Annex 32

INFORMATION NOTE ON THE IMPLEMENTATION OF E+/E- IN THE CONTEXT OF PROJECTS ON THE AGENDA OF THE FIFTY-THIRD MEETING OF THE CDM EXECUTIVE BOARD

(Version 01.1)

1. The Executive Board at its 22nd meeting (Annex 3) clarified the treatment of national and sectoral policies.

2. The "Tool for the demonstration and assessment of additionality" requires that this guidance on national and sectoral policies be applied in the determination and assessment of input values used in the investment analysis.

3. Therefore in assessing the suitability of tariffs applied in the investment analysis of proposed CDM project activities which supply less carbon intensive electricity than the baseline, DOEs should assess whether the tariff has been affected by any national and/or sectoral policy and if so whether this policy/policies are E+ policies or E- policies.

4. In the context of the specific request for review and under review cases referred on the agenda of EB53, the Executive Board is not, at this point, satisfied that the validating DOE has adequately conducted this analysis to determine the suitability of the tariff. The Executive Board has this concern due to the fact that higher tariffs have been observed for similar projects in the same region. The Board therefore expects the validating DOEs to assess the suitability of the tariffs in these cases by:

(a) Determining whether there have been any changes in the policies which impact the tariff applicable to the project activity, after 11 December 1997 or after 11 November 2001;

(b) Quantitatively assess for each policy change the impact of the policy change on the comparative advantage of less carbon intensive sources of electricity; and/or

(c) In addition if the lower tariff cannot be fully attributed to policy changes in (b) above, the DOE is expected to explain the differences in tariffs in a quantitative manner with reference to other factors.

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