

Reform and future of the CDM

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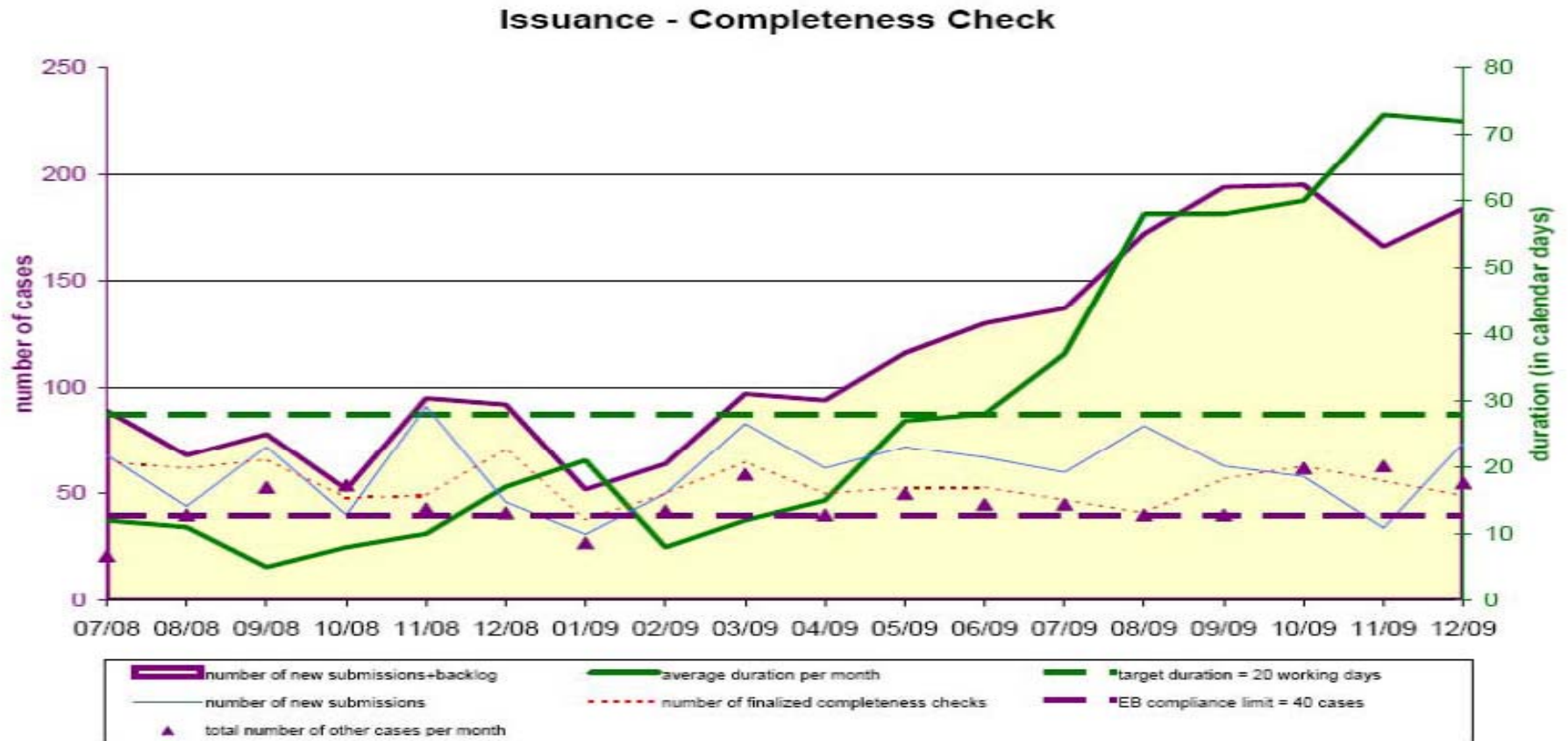
(Member of the CDM Executive Board)



Some outcomes of Copenhagen

- Decision 2/CMP.5: 60 paragraphs on CDM
- Some CDM reforms and improvements, most based on the EB's own proposals + "China wind decision":
 - Change/shorten registration & review process
 - Introduce possibility to appeal
 - Increase transparency, consistency, impartiality
 - Revisit guidance on treatment of national policies
 - Standardized baselines to be discussed at SBSTA
 - Additionality simplified for projects < 5 MW / 20 GWh
- Pursue various approaches, including markets...

