

EXPERIENCE WITH THE VERIFICATION PROCEDURE UNDER THE JISC

Twenty-second meeting of the JISC

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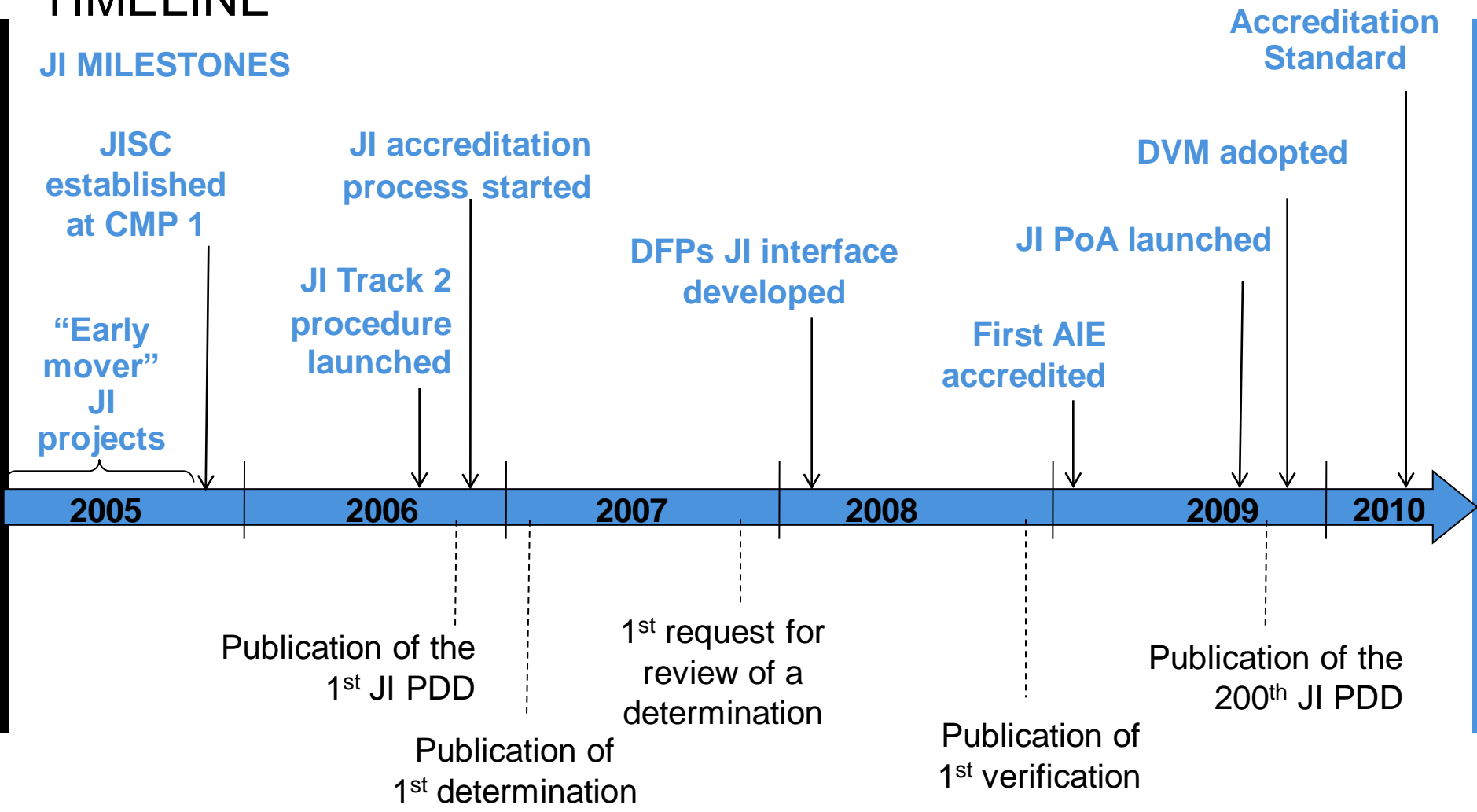
MANDATE

CONFERENCE OF PARTIES 5 - COPENHAGEN (DECISION 3/CMP.5)

- CMP 5 requested the **JISC to report to the CMP. 6 on its experience with the verification procedure**, with a view to making improvements for the future operation of JI
- JISC (21st meeting), requested the secretariat to prepare **a background paper**, in consultation with selected JISC members/alternate members, in which to:
 - Define the **scope** of the report
 - Propose the **structure** of the report, and
 - Identify the **possible areas of focus** of the report
- JISC requested the secretariat to **launch a call for public inputs** on the issue and to use the results of the call in the final report to the CMP

