

EB 54

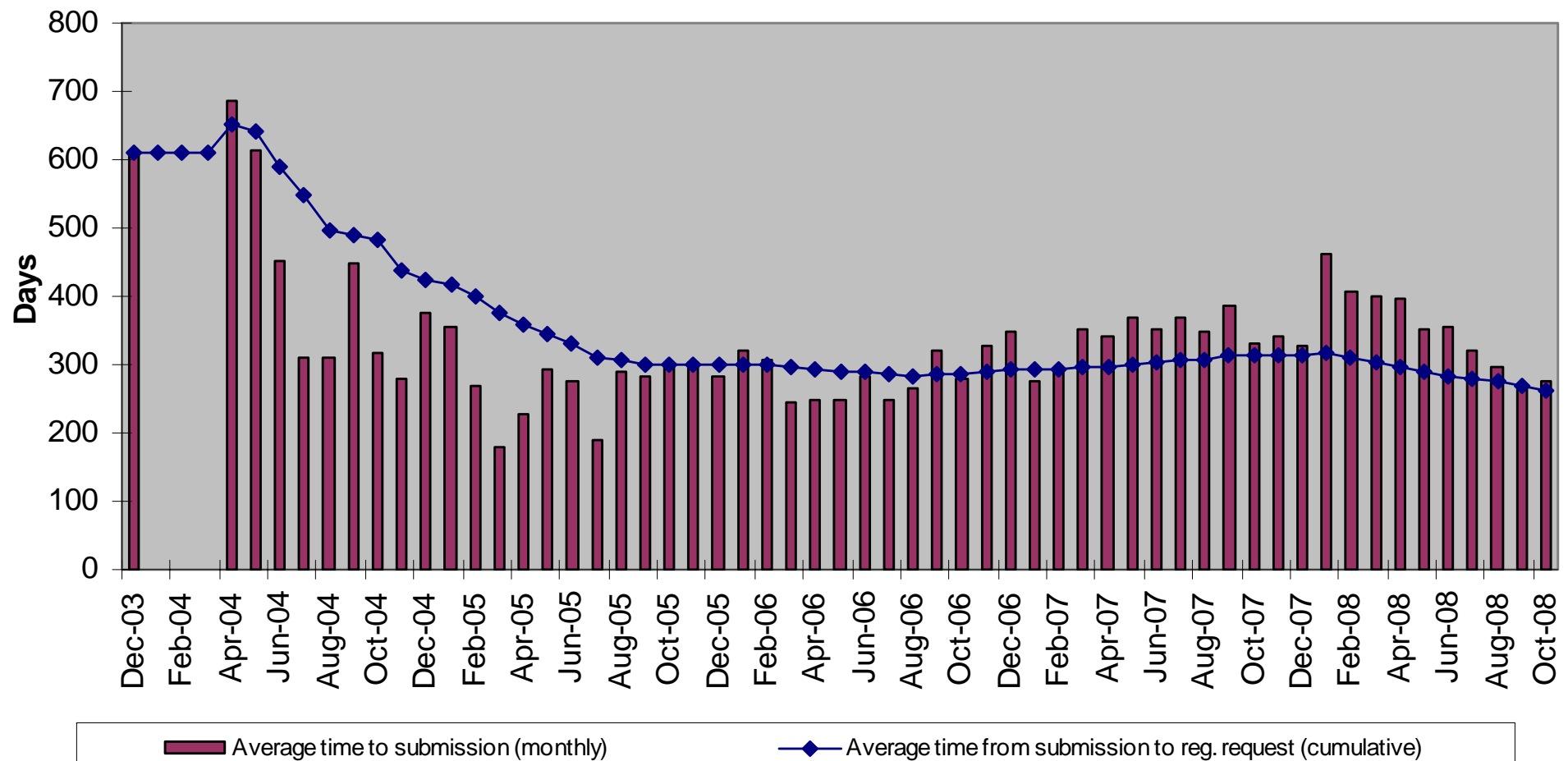
Inputs from Designated Operational
Entities and Applicant Entities

