



Ministry of the Environment



CDM in CHARTS

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This document aims to give a comprehensive and easy-to-understand description of the Clean Development Mechanism (CDM). 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. 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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Abbreviations and Acronyms

| | |
|---------|---|
| AAU | Assigned Amount Unit |
| ACM | Approved Consolidated Methodology |
| AE | Applicant Entity |
| AM | Approved Methodology |
| A/R CDM | Afforestation and Reforestation Project Activities under the Clean Development Mechanism |
| AR | Afforestation and Reforestation |
| CCS | Carbon dioxide Capture and Storage |
| CDM | Clean Development Mechanism |
| CDM-AP | CDM Accreditation Panel |
| CEF | Carbon Emission Factor |
| 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 |
| CPA | CDM programme activity |
| 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 |
| GWP | Global Warming Potential |
| HFCs | Hydrofluorocarbons |
| IET | International emissions trading under the Kyoto Protocol |
| IPCC | Intergovernmental Panel on Climate Change |
| ITL | International Transaction Log |
| JI | Joint Implementation |

| | |
|-----------------|--|
| 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 |
| PoA | Programme of Activities |
| 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 |

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Glossary

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

| <i>Examples of abbreviated titles used in this charts, shown in []</i> | <i>Corresponding formal document symbols and titles</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, para1(a) | Executive Board of the Clean Development Mechanism , 1st Meeting Report , paragraph 1(a) |
| EB01 Anx1, para1(a) | Executive Board of the Clean Development Mechanism , Annex 1 to the 1st Meeting Report , paragraph 1(a) |
| PDD GL ver6.2, p1 | Guidelines for Completing the Project Design Document (CDM- PDD), and the Proposed New Baseline and Monitoring Methodologies (CDM-NM) Version 6.2 , page 1 (Ver6.2 was published on 19 December 2006) |
| SSC GL ver5, p1 | Guidelines for Completing CDM- SSC -PDD, F-CDM-SSC-Subm and F-CDM-SSC-BUNDLE, Version 05 , page 1 (Ver5 was published on 14 September 2007) |
| Glos ver2, p2 | Glossary of CDM terms Version 02 , page 1 (Ver2 was published on 03 August 2007) |
| 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) | |

1. The Kyoto Protocol

- ◆ 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 for Annex I Parties. [KP Art.3 para1]

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

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

Annex I Parties have different GHG emission ceilings for the 5-year period of 2008-2012 (1st commitment period).

- ☞ Emission ceiling which is called 'assigned amounts' for each Party is calculated as follows.
"The base-year emissions" x "emission reduction target" x five [KP Art.3 para7]
- ☞ The base-year emissions are basically a Party's aggregate GHG emissions in 1990 (whereas, countries may use 1995 as its base year for HFCs, PFCs, and SF₆). [KP Art.3 para1&8]

- ◆ 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 Parties, private firms may use the Kyoto Mechanisms. [CMP/2005/8/Ad2, p7 para29][CMP/2005/8/Ad1, p13 para33][CMP/2005/8/Ad2, p19 para5]
☞ Provided the Parties meet eligibility requirements for using the Kyoto Mechanisms.

BOX: Entry into force of the Kyoto Protocol

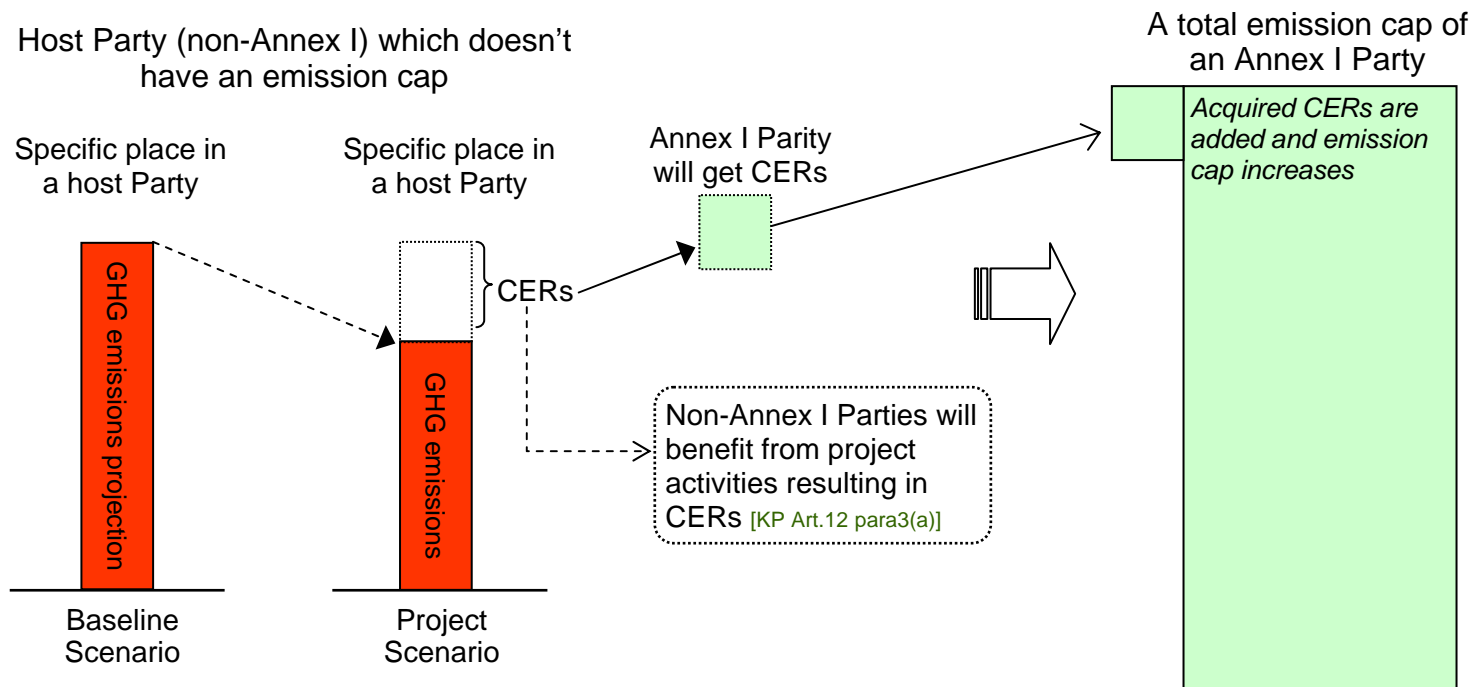
The Kyoto Protocol shall enter into force on the 90th day after the date on which not less than 55 Parties to the UNFCCC, incorporating Annex I Parties which accounted in total for at least 55% of the total CO₂ emissions for 1990 of the Annex I Parties, have deposited their instruments of ratification,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

- ☞ As of 6 June 2007, 174 countries and one regional economic integration organization (the EEC) have deposited instruments of ratifications, accessions, approvals or acceptances.
- ☞ 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.

