

The Clean Development Mechanism

Martin Hession - CDM Executive Board Member -DECC UK

24th June 2010

b. State of Play- Market Size 2009



- ✦ The EU Emissions Trading System
 - ✦ 6 billion tonnes traded - US\$119 billion
- ✦ CDM -
 - ✦ 3.7 billion tonnes traded - \$21 billion.
- ✦ RGGI
 - ✦ 0.8bn tonnes traded- \$2.2 billion
 - ✦ (0.62bn and \$198 million 2008)
- ✦ Voluntary market - 46m tonnes traded - worth \$338 million

b. State of Play: Outputs



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- ✦ Issuances 1744. Total 420,943,351 CERs issued. (14 rejected)
 - ✦ Currently 0 requests, 7 under review, 20 review requested (3m tonnes) , 4 corrections
 - ✦ Pre-application completeness (242 awaiting scheduling, 11 in check)
 - ✦ Projects 2250 registered (150 rejected, 49 withdrawn)
 - ✦ Currently; 73 requests, 24 under review, 33 review requested, 50 corrections
 - ✦ Pre-application completeness (24 await fee, 288 awaiting scheduling, 13 in check)
 - ✦ Methodologies 140 - 70 large scale, 50 small-scale,
 - ✦ Accredited 31 auditors (DoEs)
 - ✦ Currently 37 (25+12) under consideration

efficiency/effectiveness



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- * 116 projects a month
 - * Methodologies - target date 4 months - actually 6 months to 2 years (Revisions typically 3 months)
 - * Registration - 8 weeks from application, review take 2 meetings (6 -8 weeks between). Completeness 100 days, Corrections 38 days
 - * Issuance - 15 days from application, review takes 2 meetings. completeness 70 days, completeness 45 days
 - * Accreditation - 6 months-2 years
 - * Rules developed on an ad hoc basis
 - * Case by Case Approach to development of methodologies and assessment of projects
 - * Difficult judgements on additionality
 - * Process of Consolidation and Standardisation just beginning
 - * Structure of supervision built slowly over time
 - * Increased and Direct involvement of secretariat

i- Executive Board



- ❖ Supervisory Body - functions specified in Marrakech Accords
- ❖ 10 Members and 10 Alternates - CVs on the Web
- ❖ Nominations of Regional Groups - Annex I, Non-Annex I, Aosis, WEOG, Africa, GRULAC, Asia
- ❖ Personal Capacity
- ❖ Oath of Office and Code of Conduct - Statements on the web
- ❖ No Specific ToR - under - development
- ❖ Rules of Procedure - specify detailed process - voting 2/3 majority