Example of timelines CDM



Expected focus CDM in 2010

- Revised/shortened registration & issuance (= attempt to reduce timelines)
- Appeals procedures (EB and DOE decisions)
- Increased training stakeholders
- Enhanced performance assessment DOEs
- Updates of VVM and other documents
- Workplan Meth Panel provides for new priorities and for cooperation with e.g. US EPA
- Further simplified approaches for small scale
- Long debates on additionality / common practice
- Long debates on impact of national policies

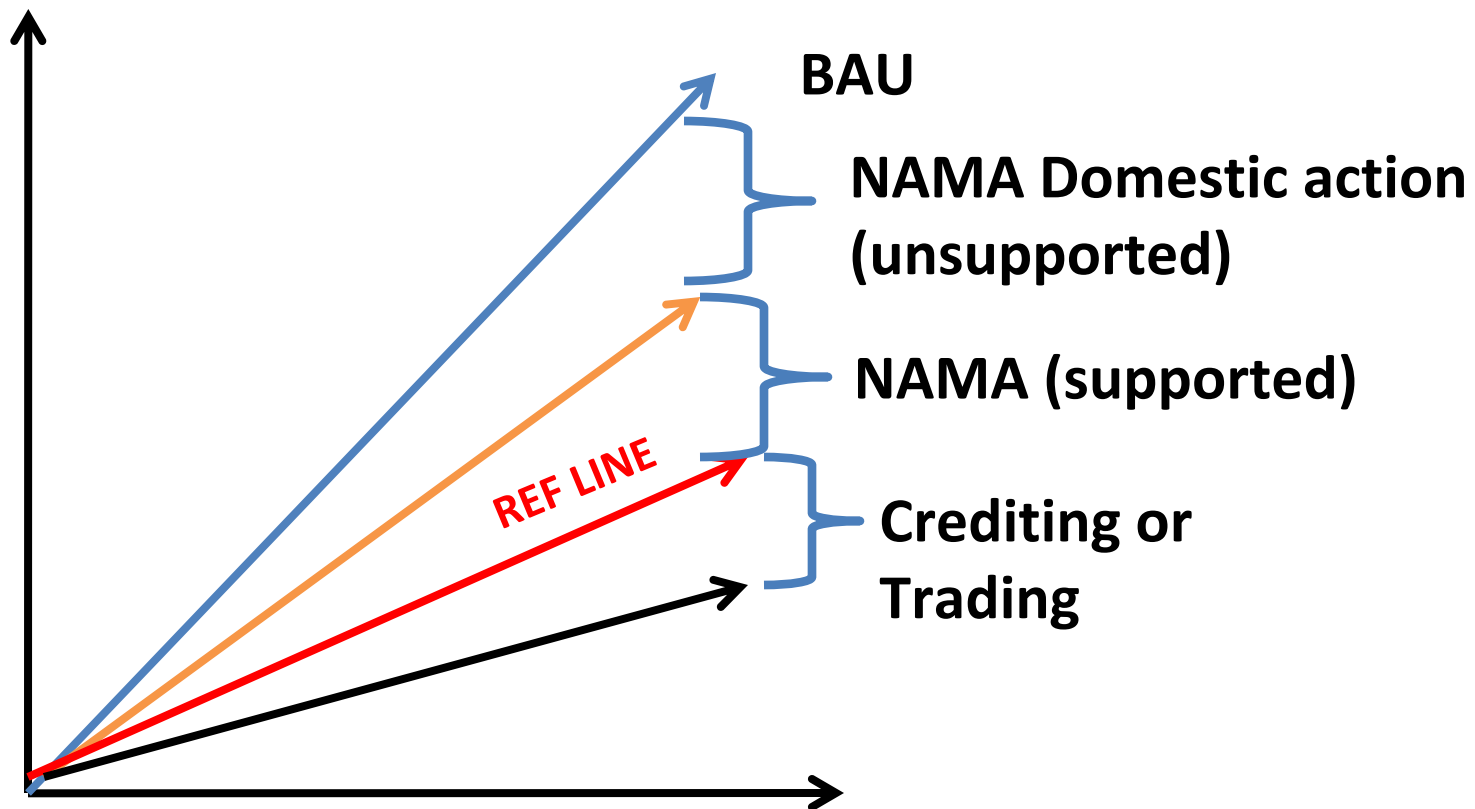


Limitations to the CDM

- Registration cases: < 500 – 700 / year
→ not possible to process 1000 – 2000 / year
- Shift of national subsidies → “CDM subsidy”
- Unclear how to resolve “Chinese wind dilemma”
- Methodologies are complex and must be simplified & move towards standardized baselines
- Move towards sectoral approaches inevitable
- Several actors explore sectoral bottom up approach
- But avoid the sensitive S-word

Possible way forward

- CDM will survive and conditionally continued
- Continue CDM in LDCs and other moderate developing economies
- Large & fast emerging economies:
 - “sectoral” approaches for some sectors (power, cement, iron&steel?)
 - CDM for other sectors
- Transition period for already approved projects
- Assess diversity and role of NAMAs



Annex 1 proposal for developing countries