2. The Kyoto Mechanisms

2-1. The Clean Development Mechanism (CDM)

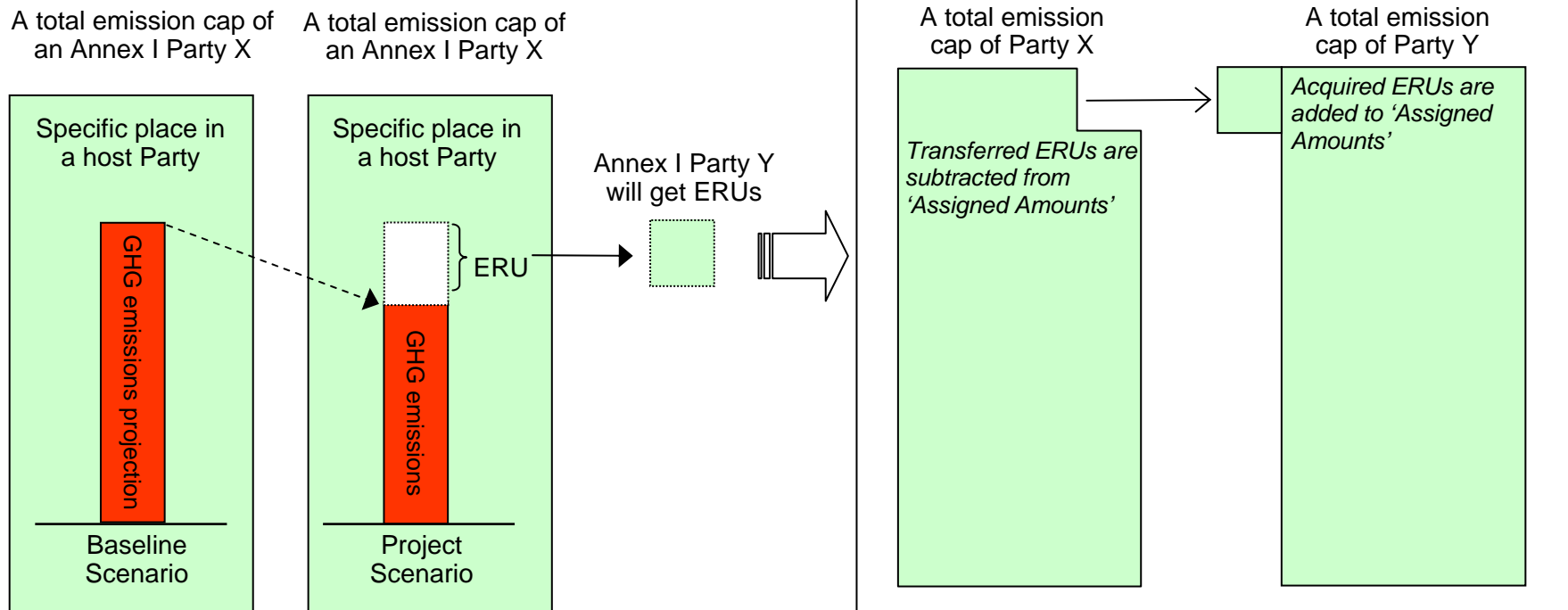
- ◆ Annex I Parties which have ceilings for GHG emissions (emission caps), assist non-Annex I Parties which don't have emission caps, to implement project activities to reduce GHG emissions (or remove by sinks), and credits will be issued based on emission reductions (or removals by sinks) achieved by 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 amount of emission cap of Annex I Parties will increase.
- ◆ The CDM will issue CERs before the 1st commitment period.
 - ☞ CERs issued based on activities during the period from the year 2000 up to 2012 can be used in achieving compliance of Annex I Parties in the 1st commitment period. [KP Art.12 para10]



2-2. Joint Implementation (JI)

- ◆ Annex I Parties which have ceilings for GHG emissions (emission 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 amount of 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 only after 2008. [CMP/2005/8/Ad2, p2 para5]

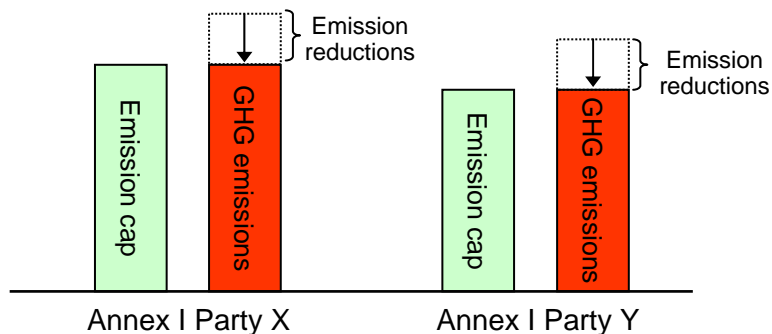
The total amount of emission cap of Annex I Parties is same



2-3. International Emissions Trading (IET)

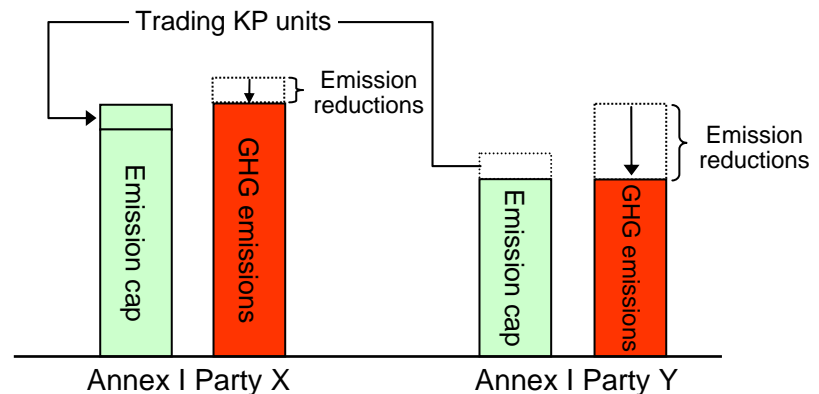
- ◆ International Emissions Trading is to trade Kyoto Protocol units (KP units) including part of assigned amounts, CERs, ERUs and etc, between Annex I Parties.
 - ☞ The total amount of emission cap of Annex I Parties will not change.
 - ☞ Only Annex B Parties of the Kyoto Protocol can participate International Emissions Trading.
 - ☞ Minimum trading unit is 1t-CO₂ equivalent.
- ◆ 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 KP unit | - | - | - |
| After ET: Emission cap | 10 | 8 | 18 |
| GHG emissions | 12 | 10 | 22 |
| Necessary reduction | 2 | 2 | 4 |
| Unit cost 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 KP units | 1 | -1 | 0 |
| After ET: Emission cap | 11 | 7 | 18 |
| GHG emissions | 12 | 10 | 22 |
| Necessary reduction | 1 | 3 | 4 |
| Unit cost 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 a KP unit 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

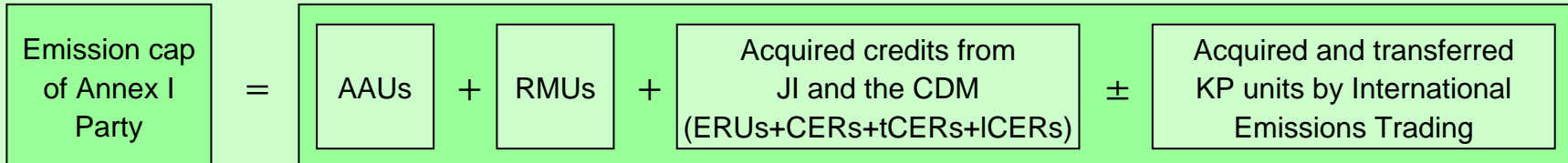
☞ **Certified emission reduction (CER)** from the CDM

☞ **Temporary CER (tCER)** and **long-term CER (ICER)**

⇒ tCER and ICER are issued from afforestation and reforestation (A/R) CDM project activities. [CMP/2005/8/Ad1, p62 para1(g)-(h)]

BOX: Compliance assessment

GHG emission cap of an Annex I Party at the end of the 1st commitment period is as follows.