Validation timelines

- At EB 53, the DOE Forum presented average validation timelines based on independent data from UNEP Risoe for the whole of the CDM Market
 - The World Bank has indicated that based on its experience (*'10 years of experience in carbon Finance'*, 2009):
 - the total time required for project registration in the CDM market overall has increased from an average of 11 months in 2004-2007 to 18 months in 2008-2009
 - The average time from request for registration to approval of registration has increased from 3 months in 2004-2007 to 6 months in 2008-2009
 - The report states that "it currently takes approximately 12 months to complete a project's validation and another six months to get it registered"
 - The data from UNEP Risoe shows that validation is currently taking around 12 months, consistent with the World Bank's findings and the data presented by the DOE Forum at EB 53
 - The following charts illustrate the timelines more closely:
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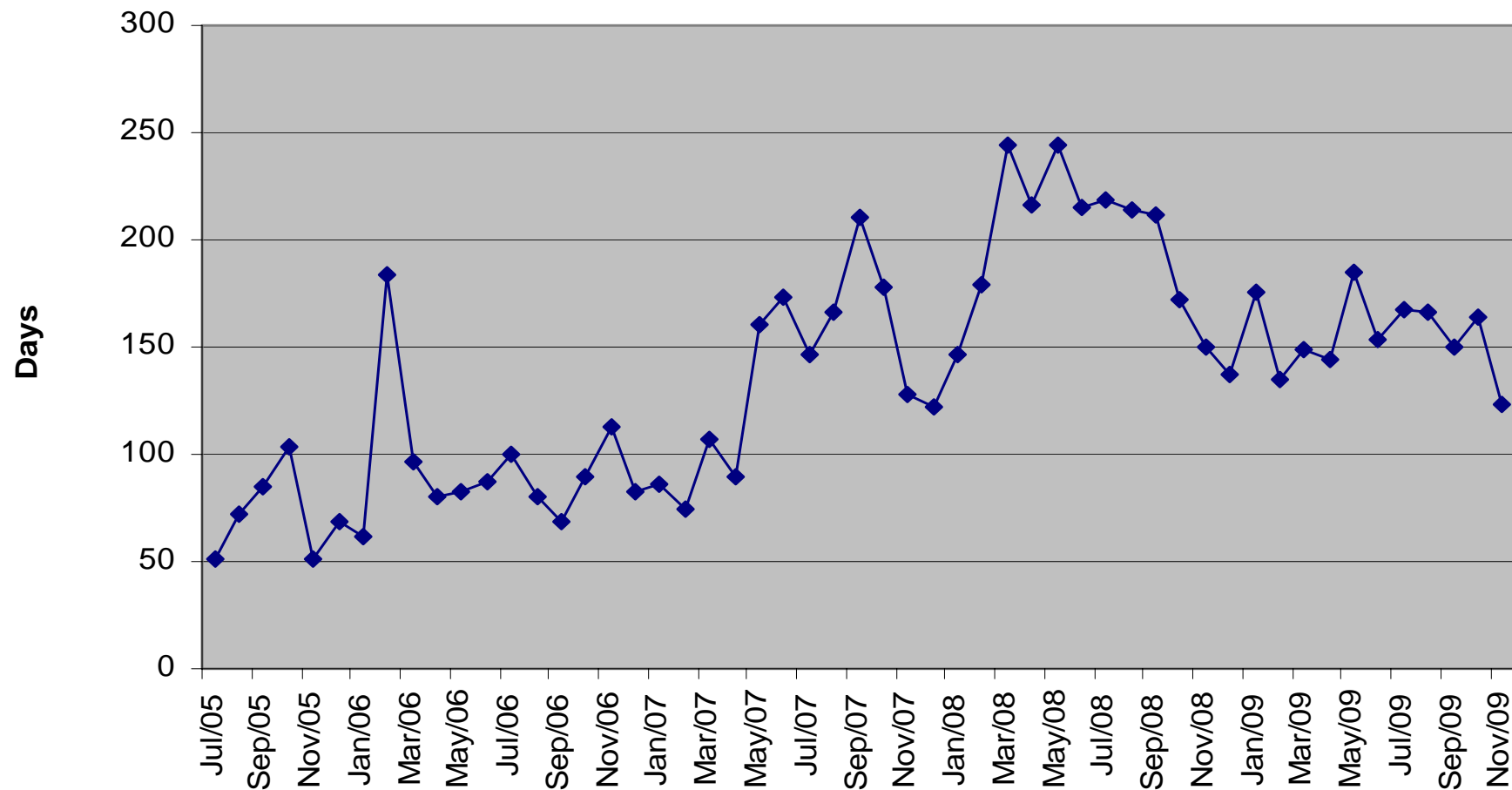
Validation Timelines (UNEP RISOE)

