5), multiple accounts may be established.

- ☞ Accounts described in (3) (4) (5) (6) (7) (8) should be established for each commitment period.

- ☞ Each account must have a unique account number comprising a Party identifier and a unique number. [CMP/2005/8/Ad2, p28 para22]

- ◆ KP units transferred to cancellation accounts may not be further transferred or carried over to the subsequent commitment period, or be used for the purpose of demonstrating the compliance of a Party. [CMP/2005/8/Ad2, p30 para35]

- ◆ KP units transferred to the retirement account may not be further transferred or carried over to the subsequent commitment period.
[CMP/2005/8/Ad2, p30 para35]

18. Modalities for dealing with KP units

18-1. National registries

Serial number of KP units *Below are images for illustrative purposes

- ◆ Every t-CO₂ of KP units is given a unique serial number.
- ◆ Each KP unit shall be held in only one account in one registry at a given time.

[CMP/2005/8/Ad2, p28 para20]

Serial Number Identifiers

1	2	3	4	5	6	7	8	9	10	11
XX	1		000,000,000,000,001	999,999,999,999,999	01	01	1	0000001	1	XX/YY/ZZ

	Identifier	Range or Codes
1	Originating Registry	Two-letter country codes in ISO3166, as of 01 January 2005
2	Unit Type	1 = AAU, 2 = RMU, 3 = ERU converted from AAU, 4 = ERU converted from RMU, 5 = CER, 6 = tCER, 7 = ICER
3	Supplementary Unit Type	Blank for Kyoto-only Units, or as defined by STL
4	Unit Serial Block Start	Unique numeric values assigned by registry from 1 - 999,999,999,999,999
5	Unit Serial Block End	Unique numeric values assigned by registry from 1 - 999,999,999,999,999
6	Original Commitment Period	1 - 99
7	Applicable Commitment Period	1 - 99
8	LULUCF Activity	1 = Afforestation and reforestation, 2 = Deforestation, 3 = Forest management, 4 = Cropland management, 5 = Grazing land management, 6 = Revegetation
9	Project Identifier	Unique numeric value assigned by registry for Project
10	Track	1 or 2
11	Expiry Date	Expiry Date for tCERs or ICERs

[Data exchange standards for registry system under the Kyoto Protocol, draft technical specifications Annexes Non-paper, November 3, 2004, p F-2]

Publicly accessible information through national registry

Each national registry shall make non-confidential information publicly available through the Internet.

[CMP/2005/8/Ad2, p32 para44-48]

☞ This also applies to information on accounts held by legal entities.

◆ Information on accounts

☞ The holder of the account, representative name and contact information of the account holder, etc.

◆ Information on the total quantity of KP units

◆ Holdings of KP units in each account

◆ Information on the JI project

☞ Project name, location, years of ERU issuance, relevant publicly available documentation.

◆ A list of legal entities authorized by the Party to participate to the Kyoto Mechanisms.

18-2. CDM registry

- ◆ The EB (p11) establishes and maintains a CDM registry to ensure the accurate accounting of the issuance, holding, transfer and acquisition of CERs by non-Annex I Parties. [CMP/2005/8/Ad1, p27 para1-2]
 - ☞ The EB identifies a registry administrator to maintain the registry under its authority
 - ☞ The CDM registry is in the form of a standardized electronic database, which enables the accurate, transparent and efficient exchange of data between national registries, the CDM registry and the international transaction log.
- ◆ The CDM registry will have the following accounts. [CMP/2005/8/Ad1, p27 para3][CP/2003/2/Ad1, p7 para26(b)] [CMP/2005/8/Ad1, p80 para3]

(1) A pending account for the EB, into which CERs are issued before being transferred to other accounts.

(2) Holding accounts for non-Annex I Party of hosting a CDM project activity or requesting an account.

(3) Temporary accounts for Annex I Parties, and PPs from such Parties, until national registries for such Parties and entities are operational, for the purposes of receiving CERs.

(4) Cancellation account for excess CERs, to cancel KP units equal to excess CERs issued, as determined by the EB (p14).

(5) Cancellation account for tCERs and ICERs, that have expired in a holding account of the CDM registry, and ICERs that have become ineligible (p43).

(6) Account for the share of proceeds, to hold and transfer CERs corresponding to the SOP-Adaptation (p35).

- ◆ Accounts described in (2)(3)(4)(6) above may have multiple accounts.
 - ☞ Each account will have a unique account number comprising a Party/organization identifier and a number unique to that account. [CMP/2005/8/Ad1, p27 para5]
- ◆ KP units transferred to a cancellation account may not be further transferred or used for the purpose of demonstrating the compliance of a Party with its commitment.
- ◆ Each CER has a unique serial number (p64) and be held in only one account in one registry at a given time. [CMP/2005/8/Ad1, p27 para4]

Publicly accessible information through the CDM registry

The CDM registry shall make non-confidential information publicly available through the Internet.

[CMP/2005/8/Ad1, p28 para9-12]

- ◆ Information on accounts
 - ☞ The holder of the account, representative name and contact information of the account holder.
- ◆ Information on the total quantity of CERs
 - ☞ The total quantities of CERs issued and transferred, and the identity of the acquiring accounts and registries
 - ☞ The total quantity of KP units cancelled for excess CERs issued.
- ◆ Information on CER holdings in each account
 - ☞ The total quantity of CERs in each account currently and at the beginning of the year.
- ◆ CDM project activity information
 - ☞ Project name, location, years of CER issuance, the OEs involved, and downloadable electronic versions of documentation to be made publicly available.

18-3. International transaction log (ITL)

- ◆ The UNFCCC secretariat establishes and maintain an international transaction log (ITL) to verify the validity of transactions, including issuance, transfer and acquisition between registries, cancellation, expiration and replacement (in case of tCER and ICER), retirement and the carry-over of KP units. [CMP/2005/8/Ad2, p31 para38] [CMP/2005/8/Ad1, p73 para55-56]
 - ☞ The ITL is in the form of a standardized electronic database. The accurate, transparent and efficient exchange of data between national registries (p63), the CDM registry (p65) and the ITL should be ensured
- ◆ The ITL conducts the following automated check. [CMP/2005/8/Ad2, p31 para42]

(1) All transactions (issuance, transfer and acquisition between registries, cancellation, retirement and carry-over)

- ☞ units previously retired or cancelled; units existing in more than one registry; units for which a previously identified discrepancy has not been resolved;
- ☞ units improperly carried over; units improperly issued;
- ☞ the authorization of legal entities involved to participate in the transaction (p15).

(2) Transfers between registries

- ☞ the eligibility of Parties involved in the transaction to participate in the KM (p60);
- ☞ infringement upon the commitment period reserve (p59) of the transferring Party.

(3) Acquisitions of CERs from A/R CDM projects

- ☞ infringement of the limits (limitation for net acquisitions of tCERs and ICERs) (p61).

(4) Retirement of CERs

- ☞ the eligibility of the Party involved to use CERs to contribute to its compliance.