Carry-over

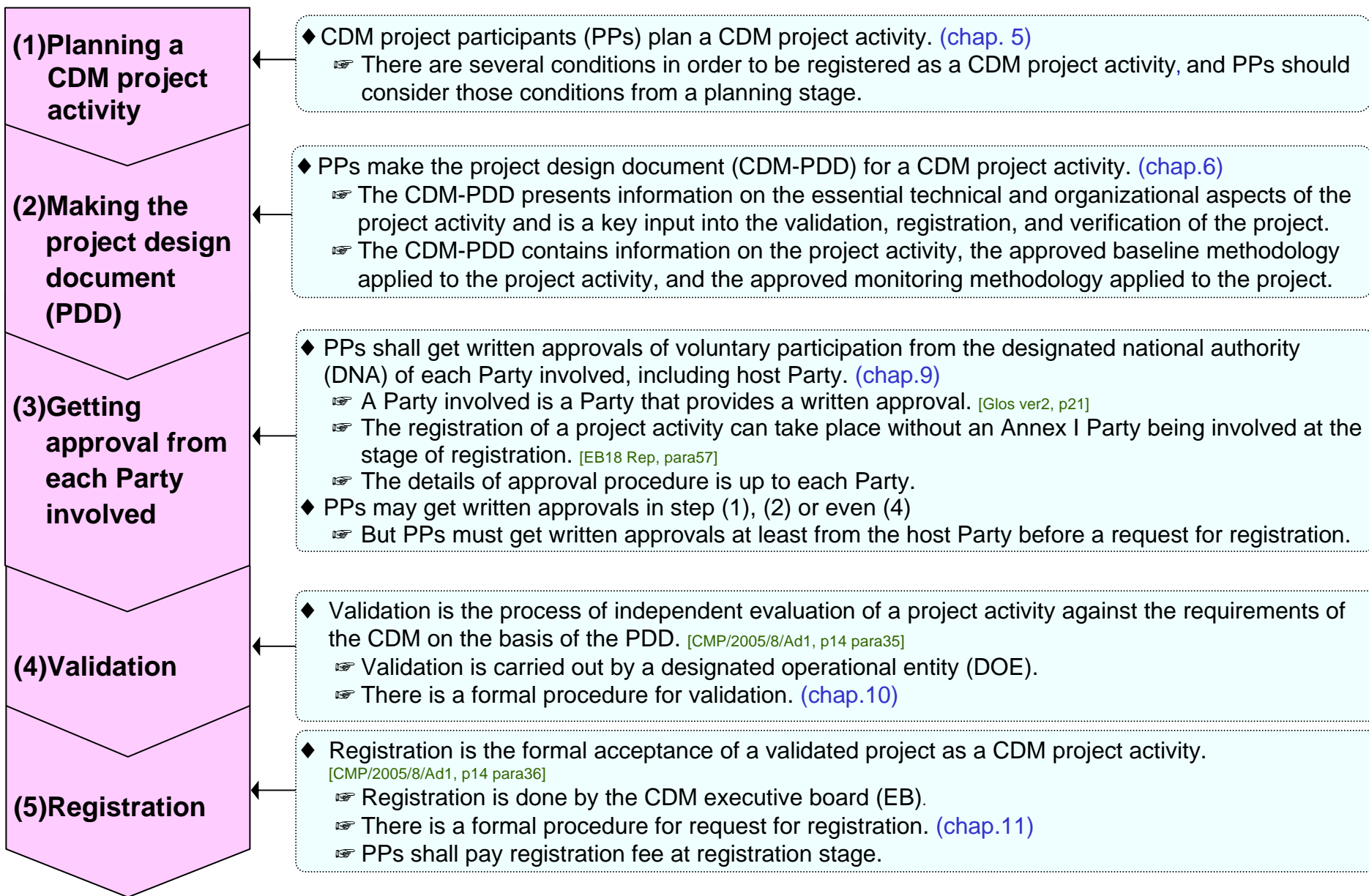
If an emission cap of an Annex I Party is more than its GHG emissions during the 1st commitment period, the surplus can be carried over to the subsequent commitment period. [CMP/2005/8/Ad2, p27 para15] [CMP/2005/8/Ad2, p30 para36]

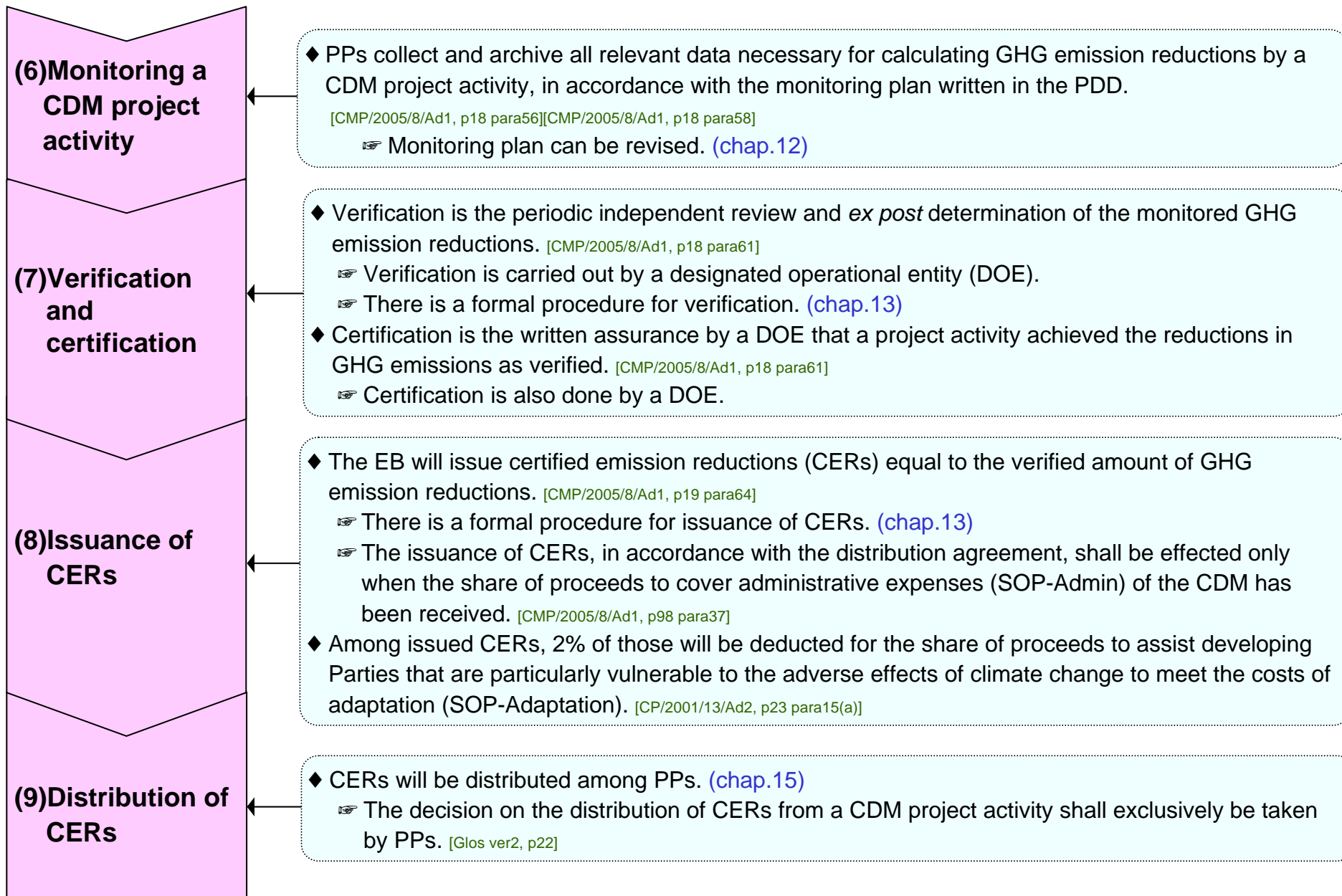
- ☞ The end of additional period is the 100th day after the date set by the COP/MOP. [CMP/2005/8/Ad3, p101 XIII]
- ☞ There are several restrictions for carry-over depending on the type of KP units.