TIMELINE

JISC MILESTONES



BACKGROUND ON THE JI MECHANISM 1

KEY DOCUMENTS ADOPTED IN 2006

- JI **started early** (around 2000) considering the Marrakesh Accords rules
 - JI **increased** since the entry into force of KP, and the **establishment of JISC in 2005**
 - JISC focused on making **the verification procedure under the JISC operational**:
 - Rules of procedure for JISC
 - JI PDD form, JI SSC PDD form, JI LULUCF PDD, and form for bundled SSC projects
 - Guidelines for users of the three JI PDD forms (large, SSC, LULUCF)
 - Procedures for appraisals of determinations under the verification procedure
 - Procedures for reviews under the verification procedure
 - Procedures on public availability of documents
 - Guidance on criteria for baseline setting and monitoring and provisions for SSC projects
 - Principles, structure and level of fees to cover administrative costs of the JISC
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BACKGROUND ON THE JI MECHANISM 2

KEY DOCUMENTS ADOPTED IN 2007-2010

- October 2006 - **official launch of the verification procedure** - JISC shifted its focus from procedural work to operation of the verification procedure (project-related submissions)
- JISC considered ways to **enhance efficiency and improve** operation by adopting:
 - Revised guidance on criteria for baseline setting and monitoring, (JI specific approach or CDM approved methodologies)
 - Revised guidelines for users of JI PDD forms (large, SSC, LULUCF)
 - Revised procedures for reviews under the verification procedure
 - Procedures for the withdrawal of submissions under the verification procedure
 - Procedures for communication of the public with the JISC
- Procedures for JI programmes of activities (JI PoAs) - Oct. 2009
- Determination and verification manual (DVM) to assist AIEs in performing determinations and verifications - Dec. 2009



BACKGROUND ON THE JI MECHANISM 3

PROJECT STATUS

- **230 PDDs** in 12 sectoral scopes published under Track 2 ~ 330 Mt CO₂ equivalent
- **19 determinations** regarding Track 2 PDDs published from which:
 - 17 positive determinations deemed final (37 Mt CO₂e in 2008-2012)
 - 1 determination rejected by the JISC
 - 1 determination open for requests for review
- **15 verifications** of emission reductions generated by determined Track 2 projects from which:
 - 12 positive verifications deemed final (1.6 Mt CO₂e as ERUs possible to be issued)
 - 3 verifications open for requests for review
- **159 Track 1 projects** published on the JI UNFCCC website



BACKGROUND ON THE JI MECHANISM 4

ACCREDITATION

- Joint Implementation Accreditation Panel (**JI-AP**) established by the JISC in March 2006 to work on accreditation of applicant independent entities (IEs)
- 15 November 2006 - **start of the JI accreditation process**
- 16 applications for accreditation received from IEs
- JI-AP issued an indicative letter to 14 applicant IEs (successful desk review and on-site assessment)
- 7 applicant IEs may act provisionally as an AIE
- **JISC accredited 4 IEs**: TÜV SÜD, SGS, BVC, DNV
- Recently JISC adopted JI the **accreditation standard** and revised the JI accreditation procedure



SCOPE OF THE REPORT

JI EXPERIENCE WITH THE VERIFICATION PROCEDURE

- **Provide information on the progress** towards the implementation of the JI mechanism
- **Propose possible changes** to be considered immediately by the JISC
- **Suggest improvements** of the verification procedure to be considered by CMP at its sixth and subsequent sessions
- **Recommend possible modifications** in the future operation of the JI mechanism to be considered by the CMP in the negotiations for any future agreement under the UNFCCC
- **Highlight accomplishments and challenges** faced by different stakeholders and opportunities for improvements going forward
- Present information on JISC actions and summarize the status of JI-related matters



POSSIBLE AREAS OF FOCUS

JI EXPERIENCE WITH THE VERIFICATION PROCEDURE

- Report will summarize the experience of stakeholders in implementing the JI mechanism, mainly focusing on the following aspects:
 - Participation requirements
 - Involvement, actions and roles of different actors, including the JISC and its support structure, as well as Parties and DFPs, AIEs, project participants, and international and non-governmental organizations
 - JI project requirements and guidelines (baseline setting and monitoring, additionality, etc.)
 - Accreditation of independent entities
 - JI forms
 - Management and governance of JI and the JISC
 - Recommendations/lessons learned



STRUCTURE OF THE REPORT

I. Introduction

- A. Mandate
- B. Scope of the report

II. JI Milestones and achievements

III. Experience

- A. Verification procedure under the JISC
- B. Accreditation of independent entities
- C. Roles of different stakeholders
- D. Project requirements, guidelines and forms
- E. Outreach, communication and cooperation between stakeholders