Monthly and cumulative average timelag between the start of public comment period and submission of request for registration



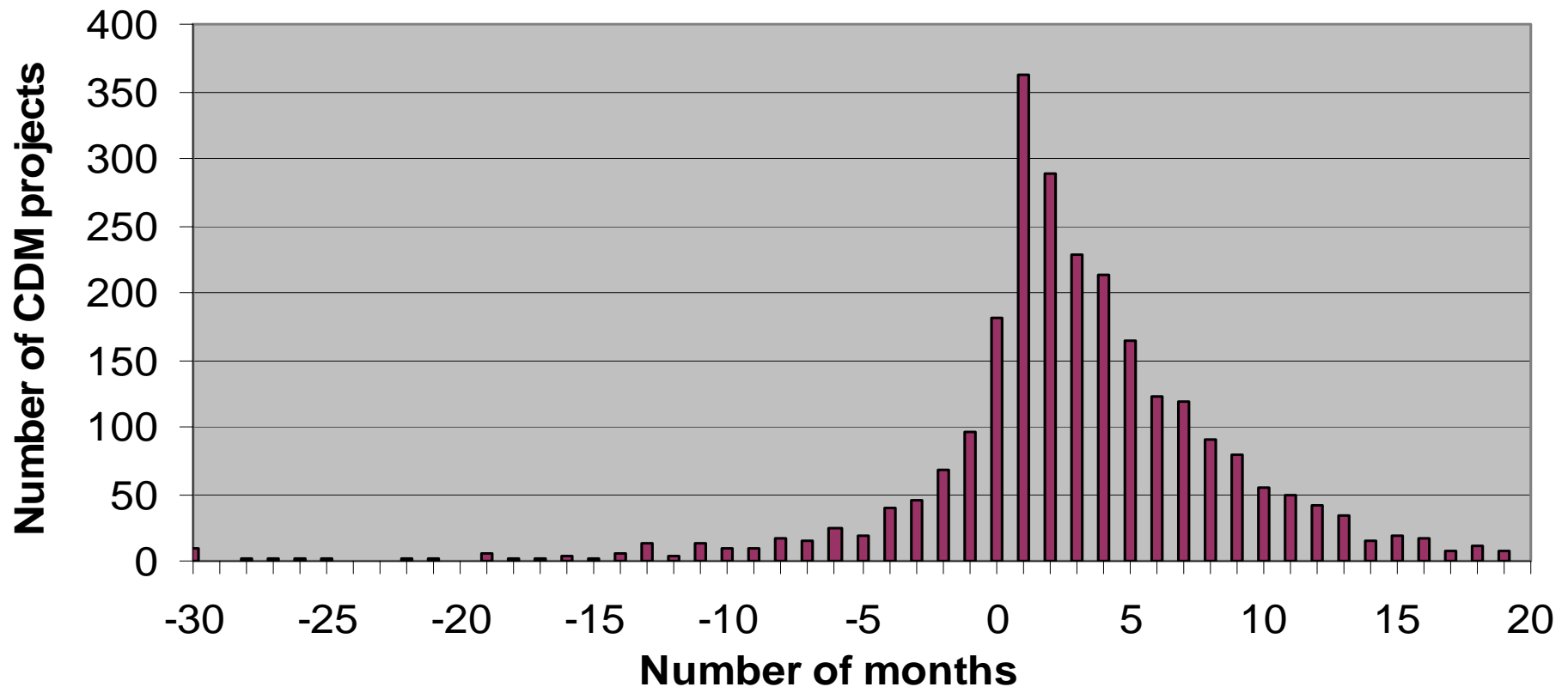
Validation Timelines (UNEP RISOE)