Consequence of non compliance

- ◆ If GHG emissions during the 1st commitment period of an Annex I Party is more than its emission cap, the Annex I Party will be deemed to be non compliance to the Kyoto Protocol.
- ◆ 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.

3. CDM project cycle





4. CDM-related bodies

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 related to, *inter alia*, baselines, monitoring plans and project boundaries;
- ☞ 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.
- ☞ 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;
- ☞ 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>>

CDM executive board (EB)

Meth Panel (MP) (Methodologies Panel)

- ☞ The MP is responsible for recommendations to the EB on baseline and monitoring methodologies, revisions to the PDD, etc. [EB30 Anx3, para2-3]
- ☞ 2 members of the EB will act as Chair and vice Chair of the panel, respectively. In addition to the designated EB members, the panel shall be composed of 16 members. [EB30 Anx3, para5] [EB33 Rep, para34]

SSC WG (Working group for small-scale CDM project activities)

- ☞ The SSC WG is responsible for recommendations to the EB on baseline and monitoring methodologies for small-scale project activity, etc.[EB23 Anx20, para1]
- ☞ 2 members or alternate members of the EB will act as Chair and Vice-Chair of WG, respectively. In addition to the Chair and Vice-Chair, the WG shall be composed of 5 members, 2 of whom are members from the Meth Panel. [EB23 Anx20, para3]

AR WG (Working group on afforestation and reforestation project activities)

- ☞ The AR-WG is responsible for recommendations to the EB on baseline and monitoring methodologies for A/R CDM, revisions to the PDD for A/R CDM, etc. [EB23 Anx14, para2-3]
- ☞ 2 members or alternate members of the EB will act as Chair and Vice-Chair of the WG, respectively. In addition to the Chair and Vice-Chair, the WG shall be composed 8 members. [EB23 Anx14, para5] [EB31 Rep para48]

EB-RIT (Registration and Issuance Team)

- ☞ EB-RIT serves to prepare appraisals of requests for registration and issuance of CERs assessing whether their requirements are met and/or appropriately dealt with by DOEs for consideration by the EB. [EB29 Anx14, para5]
- ☞ The RIT is composed of not less than 20 members. [EB29 Anx14, para7]

CDM-AP (CDM accreditation panel)

- ☞ The CDM-AP is responsible for recommendations to the EB on the accreditation of an applicant OE, suspension, withdrawal and/or re-accreditation of accreditation of a DOE, etc [EB23 Anx1, para4-5]
- ☞ The CDM-AP also carries out selecting the members of a CDM accreditation assessment team (CDM-AT).
- ☞ In addition to the designated EB members who act as chair and vice chair, the panel shall be composed of 7 members. [EB23 Anx1, para13] [EB33 Rep, para16]

CDM-AT (CDM accreditation assessment team)

- ☞ The CDM-AT shall undertake an assessment of the applicant and/or DOEs and prepare an assessment report for the CDM-AP.
- ☞ A team shall be composed of a team leader and at least 2 team members chosen to serve in a team for an assessment at a time. [EB09 Anx1]

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 and subsequently requests registration of a proposed CDM project activity
 - ⇒ It verifies emission reduction of a registered CDM project activity, certifies as appropriate and requests the EB to issue Certified Emission Reductions (CERs) 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:

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

[EB34 Anx1, p3 footnote]

Procedure for accrediting OEs [EB34 Anx1, para3]

- ◆ The COP/MOP designates operational entities (OEs) based on a recommendation by the EB.
- ◆ The EB takes the decision whether or not to accredit an AE and recommend it to the COP/MOP for designation.
- ◆ 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 CDM-AP provides guidance to and approves the work plan of each CDM-AT.
- ◆ A CDM-AT, under the guidance of the CDM-AP, undertakes the detailed assessment of an AE and/or DOE. 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 validity of accreditation

- ☞ The accreditation of the OE for any “sectoral scope” shall be valid for 3 years from the date of accreditation by the EB. The designation by the COP/MOP shall be valid until the expiry date of the accreditation.
- ☞ A regular surveillance shall be undertaken within this 3-year-period. [EB34 Anx1, para70]
- ☞ The EB is authorized to conduct “spot-check” activities (i.e. unscheduled surveillance) of DOEs at any time. [EB34 Anx1, para89]

Phasing of accreditation

[EB34 Anx1, para7-8]

- ☞ The accreditation of an OE may be undertaken in phases, both in functions and sectoral scope(s) and shall be recommended on the basis of sectoral groups.
- ☞ The phasing of accreditation depends on the successful completion of a witnessing activity for a particular sectoral group and size (large or small) of the project activity.
- ☞ The successful completion of a witnessing activity in one function (e.g. validation) for a group of sectoral scopes (sectoral group) may allow the entity to be eligible for accreditation for the other function (e.g. verification) in the same and concerned sectoral group(s).
- ☞ An entity can only be accredited for its both functions, i.e. validation and verification/certification, if a witnessing activity in a sectoral scope has been successfully undertaken, on the basis of one large scale project activity.

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.

BOX: Guidelines for DOEs to promote quality and consistency in the validation and verification reports [EB32

Anx1]

- ☞ The EB requested the secretariat to consider work already undertaken externally, including the validation and verification manual for CDM and Joint Implementation projects (VVM), as a basis for developing guidelines in order to promote quality and consistency in the validation and verification work.