- ◆ Prior to the completion of any transactions, the initiating registry sends a record of the proposed transaction to the ITL and, in the case of transfers to another registry, to the acquiring national registry. [CMP/2005/8/Ad2, p31 para41]
- ◆ The ITL shall records, and makes publicly available, all transaction records and the date and time of completion of each transaction. [CMP/2005/8/Ad2, p32 para43(d)]
- ◆ The ITL notifies the Annex I Party that a replacement of the tCER or ICER has to occur, 1 month prior to the expiry of each tCER or ICER. [CMP/2005/8/Ad1, p73 para55]
 - ☞ Where a Annex I Party does not replace tCERs or ICERs in accordance with the rules, the ITL shall forward a record of non-replacement to the secretariat, for consideration as part of the review process for the relevant Party, under Art.8 of the KP, to the EB and to the Party concerned. [CMP/2005/8/Ad1, p73 para56]

BOX: In case a discrepancy is notified in the automated check by the ITL

- ☞ The initiating registry shall terminate the transaction, notify the ITL and, in the case of transfers to another registry, the acquiring registry of the termination. The ITL shall forward a record of the discrepancy to the secretariat for consideration as part of the review process for the relevant Party or Parties under Article 8. [CMP/2005/8/Ad2, p32 para43(a)]
- ☞ In the event of a failure by the initiating registry to terminate the transaction, KP units involved in the transaction shall not be valid for use towards compliance with commitments, until the problem has been corrected and questions have been resolved.
 - ⇒ The Party shall perform any necessary corrective action within 30 days. [CMP/2005/8/Ad2, p32 para43(b)]

18-4. From issuance to retirement of KP units

1. Issuance of AAUs

(1) Submission of reports to calculate a Party's assigned amount

- ◆ To demonstrate its capacity to account for its emissions and assigned amount, each Party should submit a report, in 2 parts, to the secretariat. [CMP/2005/8/Ad2, p25 para6]
 - ☞ The report is to be submitted prior to 1 January 2007 or 1 year after the entry into force of the Kyoto Protocol for that Party, whichever is later. [CMP/2005/8/Ad2, p23 para2]

Contents of part 1 of the report: [CMP/2005/8/Ad2, p25 para7]

- ☞ Complete inventories of GHG emissions and removals for all years from 1990, or another approved base year or period to the most recent year available.
- ☞ Selected base year for HFCs, PFCs, and SF₆
- ☞ The agreement under Art.4, where the Party has reached such an agreement to fulfill its commitments jointly with other Parties
- ☞ Calculation of its assigned amount on the basis of its inventory of GHG emissions and removals.

Contents of part 2 of the report: [CMP/2005/8/Ad2, p25 para8]

- ☞ Calculation of its commitment period reserve (p59);
- ☞ Identification of its selection of minimum values for use in accounting for its LULUCF activities;
- ☞ Identification of its election of activities under Art.3, para4 of the KP;
- ☞ Identification of whether, for each activity under Art.3, para3 and 4, it intends to account annually or for the entire commitment period;
- ☞ A description of its national system for the estimation of GHG emissions and removals ;
- ☞ A description of its national registry.

(2) Review of information by the expert review team (ERT)

- ◆ After initial review by the ERT and resolution of any questions, the assigned amount of each Party shall be recorded in the database for the compilation and accounting of emissions and assigned amounts [CMP/2005/8/Ad2, p26 para9]

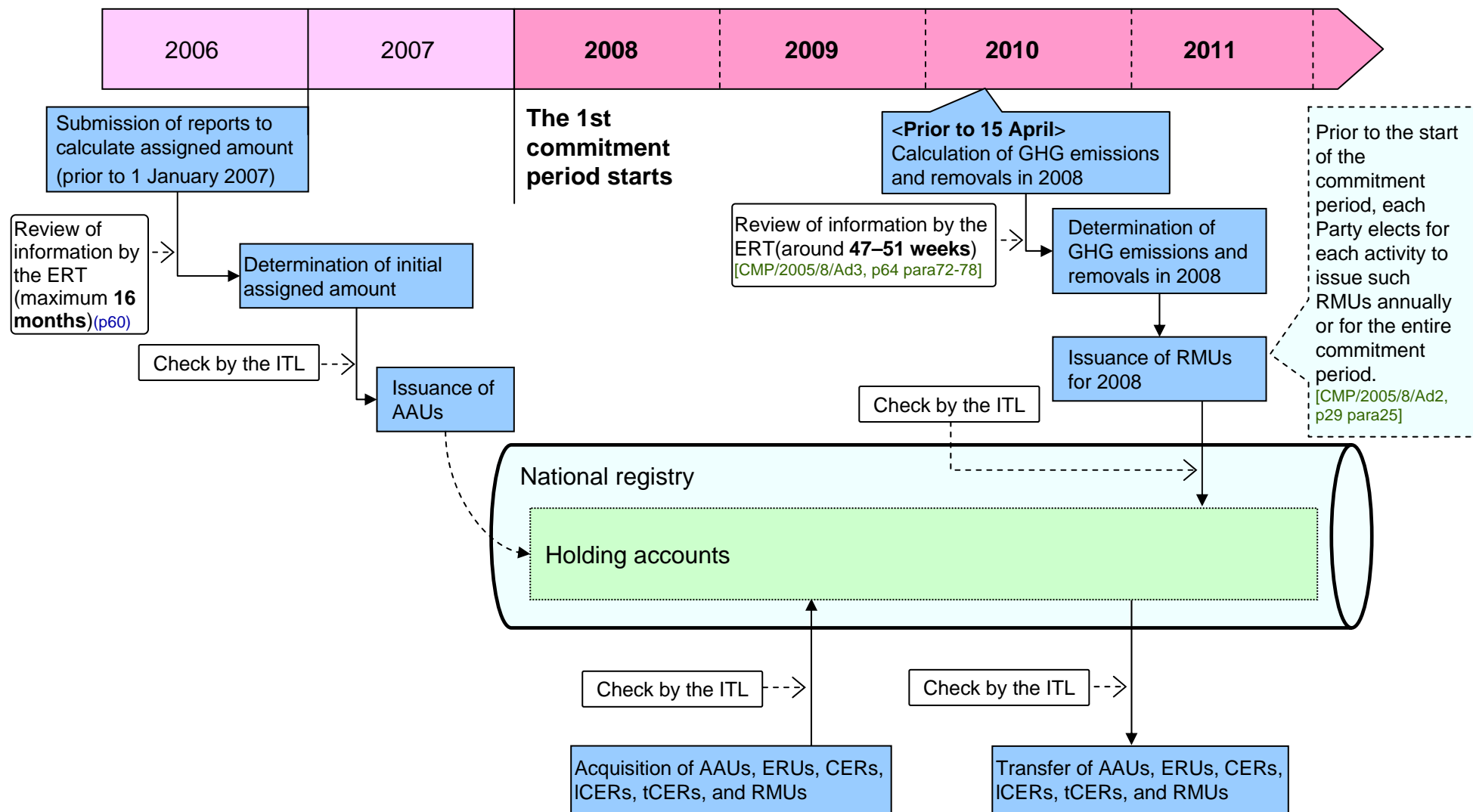
(3) Issuance of AAUs

- ◆ Each Party will issue a quantity of AAUs equivalent to its assigned amount in its national registry
 - ☞ AAUs should be issued prior to any transactions taking place for that commitment period [CMP/2005/8/Ad2, p29 para23]