Average time from request registration until registration



Validation Timelines (UNEP RISOE)

Time span between start of comment period and host country LoA. Distribution of number of CDM projects in each month in this interval.



Validation Timelines

- ❑ From the data, it is apparent that validation time has stabilised at around 12 months since 2005
- ❑ Time taken from request for registration to registration has stabilised at around 5 months since 2008, although this does represent an increase over 2004/5
- ❑ DOEs will continue to make efforts to limit the time taken for validations. The regular updates required by the Board on validation status should start to indicate the progression of validations in more detail

DOE inputs on appeals process

- ❑ DOEs would like to emphasise that accredited appeals mechanisms already exist within each DOE
- ❑ These mechanisms should be the first port of call for appeals against DOE decisions
- ❑ It is important that the threat of appeal cannot be used as a means to pressure DOEs to take certain decisions, which may undermine environmental integrity
- ❑ Auditing is an evidence-based process, so appeals against DOE decisions should be based on the evidence made available at the time of validation / verification
- ❑ The appeals process should not cover commercial or contractual disputes that are governed by national law and associated appeals in the courts
- ❑ Costs should be capped, and DOEs should not bear the costs of an appeal unless they are found to have acted incompetently

Submissions by DOEs/AEs:

Deloitte Cert Umweltgutachter GmbH

- Suggest that professional auditing experience should be accepted as relevant working experience in the qualification of DOE staff against specific technical areas where:
 - Professional auditing experience is comparable to the auditing competence required as a CDM validator/verifier.
 - Auditing experience was gained under a validation/verification system comparable to CDM,
 - Auditing experience was gained within the specific technical area.
- For example, experience of EU-ETS auditing provides sound technical and GHG related experience

Submissions by DOEs/AEs:

LRQA

- ❑ Sought clarification on how to deal with minor discrepancies between registered PDDs or monitoring reports and the methodology
 - ❑ If such issues have no impact on compliance with the CDM rules or emission reductions, can this simply be addressed in the verification report, instead of requesting deviation or revision or notifying changes?
 - ❑ This could reduce the burden on the UNFCCC and DOEs whilst maintaining environmental integrity
 - ❑ DOEs would have to clearly justify such differences in the reports and the UNFCCC would be able to question this, if needed, at the request for review stage
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Submissions by DOEs/AEs:

ERM-CVS

- Sought clarification on the information note on E+ /E- policies
 - Does a detailed assessment of policy changes need to be carried out even if there has been no declining trend in tariffs?
 - What should be the approach in cases where data is not available? Can established procedures as for common practice be followed where data on such policies can be excluded if it is not available?
 - Can the Board encourage DNAs to make information/clarifications on policies and incentives available?
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Comments on the annotated agenda for EB 54

Draft guidelines on the treatment of national and sectoral policies (Annex 3):

- Can the Board provide further guidance on how to determine whether a policy can be considered either an E+ policy or an E- policy?
 - For example, does the policy have to explicitly set out with the intention of incentivising low/high emissions technologies?
- DOEs shall consider that parameters are directly determined by a policy in cases 'where the investment analysis reflects costs or revenues above market prices' (paragraph 6).
 - Can the Board provide further guidance on how market prices should be determined, including in the case of economies where prices are strictly regulated by the Government?

Comments on the annotated agenda for EB 54

Draft guidelines on the treatment of national and sectoral policies (Annex 3):

- Can the Board provide further clarity/guidance on how to deal with situations where a policy has changed, e.g. where subsidies have been reduced or where one policy measure has been replaced by another?