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.
- ☞ 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. [Glos ver2, p22]

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 or, in case of registered projects, if the secretariat is explicitly informed of this in accordance with modalities of communication. [EB25 Rep, 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. [Glos ver2, p6]

A change of PPs [Glos ver2, p24]

- ☞ A change of PPs shall immediately be communicated to the EB through the secretariat in accordance with the modalities of communication.
- ☞ 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 [Glos ver2, 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.

4-7. Modalities of communication

Procedures for public communication with the EB [EB31 Anx37]

- ◆ Relevant communications received by the EB which are not in response to a call for input (hereinafter referred to as unsolicited communications) may 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.
- ◆ The secretariat shall acknowledge receipt of unsolicited communications addressed to the EB and make them available to the EB through the EB's extranet. In consultation with the Chair of the EB, the Secretary of the EB shall initiate action including consultation with EB, as needed, and answer unsolicited communications on behalf of the Chair, as appropriate.
- ◆ The Chair of the EB shall assess if an unsolicited communication and the response is to be sent in addition via listserv to the EB.
- ◆ Unsolicited communications should be addressed to the Chair of the EB and send to the UNFCCC secretariat via email (cdm-info@unfccc.int or secretariat@unfccc.int) or fax (number +49. 228. 815.1999).
- ◆ If a member or alternate member of the EB, in that capacity, receives an unsolicited communication, he/she shall forward it to the secretariat, copying the sender of the unsolicited communication, for processing as per the above. The same shall apply for submissions received by members of panels or working groups.

Modalities of communication of PPs with the EB [Glos ver2, p19]

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

BOX: Confidential/proprietary information

[Glos ver2, p12]

- ☞ 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; [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); [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 ver6.2, p9]
⇒ There is also the document "ODA Eligibility of Expenditures under the Clean Development Mechanism" which was endorsed at the DAC High Level Meeting on 15-16 April 2004. [DAC/CHAIR(2004)4/FINAL]
- ◆ 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 1-3.

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. (chap.19)

BOX: Carbon dioxide capture and storage (CCS)

- ☞ The COP/MOP decided to request the EB to continue to consider proposals for new methodologies, including the PDD for CCS in geological formations as CDM project activities. Approval of such methodologies by the EB can occur only after further guidance from the COP/MOP. [CMP/2006/10/Ad1, p6 para19]
- ☞ The COP/MOP requested the SBSTA, at its 27th session, to prepare recommendations on CCS in geological formations as CDM project activities for consideration by COP/MOP3, with a view to taking a decision at the COP/MOP4. [CMP/2006/10/Ad1, p7 para24]

Examples of guidance and clarifications regarding methodological issues

Guidance on transfer of know-how and training [EB23 Rep, para80]

The EB agreed that transfer of know-how and training, as such, cannot be considered as CDM project activities. The eligibility of project activities that are a result of the transfer of know-how and training shall be based only on measurable emission reductions which are directly attributable to these project activities.

Guidance on bunker fuels

[EB25 Rep, para58]

The EB agreed to confirm that the project activities/parts of project activities resulting in emission reductions from reduced consumption of bunker fuels (e.g. fuel saving on account of shortening of the shipping route on international waters) are not eligible under the CDM.

Project activities that result in emission reductions due to the use/consumption of a product in the project activity [EB35 Rep, para22]

The EB clarified that project activities that result in emission reductions due to the use/consumption of a product produced in the project activity are only eligible as CDM project activity if: (i) the users/consumers of the product are included in the project boundary; and (ii) monitoring takes place of the actual use/consumption and location of the product used/consumed by consumers.

Guidance regarding the treatment of "existing" and "newly built" facilities [EB8 Anx1, para10]

If a proposed CDM project activity seeks to retrofit or otherwise modify an existing facility, the baseline may refer to the characteristics (i.e. emissions) of the existing facility only to the extent that the project activity does not increase the output or lifetime of the existing facility. For any increase of output or lifetime of the facility which is due to the project activity, a different baseline shall apply.

Definition of thresholds in terms of power density for hydroelectric power plants [EB23 Anx5]

Noting the scientific uncertainties concerning GHG emissions from reservoirs and that these uncertainties will not be resolved in the short term, a simple and transparent criteria, based on thresholds in terms of power density (installed power generation capacity divided by the flooded surface area: W/m^2), are to be used to determine the eligibility of hydroelectric power plants for CDM project activities. The thresholds are as follows:

- ☞ Power densities less than or equal to $4 W/m^2$ cannot use current methodologies;
- ☞ Power densities greater than $4 W/m^2$ but less than or equal to $10 W/m^2$ can use the currently AMs, with an emission factor of $90 g-CO_2eq/kWh$ for project reservoir emissions;
- ☞ Power densities greater than $10 W/m^2$ can use current AMs and the project emissions from the reservoir may be neglected.

6. Making PDD

Identifying a type of CDM project activities

Is it a GHG emission reduction project activity eligible for the CDM? (chap.5)

Yes

Is it eligible for a small-scale CDM project activity? (chap.17-1)

No

Yes

Project Design Document (CDM-PDD)
(Att.1-1)

PDD for small-scale project activities (CDM-SSC-PDD)
(Att.1-2)

Is it a GHG removal by afforestation and reforestation project activity eligible for the CDM? (chap.18-1)

Yes

Is it eligible for a small-scale afforestation and reforestation CDM project activity? (chap.18-3)

No

Yes

PDD for A/R project activities (CDM-AR-PDD)

PDD for small-scale A/R project activities (CDM-SSC-AR-PDD)

Is it a programme of activities eligible for the CDM? (chap.19)

Yes

Is it eligible for a small-scale CDM programme of activity?

No

Yes

CDM Programme Activities (CDM-PoA-DD)/ (CDM-CPA-DD)
(Att.1-4/1-5)

Small-Scale CDM Programme Activity (CDM-SSC-PoA-DD)/ (CDM-SSC-CPA-DD)

Skip the rest (similar to the steps written in the below diagram)

Determining a baseline and monitoring methodology

Is there an approved methodology (AM) applicable to the project activity? (chap.7-3)

Yes

No

Request for clarifications to an AM (chap.7-6)

Answers

Approval

Request for deviation (chap.14)

Approval

Request for a revision of an AM (chap.7-5)

Approval

Submission of a proposed new methodology (NM) (chap.7-4)

Writing the CDM-PDD by applying AMs (Att.6)