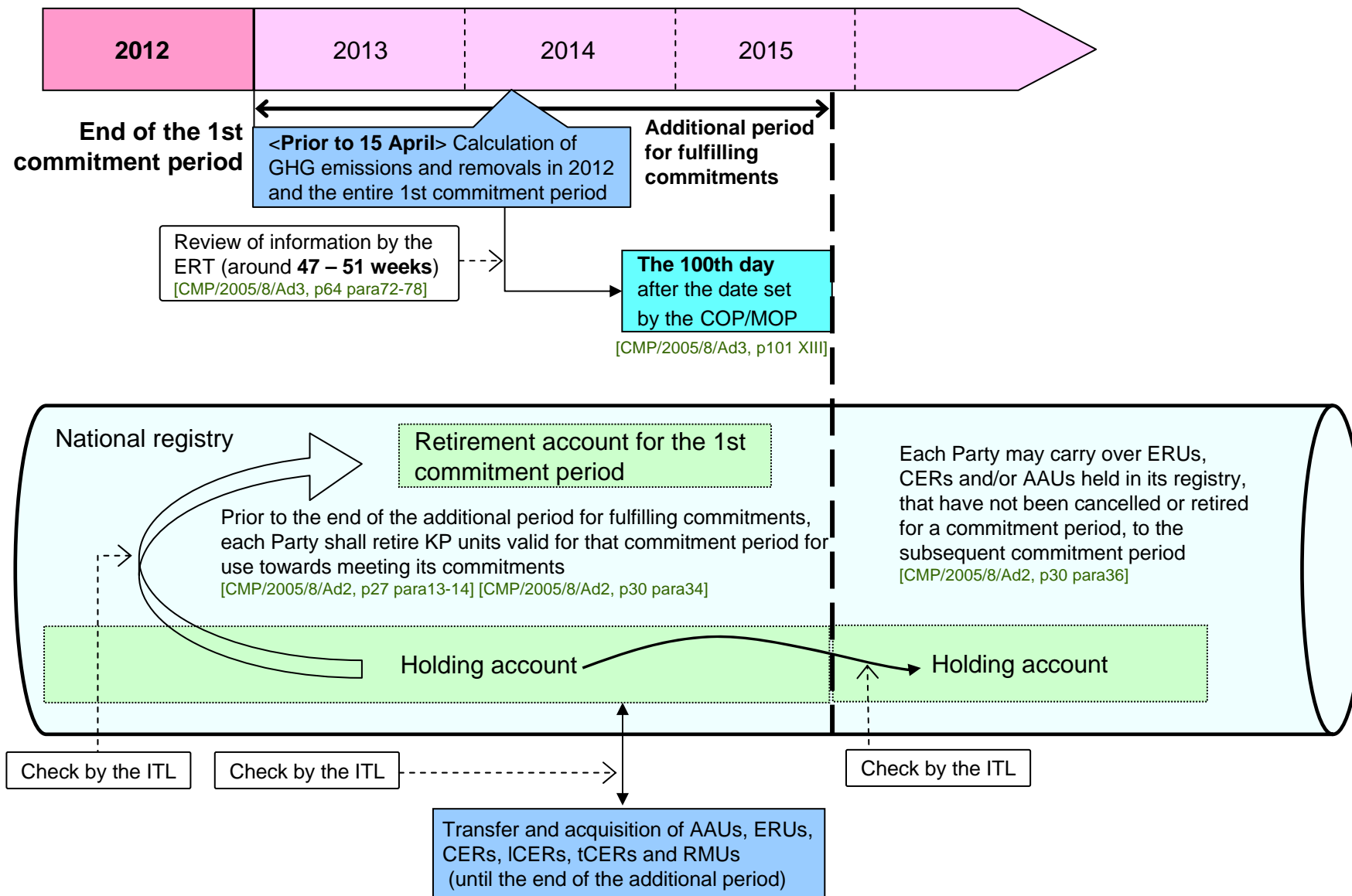
One of the eligibility requirements to participate in the Kyoto Mechanisms (p60) is that a Party's has submitted annually the most recent required inventory, and to have passes the quality assessment.

- ☞ For the 1st commitment period, the quality assessment needed for the purpose of determining eligibility shall be limited to the parts of the inventory pertaining to GHG emissions. [CMP/2005/8/Ad2, p6 para21(e)] [CMP/2005/8/Ad2, p18 para2(e)]

2. Issuance, transfer and acquisition of KP units



3. Retirement and carry-over of KP units



Attachment 1. Contents of the CDM-PDD, JI-PDD and CDM-NM

1-1. Contents of the Project Design Document (CDM-PDD)

- ◆ Revisions come into effect once adopted by the EB.
- ◆ Revisions to the CDM-PDD do not affect project activities:
 - ☞ Already validated, or already submitted to the OE for validation, prior to the adoption of the revised CDM-PDD;
 - ☞ Submitted to the OEs within a month following the adoption of the revised CDM-PDD;
- ◆ The EB will not accept documentation using the previous version of the CDM-PDD **6 months after** the adoption of a new version.
[PDD GL ver6, p4 para9-10]

(Version 03 - in effect as of 28 July 2006) <http://cdm.unfccc.int/Reference/Documents/cdmpdd/English/CDM_PDD.doc>

SECTION A. General description of project activity	SECTION B. Application of a baseline and monitoring methodology
A.1. Title of the project activity	B.1. Title and reference of the approved baseline methodology applied to the project activity
A.2. Description of the project activity	B.2. Justification of the choice of the methodology and why it is applicable to the project activity
A.3. Project participants	B.3. Description of the sources and gases included in the project boundary
A.4. Technical description of the project activity	B.4. Description of how the baseline scenario is identified and description of the identified baseline scenario
A.4.1. Location of the project activity	B.5. Description of how the anthropogenic emissions of GHG by sources are reduced below those that would have occurred in the absence of the registered CDM project activity (assessment and demonstration of additionality)
A.4.1.1. Host Party(ies)	B.6. Emission reductions
A.4.1.2. Region/State/Province etc.	B.6.1. Explanation of methodological choices
A.4.1.3. City/Town/Community etc.	B.6.2. Data and parameters that are available at validation
A.4.1.4. Detail of physical location, including information allowing the unique identification of this project activity:	B.6.3. Ex-ante calculation of emission reductions
A.4.2. Category(ies) of project activity	B.6.4. Summary of the ex-ante estimation of emission reductions
A.4.3. Technology to be employed by the project activity	B.7. Application of the monitoring methodology and description of the monitoring plan
A.4.4. Estimated amount of emission reductions over the chosen crediting period	B.7.1. Data and parameters monitored
A.4.5. Public funding of the project activity	B.7.2. Description of the monitoring plan
	B.8. Date of completion of the application of the baseline study and monitoring methodology and the name of the responsible person(s)/entity(ies)

(Version 03 - in effect as of 28 July 2006)

SECTION C. Duration of the project activity / Crediting period
C.1. Duration of the project activity
C.1.1. Starting date of the project activity
C.1.2. Expected operational lifetime of the project activity
C.2. Choice of crediting period and related information
C.2.1. Renewable crediting period
C.2.1.1. Starting date of the 1st crediting period
C.2.1.2. Length of the 1st crediting period
C.2.2. Fixed crediting period
C.2.2.1. Starting date
C.2.2.2. Length
SECTION D. Environmental impacts
D.1. Documentation on the analysis of the environmental impacts, including transboundary impacts
D.2. If environmental impacts are considered significant by the project participants or the host Party, please provide conclusions and all references to support documentation of an environmental impact assessment undertaken in accordance with the procedures as required by the host Party
SECTION E. Stakeholders' comments
E.1. Brief description of how comments by local stakeholders have been invited and compiled
E.2. Summary of the comments received
E.3. Report on how due account was taken of any comments received
Annex 1. Contact information on participants in the project activity
Annex 2. Information regarding public funding
Annex 3. Baseline information
Annex 4. Monitoring information

1-2. Contents of the Draft JI Project Design Document (JI-PDD)

The draft JI PDD form shall be applied provisionally until the COP/MOP has adopted it in accordance with the JI guidelines.[JISC03 Anx1]

(Version 01 - in effect as of 15 June 2006) <http://ji.unfccc.int/Ref/Documents/JI_PDD_form.doc>

<p>SECTION A. General description of the project</p> <p>A.1. Title of the project</p> <p>A.2. Description of the project</p> <p>A.3. Project participants</p> <p>A.4. Technical description of the project</p> <p style="padding-left: 20px;">A.4.1. Location of the project</p> <p style="padding-left: 40px;">A.4.1.1. Host Party(ies)</p> <p style="padding-left: 40px;">A.4.1.2. Region/State/Province etc.</p> <p style="padding-left: 40px;">A.4.1.3. City/Town/Community etc.</p> <p style="padding-left: 40px;">A.4.1.4. Detail of physical location, including information allowing the unique identification of the project (maximum one page)</p> <p style="padding-left: 20px;">A.4.2. Technology(ies) to be employed, or measures, operations or actions to be implemented by the project</p> <p style="padding-left: 20px;">A.4.3. Brief explanation of how the anthropogenic emissions of greenhouse gases by sources are to be reduced by the proposed JI project, including why the emission reductions would not occur in the absence of the proposed project, taking into account national and /or sectoral policies and circumstances</p> <p style="padding-left: 40px;">A.4.3.1. Estimated amount of emission reductions over the crediting period</p> <p>A.4.5. Project approval by the Parties involved</p>	<p>SECTION B. Baseline</p> <p>B.1. Description and justification of the baseline chosen</p> <p>B.2. Description of how the anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of JI project</p> <p>B.3. Description of how the definition of the project boundary is applied to the project</p> <p>B.4. Further baseline information, including the date of baseline setting and the name(s) of the person(s)/entity(ies) setting the baseline</p> <p>SECTION C. Duration of the project / crediting period</p> <p>C.1. Starting date of the project</p> <p>C.2. Expected operational lifetime of the project</p> <p>C.3. Length of the crediting period</p>
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(Version 01 - in effect as of 15 June 2006)