IV. Management and governance matters

- A. Management of the JI mechanism
- B. JISC management issues (participation, elections, membership)
- C. Resources, budget and expenditures

V. Perspectives

- A. Challenges and opportunities
- B. Long-term considerations and implications

VI. Recommendations and proposed changes

- A. Issues for consideration by the JISC
- B. Issues for consideration by the CMP



INPUTS RECEIVED FROM PUBLIC

CALL FOR PUBLIC INPUTS REGARDING EXPERIENCE WITH JI

- JISC request at JISC 21 meeting
- Secretariat opened the call in the period 22 April - 21 May 2010
- 3 inputs received: DNV; Mr. Mihai Brasoveanu, Danish Energy Agency; and World Bank
- Provided valuable suggestions for JISC in the following key areas:
 - Accreditation of independent entities
 - Involvement of different actors and communication
 - Guidelines and guidance
 - Post 2012 framework
- Additional inputs received from JIAG (presented in the roundtable)



INPUTS RECEIVED FROM PUBLIC 1

ACCREDITATION OF INDEPENDENT ENTITIES

- Speed up the accreditation process in order to increase the number of AIEs
- Introduce a system for receiving comments from PPs on AIEs activity resulting in possible requests by the JISC for performance appraisal of AIEs
- Encourage accreditation of local IE for promoting competition between AIEs and enhance national practices and standards application
- Adopt a “standard contract” between the AIEs and PPs with clear rights, responsibilities and deadlines (delays are occurring due to the limited capacity of AIEs)
- Proceed with accreditation standard as a predictable guide for requirements and processes
- Ensure professional sectoral regional and national expertise in AIEs, including through facilitating access to external expertise



INPUTS RECEIVED FROM PUBLIC 2

INVOLVEMENT OF DIFFERENT ACTORS AND COMMUNICATION

- Take a more proactive, leading role in coordinating actions among different actors, providing more opportunities for dialogue and promoting channels of communication
- Establish a working group for providing recommendations on different topics
- Establish formal communication channels to facilitate interpretation and further development of the DVM for increased transparency on determination/verification process
- Facilitate the cooperation and communication between DFPs regarding standardizing requirements and providing a similar set of required information on JI Track 1
- DFPs should be stimulated in adopting a more active role for establishing reliable institutional framework and predictable procedures



INPUTS RECEIVED FROM PUBLIC 3

GUIDELINES AND GUIDANCE

- Allocate in the JI guidelines, specific timeframes and deadlines to each phase in the process of developing a JI project to increase the predictability for PPs
- Maintain the JI flexibility through clear guidance and decisions, including further elaboration of DVM in order to reduce the uncertainties and motivate PPs for submitting projects
- Encourage and support simplified and innovative methodology approaches, including multi-project baselines and simplified additionality, allowing multiple measures in a project activity, and developing a simplified set of rules and baselines, and a simplified approach for additionality demonstration



INPUTS RECEIVED FROM PUBLIC 4

POST-2012 FRAMEWORK

- Take a leading role in contributing to the preparation and involvement of stakeholders in the present negotiations regarding post-2012 carbon market mechanisms
- Adopt a consistent and predictable approach on the evolution of JI mechanism in post-2012 framework by:
 - Providing sufficient period for transition for projects under development
 - Excluding retroactive use of new JI requirements, and
 - Ensuring predictable treatment of early mover projects
- Clarify the existence and use of both JI Track 1 and Track 2 approaches in the post-2012 framework (expected volumes, types of projects, and possible regulatory differences) considering the existing differences between them



INPUTS FROM JIAG

EXPERIENCE REPORT AT JISC 22

- JIAG submitted 3 documents as inputs regarding experience with JI
 - Experience on the existing procedures, including guidance on criteria for baseline setting and monitoring and guidelines for users of JI PDD forms (choice of JI specific approach or approved CDM methodology, estimation of emission reductions, glossary of terms)
 - Time lags and bottlenecks of selected JI projects (experience with 19 JI projects)
 - JIAG post-2012 Position Paper – Revised paper
- Documents will be used in preparing the final report to the CMP

INPUTS FROM THE ROUNDTABLE

PRESENTATIONS AND DISCUSSIONS

- Four presentations: Secretariat, Ukraine DFP, JIAG (existing documents; post-2012)
- JIAG explained in length the inputs sent to the JISC 22 meeting
- Discussion (limited time) focused on:
 - Value added of JI Track 2 over Track 1
 - Necessity for harmonizing JI Track 2 and Track 1 presently and having “one” JI in the future
 - Additionality in JI (capped environment)
 - Fees in JI Track 2
 - Approval of host countries (delays) and national criteria used in approving projects
 - Possibility of using JI as blueprint for projects under Art.24 of the EU ETS revised regulation