PDD and methodology related forms

| | | Normal-scale CDM project activity | | Small-scale CDM project activity | |
|--------------------------------------|-------------|-----------------------------------|---|----------------------------------|---|
| Emission Reduction | PDD | CDM-PDD ver.3.1 | CDM Project Design Document | CDM-SSC-PDD ver.3 | CDM Project Design Document for Small-Scale project activities |
| | Methodology | F-CDM-AM-Subm ver.2 | Form for submission of queries from DOEs to the MP regarding the application of approved methodologies | | |
| | | F-CDM-AM-Rev ver.1 | Form for submission of requests for revisions of approved methodologies to the MP | | |
| | | CDM-NM ver.2 | CDM Proposed New Methodology: Baseline and Monitoring | | |
| A/R (chap.18) | PDD | CDM-AR-PDD ver.4 | CDM Project Design Document for A/R project activities | CDM-SSC-AR-PDD ver.2 | Project Design Document Form for Small-Scale A/R project activities |
| | Methodology | F-CDM-AR-AM-Subm ver.1 | Form for submission of queries from DOEs to the AR WG regarding the application of Approved A/R Methodologies | | |
| | | F-CDM-AR-AM-Rev ver.1 | Form for submission of requests for revisions of Approved Methodologies to the AR WG | | |
| | | CDM-AR-NM ver.3 | CDM Proposed New Methodology: Baseline and Monitoring for A/R | | |
| Programme of Activities (chap.19) | PDD | PoA-DD ver.1 | CDM Programme of Activities Design Document | SSC-PoA-DD ver.1 | Small-Scale CDM Programme of Activities Design Document |
| | | PoA-CPA-DD ver.1 | CDM Programme Activity Design Document | PoA-SSC-CPA-DD ver.1 | Small-Scale CDM Programme Activity Design Document |
| Deviation (chap.14) | | F-CDM-DEV ver.2 | Form for submission of requests for deviation | | |

PDD: http://cdm.unfccc.int/Reference/PDDs_Forms/PDDs/index.html

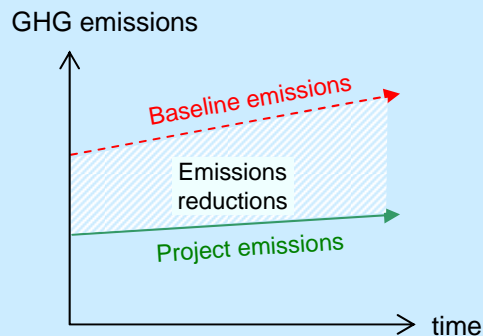
Methodology: http://cdm.unfccc.int/Reference/PDDs_Forms/Methodologies/index.html

Deviation: [EB24 Anx30]

7. Baseline

7-1. 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;
 - (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, in accordance with simplified procedures developed for such activities;
 - (e) Taking into account relevant national and/or sectoral policies 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.
- ☞ A baseline (emissions) shall cover emissions from all gases, sectors and source categories within the project boundary. [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 ver6.2, p11]

⇒ 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 ver6.2, p11]

- ◆ “The tool for the demonstration and assessment of additionality” 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]

7-2. 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. [Glos ver2, p10]
- ◆ 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

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).

7-3. 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. [Glos ver2, p7]

A baseline methodology approved by the EB is publicly available along with relevant guidance on the UNFCCC CDM website (<http://unfccc.int/cdm>). [Glos ver2, p8]

☞ DOEs can submit queries regarding the applicability of **approved methodologies**.

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, if appropriate. [EB32 Anx13, 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 ver6.2, p24]

Baseline approach (para 48 of the CDM M&P) [Glos ver2, p7][CMP/2005/8/Ad1, p16 para48]

A baseline approach is the basis for a baseline methodology. The EB agreed that the 3 approaches be the only ones applicable to CDM project activities:

(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>

BOX: Temporarily result in “negative emission reductions” [EB21 Rep, 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.

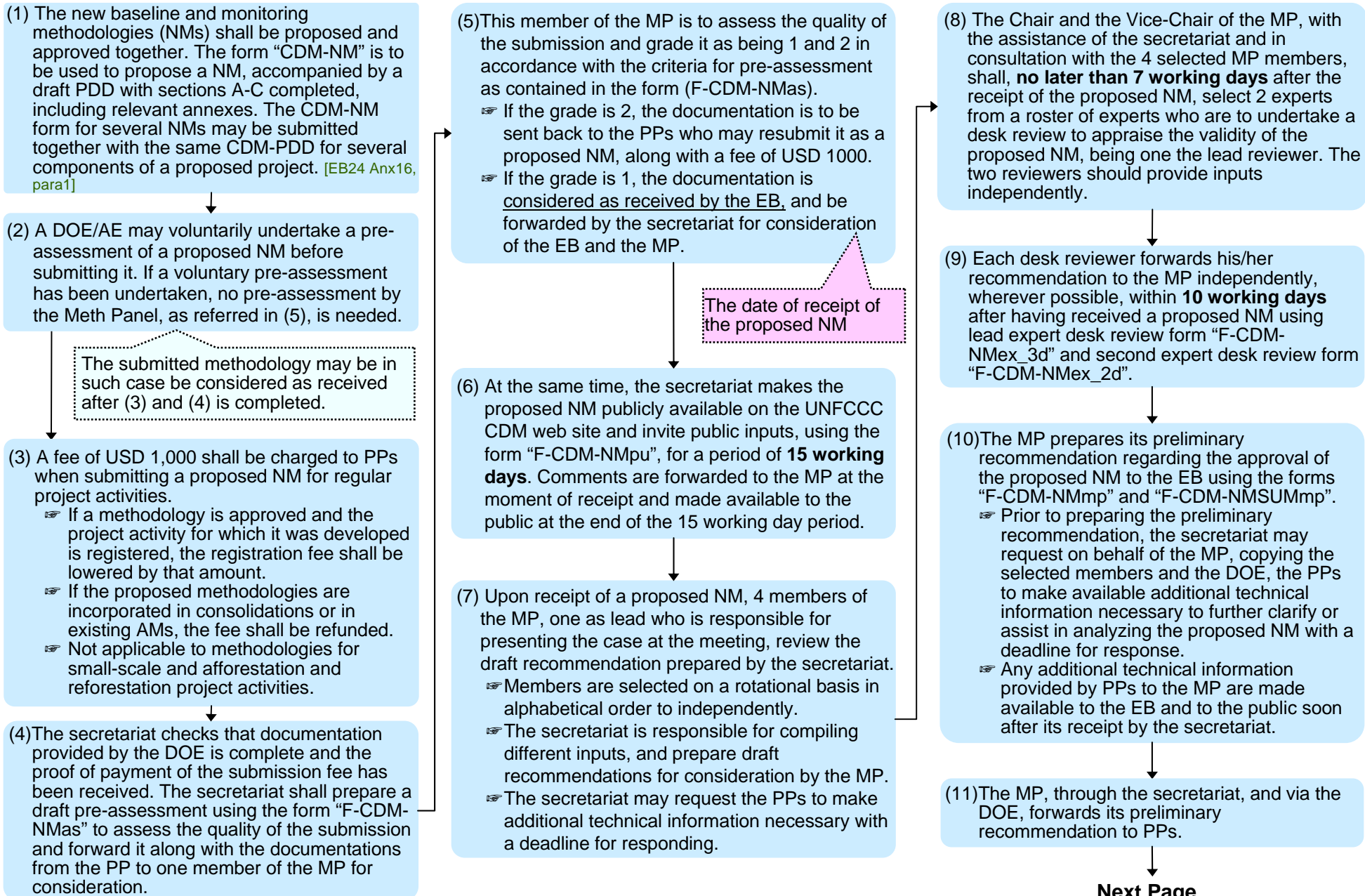
☞ In these cases, proposed NMs should stipulate that if a project activity temporarily results in “negative emission reductions”, any further CERs will only be issued when the emissions increase has been compensated by subsequent emission reductions by the project activity.