SECTION D. Monitoring plan
D.1. Description of monitoring plan chosen
D.1.1. Option 1: Monitoring of the emissions in the project scenario and the baseline scenario
D.1.1.1. Data to be collected in order to monitor emissions from the project, and how these data will be archived
D.1.1.2. Description of formulae used to estimate project emissions (for each gas, source etc.; emissions in units of CO ₂ equivalent)
D.1.1.3. Relevant data necessary for determining the baseline of anthropogenic emissions of greenhouse gases by sources within the project boundary, and how such data will be collected and archived
D.1.1.4. Description of formulae used to estimate baseline emissions (for each gas, source etc.; emissions in units of CO ₂ equivalent)
D.1.2. Option 2: Direct monitoring of emission reductions from the project (value should be consistent with those in section E.)
D.1.2.1. Data to be collected in order to monitor emission reductions from the project, and how these data will be archived
D.1.2.2. Description of formulae used to calculate emission reduction from the project (for each gas, source etc.; emissions/emission reductions in units of CO ₂ equivalent)
D.1.3. Treatment of leakage in the monitoring plan
D.1.3.1. If applicable, please describe the data and information that will be collected in order to monitor leakage effects of the project
D.1.3.2. Description of formulae used to estimate leakage (for each gas, source etc.; emissions in units of CO ₂ equivalent)
D.1.4. Description of formulae used to estimate emission reductions for the project (for each gas, source etc.; emissions/emission reductions in units of CO ₂ equivalent)
D.1.5. Where applicable, in accordance with procedures as required by the host Party, information on the collection and archiving of information on the environmental impacts of the project
D.2. Quality control (QC) and quality assurance (QA) procedures undertaken for data monitored
D.3. Please describe the operational and management structure that the project operator will apply in implementing the monitoring plan
D.4. Name of person(s)/entity(ies) determining the monitoring plan

SECTION E. Estimation of greenhouse gas emission reductions
E.1. Estimated project emissions
E.2. Estimated leakage
E.3. The sum of E.1. and E.2.
E.4. Estimated baseline emissions
E.5. Difference between E.4. and E.3. representing the emission reductions of the project
E.6. Table providing values obtained when applying formulae above
SECTION F. Environmental impacts
F.1. Documentation on the analysis of the environmental impacts of the project, including transboundary impacts, in accordance with procedures as determined by the host Party
F.2. If environmental impacts are considered significant by the project participants or the host Party, please provide conclusions and all references to support documentation of an environmental impact assessment undertaken in accordance with the procedures as required by the host Party
SECTION G. Stakeholders' comments
G.1. Information on stakeholders' comments on the project, as appropriate
Annex 1. Contact information on project participants
Annex 2. Baseline information
Annex 3. Monitoring plan

1-3. Contents of the proposed new baseline and monitoring methodology (CDM-NM)

- ◆ Revisions to the CDM-NM do not affect project activities: [PDD GL ver6, p4 para11]
 - ☞ Submitted to the OEs prior to the adoption of the revised CDM-NM;
 - ☞ Submitted to the OEs within a month following the adoption of the revised CDM-NM;
- ◆ The EB will not accept documentation using a previous version of the CDM-NM **3 months after** the adoption of the new version.

SECTION I. Summary and applicability of the baseline and monitoring methodologies	
1. Methodology title (for baseline and monitoring)	
2. Selected baseline approach (from paragraph 48 of the CDM modalities and procedures)	
	Explanation/justification of choice:
3. Applicability conditions	
	Methodology procedure:
	Explanation/justification:
4. Summary description of major baseline and monitoring methodological steps	
	a. Baseline methodology
	b. Monitoring methodology
5. Application of the methodology in other circumstances	
SECTION II. Baseline methodology description	
1. Project boundary	
	Methodology procedure:
	Explanation/justification:
2. Procedure for selection of the most plausible baseline scenario	
	Methodology procedure:
	Explanation/justification:
3. Additionality	
	Methodology procedure:
	Explanation/justification:
4. Baseline emissions	
	Methodology procedure:
	Explanation/justification:

5. Project emissions	
	Methodology procedure:
	Explanation/justification:
6. Leakage	
	a. Baseline methodology
	b. Monitoring methodology
7. Emissions reductions	
	Methodology procedure:
	Explanation/justification:
8. Changes required for methodology implementation in 2nd and 3rd crediting periods	
	Methodology procedure:
	Explanation/justification:
9. Data and parameters not monitored	
	Methodology procedure:
	Explanation/justification:
SECTION III. Monitoring methodology description	
1. Monitoring procedures	
	Methodology procedure:
	Explanation/justification:
2. Data and parameters monitored	
	Explanation/justification:
SECTION IV. Reference and other information	

(Version 01 - in effect as of 19 May 2006) [EB24 Anx17]

Attachment 2. Examples of guidance and clarification regarding methodological issues

Proposed project activities applying more than one methodology

[EB08 Anx1, p2 para6]

- ☞ If a proposed CDM project activity comprises different “sub-activities” requiring different methodologies, PPs may forward the proposal using one CDM-PDD but shall complete the methodologies sections (p70) for each “sub-activity”.

The baseline to calculate avoided methane emissions from biogenic waste

[EB23 Rep, p5 para27(b)]

- ☞ The first order decay (FOD) model shall be used in estimating baseline methane emissions for projects avoiding emission from biogenic waste that would have been disposed either in landfills or left to decay in an uncontrolled manner.

Temporarily result in “negative emission reductions”

[EB21 Rep, p5 para18]

- ☞ In some cases and for some methodologies, project activities may temporarily result in “negative emission reductions” in a particular year, for example due to poor performance or due to leakage effects outweighing emission reductions.
- ☞ In these cases, proposed NMs should stipulate that if a project activity temporarily results in “negative emission reductions”, any further CERs will only be issued when the emissions increase has been compensated by subsequent emission reductions by the project activity.

Definition of biomass and biomass residues

[PDD GL ver6, p8]

- ☞ Biomass means non-fossilized and biodegradable organic material originating from plants, animals and micro-organisms. This shall also include products, by-products, residues and waste from agriculture, forestry and related industries as well as the non-fossilized and biodegradable organic fractions of industrial and municipal wastes. Biomass also includes gases and liquids recovered from the decomposition of non-fossilized and biodegradable organic material.
- ☞ Biomass residues means biomass by-products, residues and waste streams from agriculture, forestry and related industries.
- ☞ Definition of renewable biomass is described in [EB23 Anx18].
- ☞ General guidance on leakage (p25) in biomass SSC project activities is described in [EB25 Anx33].

Inclusion/exclusion of emission sources in baseline and monitoring methodologies

[EB22 Anx2, p2 para11]

- ☞ When defining which emission sources should be considered in the project boundary, in the baseline scenario and in the calculation of leakage emissions (p25), PPs should make conservative assumptions,
- ☞ For example the magnitude of emission sources omitted in the calculation of project emissions and leakage effects (if positive) should be equal to or less than the magnitude of emission sources omitted in the calculation of baseline emissions.

Treatment of the lifetime of plants and equipment in proposed new baseline methodologies

[EB22 Anx2, p2 para4-9]

- ☞ Where a project activity involves the replacement or retrofit of existing equipment or facilities, it is reasonable to assume that emission reductions shall only be accounted from the date of replacement until the point in time when the existing equipment would have been replaced in the absence of the project activity or the end of crediting period, whatever is earlier.
- ☞ In order to estimate the point in time when the existing equipment would need to be replaced in the absence of the CDM, a new methodology may consider the following approaches:
 - A sector and/or activity specific method or criteria to determine when the equipment would be replaced or retrofitted in the absence of the CDM;
 - The typical average technical lifetime of the type equipment may be determined and documented, taking into account common practices in the sector and country, e.g. based on industry surveys, statistics, technical literature, etc.;
 - The practices of the responsible entity/PPs regarding replacement schedules may be evaluated and documented, e.g. based on historical replacement records for similar equipment.