BOX: Proposed project activities applying more than one methodology [EB08 Anx1, 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 for each “sub-activity”.

7-4. Procedures for the submission of a proposed new methodology (NM)

[EB32 Anx13][Version 12 / 22 June 2007]



Next Page

7-4. Procedures for the submission of a proposed NM

[EB32 Anx13][Version 12 / 22 June 2007]

(12) Within a timeframe stipulated by the Chair of the MP (**but not exceeding 4 weeks**), after the receipt of the preliminary recommendation of the MP by the PPs, the PPs may submit (copying the DOE), clarifications to the MP, through the secretariat, on technical issues concerning the proposed NM raised in the preliminary recommendation by the MP. Technical clarifications provided by the PPs shall include the revisions, in the form “CDM-NM” in a highlighted form.

- ☞ Clarifications provided by the project participants shall be made available to the EB and to the public soon after they have been received by the secretariat.

(13) If PPs provide clarifications related to the preliminary recommendation by the MP, the MP considers these clarifications **at its next meeting** and prepare its final recommendation to the EB.

- ☞ The final recommendation shall be forwarded to the EB and made publicly available.

(14) The EB shall consider a proposed NM **at the next meeting** following the receipt of the final recommendation regarding the approval (“A” case) or non-approval (“C” case) of the proposed NM by the MP.

Once approved by the EB, it shall make the approved methodology (AM) publicly available and the DOE may proceed with the validation of the project activity and submit the PDD for registration.

- ☞ The MP makes a recommendation to the EB, if possible **at its next meeting**. The MP shall finalize its recommendation to the EB **within 2 meetings** of the MP.
- ☞ A proposed NM shall be available to the MP at least **10 weeks prior to its next meeting**.
- ☞ In case more than 10 proposed NMs are submitted by the deadline, the Chair of the MP ascertains how many proposals are analyzed at the next MP meeting and decide to postpone the analysis of some submissions.
- ☞ Submissions are treated on a “First come first served” basis.
- ☞ The EB may decide to change a deadline for submissions of proposed NMs taking into account the workload of the MP.

- ☞ The EB shall expeditiously, if possible **at its next meeting** but **not later than 4 months** after the date of receipt of the proposed NM, review the proposed NM in accordance with the CDM M&P.

- ◆ There is the guidance, “Modifications to the methodologies consideration process,” which sets priorities and timelines required for the approval of CDM methodologies, tools and guidance. It aims to ensure the effective use of human resources, through an equitable distribution of workload amongst the Panel and Working Groups of the EB while introducing performance based incentives. [EB32 Anx12]
- ◆ The EB clarified that methodologies are approved for application both to CDM project activity and to CDM programme activities (CPA) under a Programme of Activities (PoA) ([chap.19](#)). The EB also clarified that proposed NMs submitted for consideration by the EB should clearly define the activity to which the proposed methodology is applicable. [EB35 Rep, para15]

7-5. Procedures for the revision of an approved methodology (AM) or tool

Request for revisions to AM [EB30 Anx1, para5-9]

- ◆ The revision of AM may be carried out in response to requests by a PP, relevant stakeholders, the EB, the MP or WGs in accordance with the latest version of the procedures.
- ◆ A request for revision is suited for situations where:
 - ☞ An AM is not applicable to a project activity but the project activity is broadly similar to the project activities to which the AM is applicable;
 - ⇒ Similarity is based on the nature (technology/measure) of the project activity and sources of the emissions affected by the project activity. For example, the AM may not be applicable as the source of emissions affected by the project activities are the same but the technology/measure used in the project activity is not covered under the applicability conditions.
 - ☞ Or the procedures provided in the methodology for estimating emissions from sources are not applicable because of slight variations in the approach, flow of events or structure chosen in the project activity.
- ◆ Should no AM be appropriate, then a revision to an AM could be requested.
 - ☞ In this case significant changes are required to the AM for it to be applicable to all possible project scenarios, without which *inter alia*:
 - ⇒ The application of the methodology to the proposed project activity would be inappropriate, resulting in an incorrect definition of the project boundary, double counting, an inaccurate account of leakage, emission reductions that are either not real, measurable, verifiable or additional to those that would occur in the absence of the project activity.

BOX: In case the revision results in the withdrawal of existing AMs

- ☞ If the revision results in the withdrawal of one or more AMs, the withdrawal shall not affect
 - ⇒ (i) registered CDM project activities during their crediting periods; and
 - ⇒ (ii) project activities that have been published for public comments for validation using the previously AM or tool, so long as the project activity is submitted for registration within 8 months of the effective date of the revision. [EB35 Anx13, para17]

if the request for revision to an AM is likely to result in the addition of new procedures or scenarios to more than half of the sections of an AM, it is advisable that project participants propose a NM as per procedures for submission and consideration of proposed NM accordance with the latest version of the procedures (chap.7-4)

The request for revisions shall not include changes to the AM that would result in the exclusion, restriction, narrowing of the applicability conditions of the AMs for other project activities. Should the request result in the above the PP is advised to submit a NM.

There is "Guidance on criteria for consolidations and revision of methodologies". [EB27 Anx10]

7-5. Procedures for the revision of an AM or tool

[EB35 Anx13 para1-16][Version 9]

(1) PPs who intend to propose a revision to an AM or tool referred to in a methodology for the EB's consideration and approval submit to a DOE the following: (a) a form F-CDM-AM-Rev; (b) a draft revised version of the AM or tool referred to in a methodology highlighting proposed changes; and (c) a draft project PDD with sections A to C completed, including relevant annexes.

(3) Once it has 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 checking that the DOE has properly filled the form F-CDM-AM-Rev, (b) submitted complete documentation and preparing draft responses. The date of transmission by the secretariat to the EB is to be considered as the date of receipt of a proposed revision to an AM by the EB.

(5) Depending on the proposed revision of a methodology, the MP and or the EB may decide to request the secretariat to invite public inputs on the proposed revision for a period of 15 working days.

(6) One member of the MP, under the guidance of the Chair of the Panel, is selected to review the secretariat's draft recommendations. If more detailed consideration is required, the Chair may select an additional member.

(7) The MP shall consider the proposed revision at **its next meeting**, if feasible and if received by the secretariat **at least 6 weeks before the meeting**.

(8) The MP recommends, based on substantiated justification, a revision to an AM or tool referred to in a methodology or the continued validity of the AM, possibly with minor revisions and/or minor corrections.

(9) The MP may also recommend the revision of an AM based on the experience gained through the examination of submissions of NMs in order to ensure a consistent approval process. Information on a proposal for revision of an AM shall be made available in the UNFCCC CDM web site and forwarded to the EB via list serve and to the public through the CDM news facility.

(10) The MP recommends to the EB whether to accept the request for revision and if it recommends approval, it shall submit a draft revised version of the AM to the EB.