☞ Also see “Technical Guidelines for the Development of New Baseline and Monitoring Methodologies version 01”. [EB24 Anx16]

Attachment 3. Tool for the demonstration and assessment of additionality (ver2)

[EB22 Anx8]

The tool provides a general framework for demonstrating and assessing additionality. PPs proposing new baseline methodologies may incorporate this consolidated tool in their proposal. PPs may also propose other tools for the demonstration of additionality to the EB for its consideration.

Step 0. Preliminary screening based on the starting date of the project activity

If PPs wish to have the crediting period starting prior to the registration of their project activity, they shall provide:

- ☞ Evidence that the starting date of the CDM project activity falls within the definition of a crediting period (p26).
- ☞ Evidence that the incentive from the CDM (including evidence of the objective to mitigate climate change) was seriously considered in the decision. This evidence shall be based on (preferably official, legal and/or other corporate) documentation that was available at, or prior to, the start of the project activity.

↓ Pass

Step 1. Identification of alternatives to the project activity consistent with current laws and regulations

Sub-step 1a. Define alternatives to the project activity:

- ☞ Identify realistic and credible alternative(s) available to the PPs or similar project developers that provide outputs or services comparable with the proposed CDM project activity.

Sub-step 1b. Enforcement of applicable laws and regulations:

- ☞ The alternative(s) shall be in compliance with all applicable legal and regulatory requirements. If an alternative does not comply with all applicable legislation and regulations, then show that those applicable legal or regulatory requirements are systematically not enforced;
- ☞ If the proposed project activity is the only alternative amongst the ones considered by the PPs that is in compliance with all regulations with which there is general compliance, then the proposed CDM project activity is not additional.

↓ Pass

Step 2 or Step 3

Step 2. Investment analysis

Determine whether the proposed project activity is economically or financially less attractive than other alternatives without the revenue from the sale of CERs.

Sub-step 2a. Determine appropriate analysis method :

- ☞ If the CDM project activity generates no financial or economic benefits other than CDM related income, then apply the simple cost analysis (Option I). Otherwise, use the investment comparison analysis (Option II) or the benchmark analysis (Option III).

Sub-step 2b.

Option I. Apply simple cost analysis

- ☞ Document the costs associated with the CDM project activity and demonstrate that the activity produces no economic benefits other than CDM related income

Option II. Apply investment comparison analysis

- ☞ Identify the financial indicator, such as IRR, NPV, cost benefit ratio, or unit cost of service most suitable for the project type and decision-making context.

Option III. Apply benchmark analysis

- ☞ Identify the financial indicator. Identify the relevant benchmark value. Benchmarks can be derived from government bond rates, estimates of the cost of financing and required return on capital, and a company internal benchmark.

Sub-step 2c. Calculation and comparison of financial indicators (only applicable to options II and III):

- ☞ Present in the CDM-PDD a clear comparison of the financial indicator for the proposed CDM activity (excluding CER revenues) and:
 - The alternatives if Option II is used, or the financial benchmark if Option III is used. If the CDM project activity has a less favourable indicator, then the CDM project activity cannot be considered as financially attractive.

Sub-step 2d. Sensitivity analysis (only applicable to options II and III) :

- ☞ Include a sensitivity analysis that shows whether the conclusion is robust to reasonable variations in the critical assumptions.

↓ Pass 76

Step 3. Barrier analysis

Determine whether the proposed project activity faces barriers that prevent the implementation of this type of proposed project activity, and do not prevent the implementation of at least one of the alternatives.

Sub-step 3a. Identify barriers that would prevent the implementation of type of the proposed project activity:

- ☞ Establish that there are barriers that would prevent the implementation of the type of proposed project activity from being carried out if the project activity was not registered as a CDM activity. Such barriers may include, among others, investment barriers other than the economic/financial barriers in Step 2 above, technological barriers and barriers due to prevailing practice.
- ☞ Provide transparent and documented evidence, and offer conservative interpretations of this documented evidence, as to how it demonstrates the existence and significance of the identified barriers.

Sub-step 3 b. Show that the identified barriers would not prevent the implementation of at least one of the alternatives (except the proposed project activity):

- ☞ If the identified barriers also affect other alternatives, explain how they are affected less strongly than they affect the proposed CDM project activity.

Pass

Step 4. Common practice analysis

The above generic additionality tests shall be complemented with an analysis of the extent to which the proposed project type has already diffused in the relevant sector and region. This test is a credibility check to complement the investment analysis (Step 2) or barrier analysis (Step 3).

Sub-step 4a. Analyze other activities similar to the proposed project activity:

- ☞ Provide an analysis of any other activities implemented previously or currently underway that are similar to the proposed project activity. Other CDM project activities are not to be included in this analysis.

Sub-step 4b. Discuss any similar options that are occurring:

- ☞ If similar activities are identified above, then it is necessary to demonstrate why the existence of these activities does not contradict the claim that the proposed project activity is financially unattractive or subject to barriers.

Pass

Step 5. Impact of CDM registration

Explain how the approval and registration of the project activity as a CDM activity, and the attendant benefits and incentives derived from the project activity, will alleviate the economic and financial hurdles (Step 2) or other identified barriers (Step 3) and thus enable the project activity to be undertaken.

Pass

The proposed CDM project activity is additional

Attachment 4. Consolidated baseline methodology for grid-connected electricity generation from renewable sources (ACM0002 ver6)

[EB24 Anx7]

Applicability

This methodology is applicable to grid-connected renewable power generation project activities under the following conditions:

- ☞ Applies to electricity capacity additions from,
 - ⇒ Run-of-river hydro power plants; hydro power projects with existing reservoirs where the volume of the reservoir is not increased, new hydro electric power projects with reservoirs having power densities (installed power generation capacity divided by the surface area at full reservoir level) greater than 4 W/m², wind sources, geothermal sources, solar sources, and wave and tidal sources.
- ☞ The geographic and system boundaries for the relevant electricity grid can be clearly identified and information on the characteristics of the grid is available.

Baseline

For project activities that do not modify or retrofit an existing electricity generation facility, the baseline scenario is:

- ☞ Electricity delivered to the grid by the project would have otherwise been generated by the operation of grid-connected power plants and by the addition of new generation sources, as reflected in the combined margin (CM) calculations (p79).

Additionality

- ☞ The additionality of the project activity shall be demonstrated and assessed using the latest version of the “Tool for the demonstration and assessment of additionality” agreed by the CDM EB (p76).

Project boundary

- ☞ For the baseline determination, PPs shall only account CO₂ emissions from electricity generation in fossil fuel fired power that is displaced due to the project activity.
 - ⇒ For geothermal project activities and new hydroelectric projects with reservoirs, see EB24 Anx7, p3.
- ☞ The spatial extent of the project boundary includes the project site and all power plants connected physically to the electricity system that the CDM project power plant is connected to.
 - ⇒ For the purpose of determining the build margin (BM) and operating margin (OM) emission factor (p79), a (regional) project electricity system is defined by the spatial extent of the power plants that can be dispatched without significant transmission constraints.
- ☞ Where the application of this methodology does not result in a clear grid boundary, given country specific variations in grid management policies:
 - ⇒ Use the delineation of grid boundaries as provided by the DNA of the host country if available; or
 - ⇒ Where DNA (p10) guidance is not available, in large countries with layered dispatch systems the regional grid definition should be used. In other countries, the national (or other largest) grid definition should be used by default.
- ☞ For the purpose of determining the emission factor of the baseline emissions, PPs shall take into account electricity imports and exports (p81). (for the detail, see [EB24 Anx7, p3])

Leakage

- ☞ PPs do not need to consider emissions arising due to activities such as power plant construction, fuel handling (extraction, processing, and transport), and land inundation as leakage in applying this methodology.

Monitoring

- ☞ This baseline methodology shall be used in conjunction with the approved monitoring methodology ACM0002 (Consolidated monitoring methodology for grid-connected electricity generation from renewable sources).