(11) The EB shall consider the recommendations for revision to AMs or tool referred to in a methodology by the MP at **its next meeting**.

(12) If the EB approves the revision of an AM, this methodology replaces the previous AM. The revision is deemed effective **14 calendar days** after the date of publication on the UNFCCC website (24h00 GMT), which shall be **within 5 calendar days** after the EB's publication of the report.

BOX: Revision of an AM

Any revision to an AM or tool referred to in a methodology shall only be applicable to project activities registered after the revision and shall not affect (i) registered CDM project activities during their crediting period; and (ii) project activities that have been published for public comments for validation using the previous AM or tool, so long as the project activity is submitted for registration within 8 months of the effective date of the revision.

[EB35 Anx13, para16-17]

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 using such a methodology that have not been submitted for registration **within 4 weeks** after the methodology has been put "on hold", will not be permitted to use the methodology until the EB has made a decision with respect to the methodology.

If the EB puts a methodology "on hold", a revised methodology should be approved **no later than the 3rd EB meeting** after the methodology has been put "on hold".

[EB35 Anx13, para18-20]

- ☛ The following exception applies to these procedures: If the COP/MOP requests the revision of an AM, no CDM project activity may use that methodology. The EB shall request the panel/working group to revise the methodology or tool referred to in a methodology, as appropriate, taking into consideration any guidance received from the EB.
- ☛ The EB agreed that these procedures shall apply *mutatis mutandis* to AMs for A/R project activities but subsequently approved separate procedures, which supersede these procedures for small scale methodologies only.

[EB35 Anx13, para3, 6]

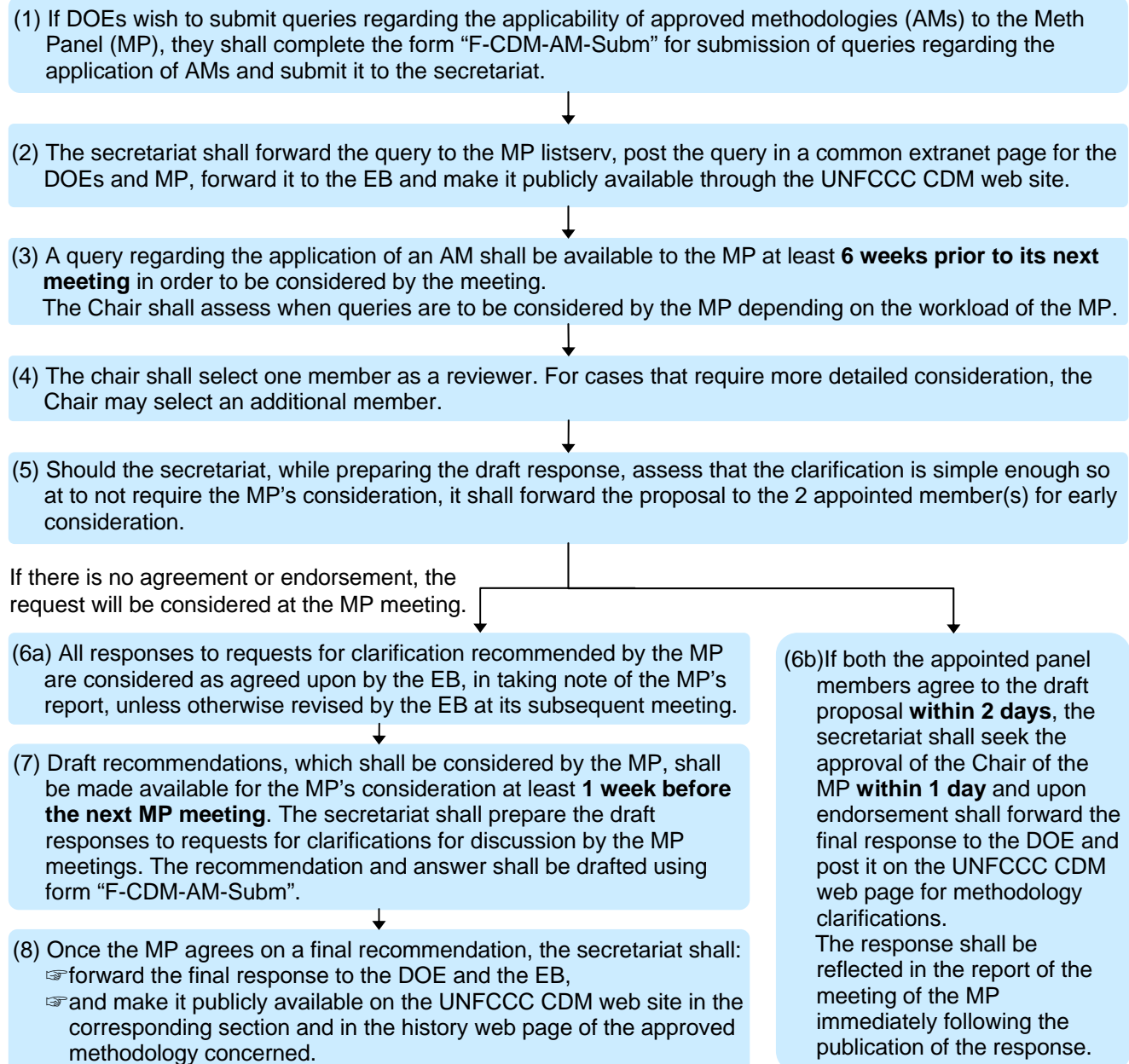
7-6. Procedures for request for clarifications to approved methodologies (AMs)

[EB34 Anx3][Version 4]

When to request for clarifications to AM

[EB30 Anx1, para3-4]

- ◆ The clarifications to approved methodologies (AMs) may be carried out in response to requests by a project participant (PPs) or relevant stakeholders or may be carried out in response to requests recommended by the EB, MP or WGs in accordance with the latest version of the procedures.
- ◆ The procedure for request for clarification is provided to enable the DOEs, and PPs via the DOE, to seek clarification on the applicability of an AM, clarification on various procedures provided in an AM, inter alia for identifying the baseline scenario, demonstrating additionality, estimating baseline emissions, project emissions, leakage, etc. and in clarifying monitoring data and procedures.
- ◆ Should a methodology be unclear or ambiguous in this regard requiring further background information as to the conditions under which it is to be applied, PPs are advised to submit a request for clarification.



8. Other items in the project design document (PDD)

8-1. 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.” [Glos ver2, p22]
 - ☞ 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.

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. [Glos ver2, p19]
- ☞ Reductions in GHG emissions shall be adjusted for leakage in accordance with the monitoring and verification provisions. [CMP/2005/8/Ad1, p17 para50]

8-2. Monitoring plan

- ◆ 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. [Glos ver2, p19]
- ◆ 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, para109]

- ☞ A monitoring methodology approved by the EB and made publicly available along with relevant guidance. [Glos ver2, p19]
- ☞ PPs may propose a new monitoring methodology.
 - ⇒ The new baseline and monitoring methodologies (NMs) shall be proposed and approved together.

BOX: Conditions of use of measurement instruments in the monitoring [EB23 Rep, 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, para37]