Baseline and Emission Reductions

ER_y
The GHG emission reduction achieved by the project activity during a given year “y”

BE_y
Baseline emissions

PE_y
Project emissions

PE_y = 0
except for geothermal project activities

Power plant capacity additions registered as CDM project activities should be excluded from all calculations below

$$BE_y = EF_y * EG_y$$

The electricity supplied by the project activity to the grid in [MWh]

The baseline emissions factor in [t-CO₂/MWh]

$$EF_y \text{ (Combined Margin EF)} = w_{OM} * EF_{OM,y} + w_{BM} * EF_{BM,y}$$

Default weights are (**w_{OM}** = **w_{BM}** = 0.5). For wind and solar projects, the default weights are (**w_{OM}** = 0.75 and **w_{BM}** = 0.25). Alternative weights can be used, as long as **w_{OM}** + **w_{BM}** = 1, and appropriate evidence justifying the alternative weights is presented (p82).

EF_{OM,y} (the Operating Margin emission factor)[t-CO₂/MWh]
EF_{OM,y} is calculated based on one of the following 4 methods (p80):

Are there enough data available to analyze dispatch data?

Yes

No

(1) Dispatch Data Analysis OM

Do low-cost/must run resources constitute less than 50% of total grid generation in: 1) average of the 5 most recent years, or 2) based on long-term normals for hydroelectricity production?

Yes

No

(2) Simple OM

Are there enough data available to apply Simple Adjusted OM?

Yes

No

(3) Simple adjusted OM

(4) Average OM

Low operating cost and must run resources typically include hydro, geothermal, wind, low-cost biomass, nuclear and solar generation. If coal is obviously used as must-run, it should also be included in this list, i.e. excluded from the set of plants.

EF_{BM,y} (the Build Margin emission factor)[t-CO₂/MWh]
PPs should choose between the following 2 options a sample group that has the larger annual generation:
⇒ The 5 power plants that have been built most recently, or
⇒ The power plants capacity additions in the electricity system that comprise 20% of the system generation [in MWh] and that have been built most recently. (If 20% falls on part capacity of a plant, that plant is fully included in the calculation.)
EF_{BM,y} is calculated by dividing CO₂ emissions [t-CO₂] of the chosen sample group by the electricity [MWh] delivered to the grid by that group.

PPs shall choose between one of the following 2 options, and the choice cannot be changed during the crediting period:
Option 1. Calculate **EF_{BM,y}** ex ante based on the most recent information available on plants already built at the time of PDD submission.
Option 2. For the 1st crediting period, **EF_{BM,y}** must be updated annually ex post for the year in which actual project generation and associated emissions reductions occur. For subsequent crediting periods, **EF_{BM,y}** should be calculated ex-ante, as described in option 1 above.

(for details, see [EB24 Anx7,p5])

Calculation methods for $EF_{OM,y}$ (the Operating Margin emission factor)[t-CO₂/MWh]

(1) Dispatch Data Analysis OM [EB24 Anx7, p8]

- (i) Obtain from a national dispatch center, the grid system dispatch order of operation for each power plant of the system, and the amount of power [MWh] that is dispatched from all plants in the system during each hour that the project activity is operating.
- (ii) At each hour in a year, stack each plants generation using the merit order. The set of plants consists of those plants at the top of the stack (i.e., having the least merit), whose combined generation comprises 10% of total generation from all plants during that hour (including imports to the extent they are dispatched).
- (iii) Calculate the hourly generation-weighted average emissions per electricity unit [t-CO₂/MWh] of the set of power plants in the top 10% of grid system dispatch order during each hour in a year.
- (iv) Multiply the hourly emission factor above by the generation of the CDM project [MWh] in each hour, which gives amount of CO₂ emissions [t-CO₂].
- (v) Divide the amount of CO₂ emissions above by the generation of the CDM project [MWh] in the year, which gives the Dispatch Data OM emission factor [t-CO₂/MWh].

(2) Simple OM [EB24 Anx7, p6]

- (i) Identify the generating sources delivering electricity to the grid, not including low-operating cost and must-run power plants, and including imports to the grid.
- (ii) The Simple OM emission factor [t-CO₂/MWh] is calculated as the generation-weighted average emissions per electricity unit of the generating sources above in a year.

(3) Simple Adjusted OM [EB24 Anx7, p7]

- (i) Separate the power sources (including imports) delivering electricity to the grid in low-cost/must-run power sources and other power sources.
- (ii) Calculate the generation-weighted average emissions per electricity unit [t-CO₂/MWh] of the set of power plants in a year for both low-cost/must-run power sources and other power sources.
- (iii) Calculate λ (p81).
- (ii) The Simple Adjusted OM emission factor [t-CO₂/MWh] is calculated as “ λ x (emission factor of low-cost/must-run power sources)” + “(1- λ) x (other power sources)”

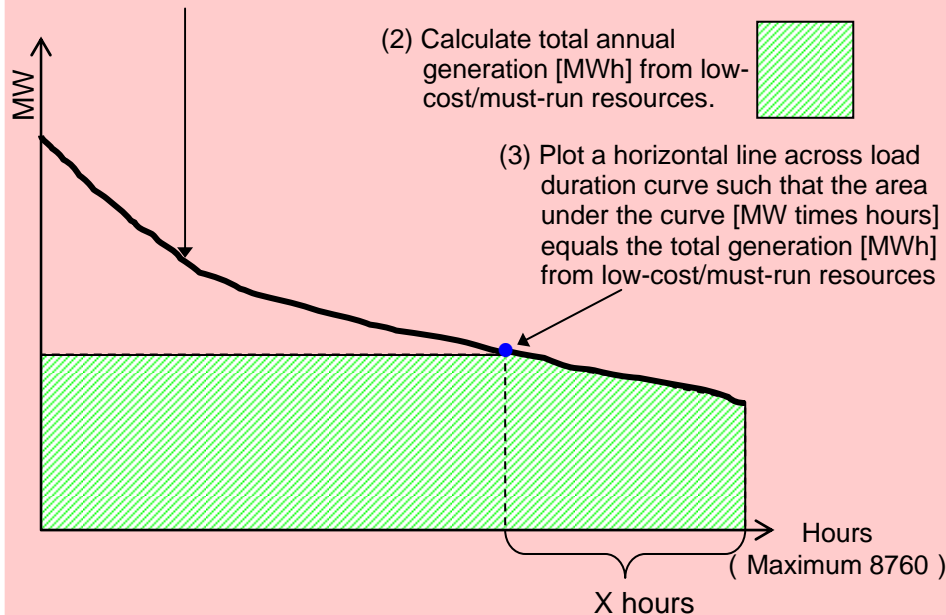
(4) Average OM [EB24 Anx7, p9]

The average OM emission factor [t-CO₂/MWh] is calculated as the generation-weighted average emissions per electricity unit of all generating sources serving the system.

- ☞ Simple OM, Simple Adjusted OM and Average OM emission factors can be calculated using either of the two following data vintages for years:
 - ⇒ (ex-ante) the full generation-weighted average for the most recent 3 years for which data are available at the time of PDD submission, if or,
 - ⇒ The year in which project generation occurs, if $EF_{OM,y}$ is updated based on ex-post monitoring.
- ☞ The choice between ex-ante and ex-post vintage cannot be changed during the crediting period.

How to calculate λ for the Simple Adjusted OM

(1) Collect chronological load data for each hour of a year, and sort load data from highest to lowest MW level. Plot MW against 8760 hours in the year, in descending order.



(2) Calculate total annual generation [MWh] from low-cost/must-run resources.

(3) Plot a horizontal line across load duration curve such that the area under the curve [MW times hours] equals the total generation [MWh] from low-cost/must-run resources

(4) Determine “the Number of hours per year for which low-cost/must-run sources are on the margin”.

(5) $\lambda = X/8760$

*If the lines do not intersect at step (3), then λ is equal to zero.

Electricity imports and exports

◆ Electricity transfers from connected electricity systems to the CDM project electricity system are defined as **electricity imports** and electricity transfers to connected electricity systems are defined as **electricity exports**.

Electricity imports [EB24 Anx7, p3]

◆ Determining the OM emission factor

- ☞ For imports from connected electricity system located in another country
 - ⇒ The emission factor is 0 [t-CO₂/MWh]
- ☞ For imports from connected electricity system located within the same country
 - ⇒ 0 [t-CO₂/MWh]
 - ⇒ The emission factor(s) of the specific power plant(s) from which electricity is imported, if and only if the specific plants are clearly known, or
 - ⇒ The average emission rate of the exporting grid, if and only if net imports do not exceed 20% of total generation in the project electricity system, or
 - ⇒ The emission factor of the exporting grid, determined as described in [page 79](#), if net imports exceed 20% of the total generation in the project electricity system.

◆ Determining the BM emission factor

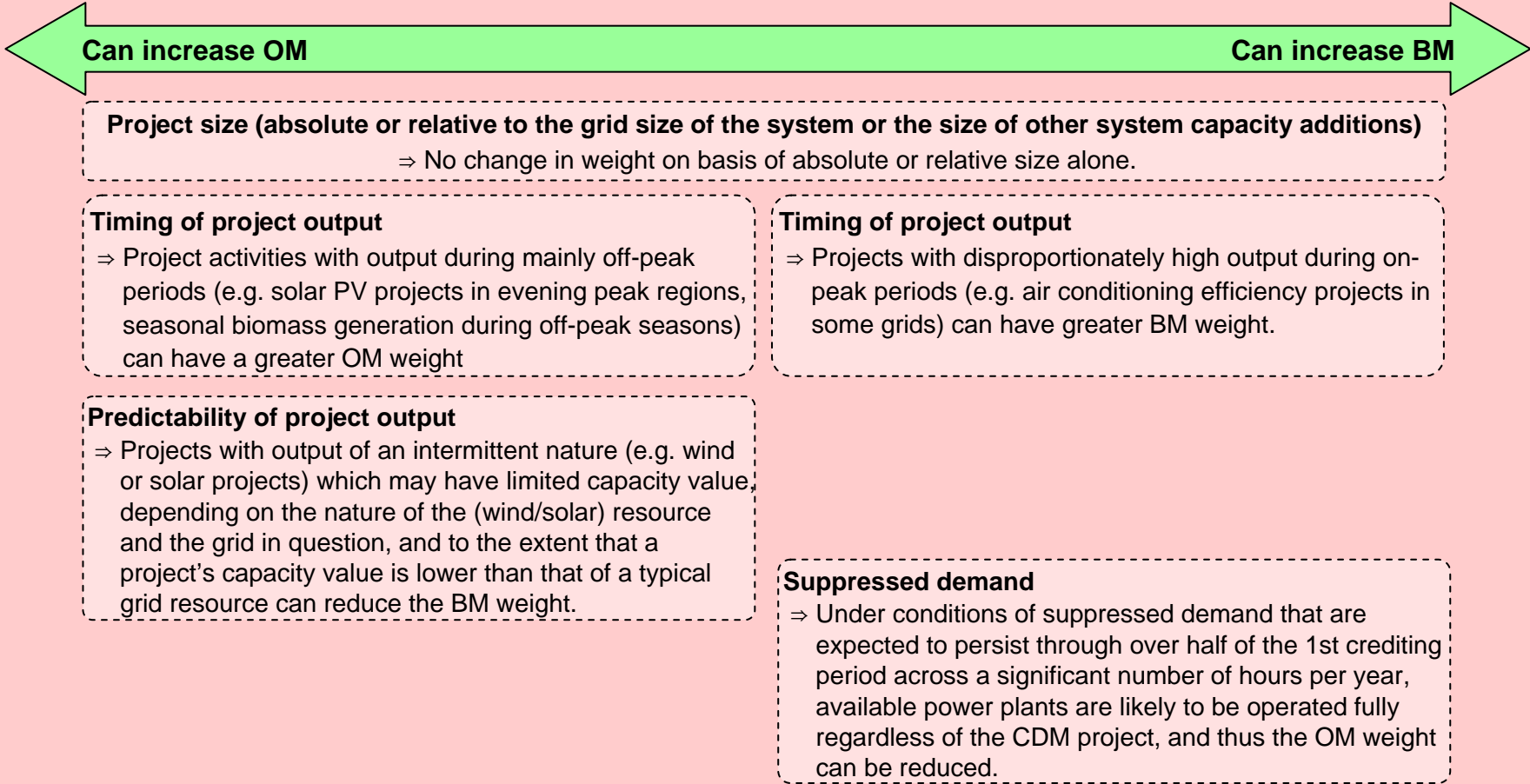
- ☞ The spatial extent is limited to the project electricity system, except where recent or likely future additions to transmission capacity enable significant increases in imported electricity.
 - ⇒ In such cases, the transmission capacity may be considered a build margin source, with the emission factor determined as for the OM imports above.

Electricity exports [EB24 Anx7, p4]

Electricity exports should not be subtracted from electricity generation data used for calculating and monitoring the baseline emission rate.

Guidance regarding OM/BM weighting in approved methodologies that use the combined margin approach [EB24 Anx7, p10-11]

- ☛ The following guidance provides a number of project-specific and context-specific factors for developing alternative OM and BM weights to the default. It does not, however, provide specific algorithms to translate these factors into quantified weights, nor does it address all factors that might conceivably affect these weights. In this case, PPs are suggested to propose specific quantification methods with justifications that are consistent with the guidance provided below.
- ☛ Given that it is unlikely that a project will impact either the OM or BM exclusively during the first crediting period, it is suggested that neither weight exceed 75% during the 1st crediting period.



Emission Factor data of registered CDM projects using ACM0002 (as of August 2006)

Date Registered	Title of the project	Host Parties	ACM02 version	Operating Margin EF			Build Margin EF		Combined Margin EF	
				Data vintage	OM method	EF _{OM}	Data vintage	EF _{BM}	weights	EF _{CM}
12 Aug 06	Jilin Tongyu Huaneng 100.05MW Wind Power Project	China	5	ex ante	Simple OM	1.064	ex ante	0.946	0.5:0.5	1.005
11 Aug 06	Xiaogushan Hydropower Project in People's Republic of China	China	5	ex ante	Simple OM	0.982	ex ante	0.742	0.5:0.5	0.862
9 Aug 06	Jilin Taobei Huaneng 49.3MW Wind Power Project	China	5	ex ante	Simple OM	1.105	ex ante	0.755	0.75:0.25	1.017
8 Aug 06	Guangdong Nan'ao Huaneng 45.05MW Wind Power Project	China	6	ex ante	Simple OM	0.922	ex ante	0.499	0.75:0.25	0.816
27 Jul 06	Fujian Zhangpu Liuaio 30.6 MW Wind Power Project	China	5	ex ante	Simple OM	0.877	ex ante	0.597	0.5:0.5	0.737
13 Jul 06	Ningxia Tianjing Shenzhou 30.6MW Wind-farm Project	China	5	ex ante	Simple OM	0.990	ex ante	0.714	0.5:0.5	0.852
18 Jun 06	Sihwa Tidal Power Plant CDM Project	Republic of Korea	4	ex ante	Simple OM	0.771	ex ante	0.472	0.5:0.5	0.621
02 Jun 06	Youngduk Wind Park Project	Republic of Korea	4	ex ante	Simple OM	0.771	ex ante	0.472	0.5:0.5	0.621
29 May 06	Bundled Wind power project in Jaisalmer (Rajasthan in India) managed by Enercon (India) Ltd.	India	4	ex ante	Simple OM	1.091	ex ante	0.726	0.5:0.5	0.909
29 May 06	Lihir Geothermal Power Project	Papua New Guinea	4	ex ante	Simple OM	0.704	ex ante	0.653	0.5:0.5	0.679
25 May 06	LaGeo, S. A. de C. V., Berlin Geothermal Project, Phase Two	El Salvador	4	ex ante	Simple Adjusted OM	0.576	ex ante	0.649	0.5:0.5	0.613
25 May 06	Ningxia Helanshan Wind-farm Project, Ningxia Autonomous Region, China	China	4	ex ante	Simple OM	0.990	ex ante	0.714	0.5:0.5	0.852
25 May 06	18 MW Kempohole Mini Hydel Scheme (KMHS), by International Power Corporation Limited, India	India	4	ex ante	Simple OM	0.974	ex ante	0.655	0.5:0.5	0.815
12 May 06	Bundled wind power project in Chitradurga (Karnataka in India) managed by Enercon (India) Ltd.	India	4	ex ante	Simple OM	0.121	ex ante	0.716	0.5:0.5	0.418
08 Apr 06	San Jacinto Tizate geothermal project	Nicaragua	4	ex ante	Simple OM	0.857	ex ante	0.651	0.5:0.5	0.754
01 Apr 06	Jepirachi Wind Power Project	Colombia	3	ex post	Dispatch	0.362	ex ante	0.320	0.5:0.5	0.341
20 Mar 06	La Higuera Hydroelectric Project, Chile	Chile	4	ex post	Dispatch	0.817	ex ante	0.361	0.5:0.5	0.589
20 Mar 06	Gangwon Wind Park Project	Republic of Korea	4	ex ante	Simple OM	0.785	ex ante	0.439	0.5:0.5	0.612
19 Mar 06	Wigton Wind Farm Project (WWF)	Jamaica	4	ex ante	Simple OM	0.893	ex ante	0.776	0.5:0.5	0.834
04 Feb 06	Sibimbe Hydroelectric Project	Ecuador	3	ex ante	Simple Adjusted OM	0.626	ex ante	0.607	0.5:0.5	0.617
04 Feb 06	Abanico Hydroelectric Project	Ecuador	3	ex ante	Simple Adjusted OM	0.626	ex ante	0.607	0.5:0.5	0.617
25 Dec 05	20 MW Kabini Hydro Electric Power Project, SKPCL, India	India	2	ex ante	Simple OM	0.912	ex ante	0.753	0.5:0.5	0.832
25 Dec 05	BII NEE STIPA	Mexico	2	ex post	Simple OM	0.701	ex post	0.390	0.5:0.5	0.545
14 Nov 05	Poechos I Project	Peru	2	ex post	Dispatch	0.726	ex post	0.364	0.5:0.5	0.545
29 Oct 05	Essaouira wind power project	Morocco	2	ex ante	Simple OM	0.734	ex ante	0.752	0.5:0.5	0.743
17 Sep 05	Landfill Gas Extraction and Utilization at the Matuail landfill site, Dhaka, Bangladesh	Bangladesh	2	ex post	Average OM	0.634	ex post	0.629	0.5:0.5	0.632

Attachment 5. List of approved methodologies

Sectoral Scope		Approved Methodologies	
1	Energy industries (renewable - / non-renewable sources)	ACM0002 ver6	Consolidated methodology for grid-connected electricity generation from renewable sources
		ACM0004 ver2	Consolidated baseline methodology for waste gas and/or heat and/or pressure for power generation
		ACM0006 ver3	Consolidated methodology for grid-connected electricity generation from biomass residues
		ACM0007	Methodology for conversion from single cycle to combined cycle power generation
		ACM0009 ver3	Consolidated methodology for industrial fuel switching from coal or petroleum fuels to natural gas
		AM0007	Analysis of the least-cost fuel option for seasonally-operating biomass cogeneration plants
		AM0010	Landfill gas capture and electricity generation projects where landfill gas capture is not mandated by law
		AM0014	Natural gas-based package cogeneration
		AM0019 ver2	Renewable energy project activities replacing part of the electricity production of one single fossil-fuel-fired power plant that stands alone or supplies electricity to a grid, excluding biomass projects
		AM0024	Methodology for greenhouse gas reductions through waste heat recovery and utilization for power generation at cement plants
		AM0026 ver2	Methodology for zero-emissions grid-connected electricity generation from renewable sources in Chile or in countries with merit order based dispatch grid
		AM0029	Methodology for grid connected electricity generation plants using natural gas
		AM0032	Methodology for waste gas or waste heat based cogeneration system
2	Energy distribution		
3	Energy demand	AM0017 ver2	Steam system efficiency improvements by replacing steam traps and returning condensate
		AM0018	Steam optimization systems
		AM0020	Baseline methodology for water pumping efficiency improvements
4	Manufacturing industries	ACM0003 ver4	Emissions reduction through partial substitution of fossil fuels with alternative fuels in cement manufacture
		ACM0005 ver3	Consolidated methodology for increasing the blend in cement production
		ACM0009 ver3	Consolidated methodology for industrial fuel switching from coal or petroleum fuels to natural gas
		AM0007	Analysis of the least-cost fuel option for seasonally-operating biomass cogeneration plants
		AM0014	Natural gas-based package cogeneration
		AM0024	Methodology for greenhouse gas reductions through waste heat recovery and utilization for power generation at cement plants
		AM0032	Methodology for waste gas or waste heat based cogeneration system
		AM0033	Use of non-carbonated calcium sources in the raw mix for cement processing
5	Chemical industries	AM0021	Baseline Methodology for decomposition of N ₂ O from existing adipic acid production plants
		AM0027	Substitution of CO ₂ from fossil or mineral origin by CO ₂ from renewable sources in the production of inorganic compounds
		AM0028	Catalytic N ₂ O destruction in the tail gas of Nitric Acid Plants
		AM0034	Catalytic reduction of N ₂ O inside the ammonia burner of nitric acid plants

Attachment 5. List of approved methodologies

Sectoral Scope		Approved Methodologies	
6	Construction		
7	Transport	AM0030	Methodology for Bus Rapid Transit Projects
8	Mining/mineral production	ACM0008	Consolidated methodology for coal bed methane and coal mine methane capture and use for power (electrical or motive) and heat and/or destruction by flaring
9	Metal production	AM0030	PFC emission reductions from anode effect mitigation at primary aluminium smelting facilities
10	Fugitive emissions from fuels (solid, oil and gas)	ACM0008	Consolidated methodology for coal bed methane and coal mine methane capture and use for power (electrical or motive) and heat and/or destruction by flaring
		AM0009 ver2	Recovery and utilization of gas from oil wells that would otherwise be flared
		AM0023	Leak reduction from natural gas pipeline compressor or gate stations
11	Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride	AM0001 ver4	Incineration of HFC 23 Waste Streams
12	Solvent use		
13	Waste handling and disposal	ACM0001 ver4	Consolidated methodology for landfill gas project activities
		AM0002 ver2	Greenhouse gas emission reductions through landfill gas capture and flaring where the baseline is established by a public concession contract
		AM0003 ver3	Simplified financial analysis for landfill gas capture projects
		AM0006	<i>GHG emission reductions from manure management systems (put on hold as of 12 May 2006)</i>
		AM0010	Landfill gas capture and electricity generation projects where landfill gas capture is not mandated by law
		AM0011 ver2	Landfill gas recovery with electricity generation and no capture or destruction of methane in the baseline scenario
		AM0012	Biomethanation of municipal solid waste in India, using compliance with MSW rules
		AM0013 ver3	Forced methane extraction from organic waste-water treatment plants for grid-connected electricity supply
		AM0016 ver3	<i>Greenhouse gas mitigation from improved animal waste management systems in confined animal feeding operations (put on hold as of 12 May 2006)</i>
		AM0022 ver3	Avoided Wastewater and On-site Energy Use Emissions in the Industrial Sector
		AM0025 ver3	Avoided emissions from organic waste through alternative waste treatment processes
14	Afforestation and reforestation	AR-AM0001 ver2	Reforestation of degraded land
		AR-AM0002	Restoration of degraded lands through afforestation/reforestation
		AR-AM0003	Afforestation and reforestation of degraded land through tree planting, assisted natural regeneration and control of animal grazing
15	Agriculture	AM0006	<i>GHG emission reductions from manure management systems (put on hold as of 12 May 2006)</i>
		AM0016 ver3	<i>Greenhouse gas mitigation from improved animal waste management systems in confined animal feeding operations (put on hold as of 12 May 2006)</i>



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