i-Secretariat

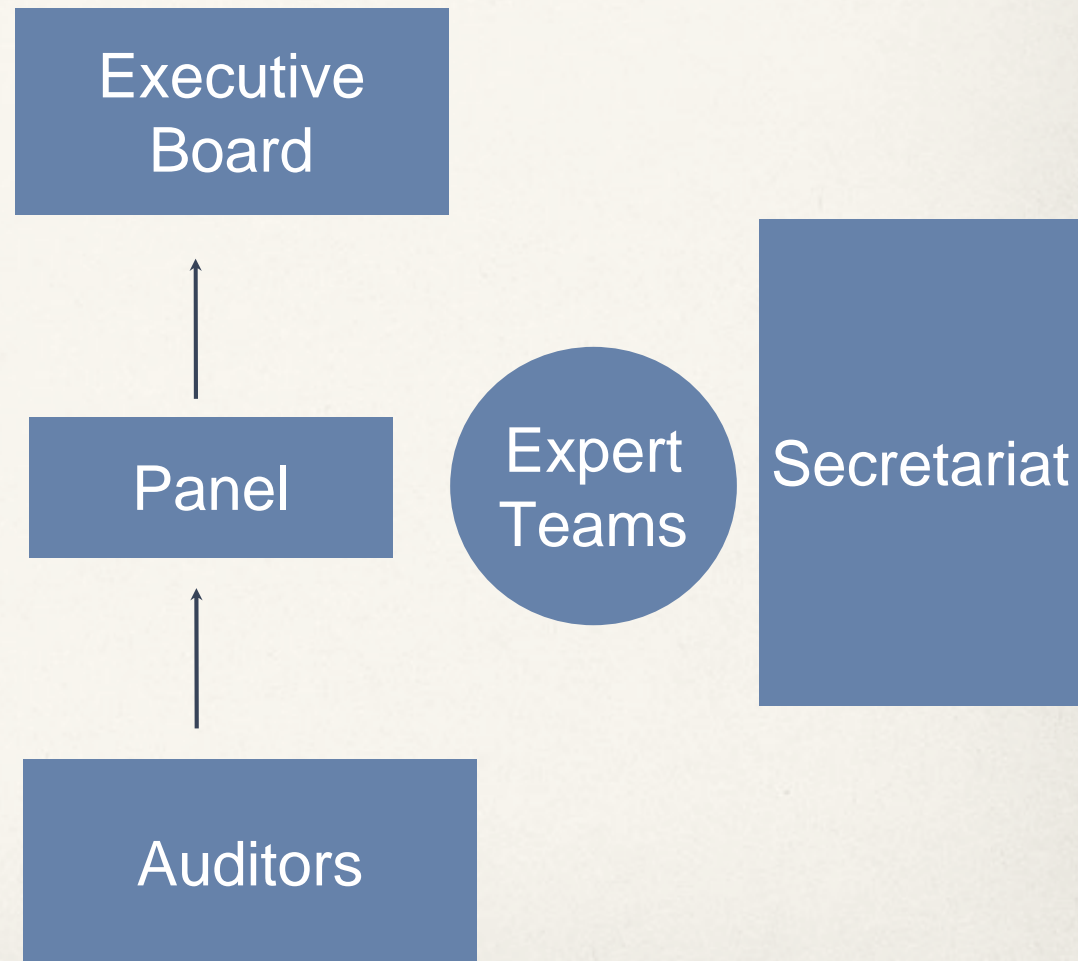


- ❖ UNFCCC secretariat appointed Marrakech 2002
- ❖ Specific Unit established 2005
- ❖ Initially support to Board Meetings only
- ❖ The MAP - Over time - encouragement to hire staff to support decision making
- ❖ Review in 2009 McKinsey
- ❖ Issue of delegation to the secretariat and independence of secretariat a problem
- ❖ See Management Plan:
<https://cdm.unfccc.int/UserManagement/FileStorage/MXO64CK5NZGALYPR019E2J8WHS17BU>

i- Panels, Working Groups and Experts



- ❖ Expert Panels and Working Groups to Assist in exercising functions
- ❖ Accreditation Panel
- ❖ Methodology Panel
- ❖ Small Scale and Forestry Panels
- ❖ Registration and Issuance Teams
- ❖ Accreditation Assessment Teams
- ❖ AsRoster of Experts for



i- Auditors: Designation Operational Entities



- ❖ Initiate Methodologies, Registration Requests and Issuance Requests
- ❖ EMS/Carbon Accounting Companies
- ❖ DNV, SGS, TUVs, KQS, JCI
- ❖ Professionalisation
- ❖ Competence
- ❖ Conflict of interest

p: Methodologies

- * Standards for calculating emission reductions
- * Supplemented by detailed guidance and tools on grid emissions factors, on off-grid emissions factors, additionality
- * Small Scale and Forestry have separate treatment
- * Specialist Panels and Secretariat support the Board
- * ACM0006 and the decline of the British Empire



Submission
Rounds

Analysis

EB Decision

- * <http://cdm.unfccc.int/methodologies>

p: Accreditation



- ✦ Designated Operational Entities (3rd party auditors)

Desk Review

- ✦ validate projects
- ✦ verify emission

Onsite Assessment

- ✦ 31 Accredited Entities

- ✦ Specialist Panel and Secretariat advise the Board

Regular Surveillance Onsite

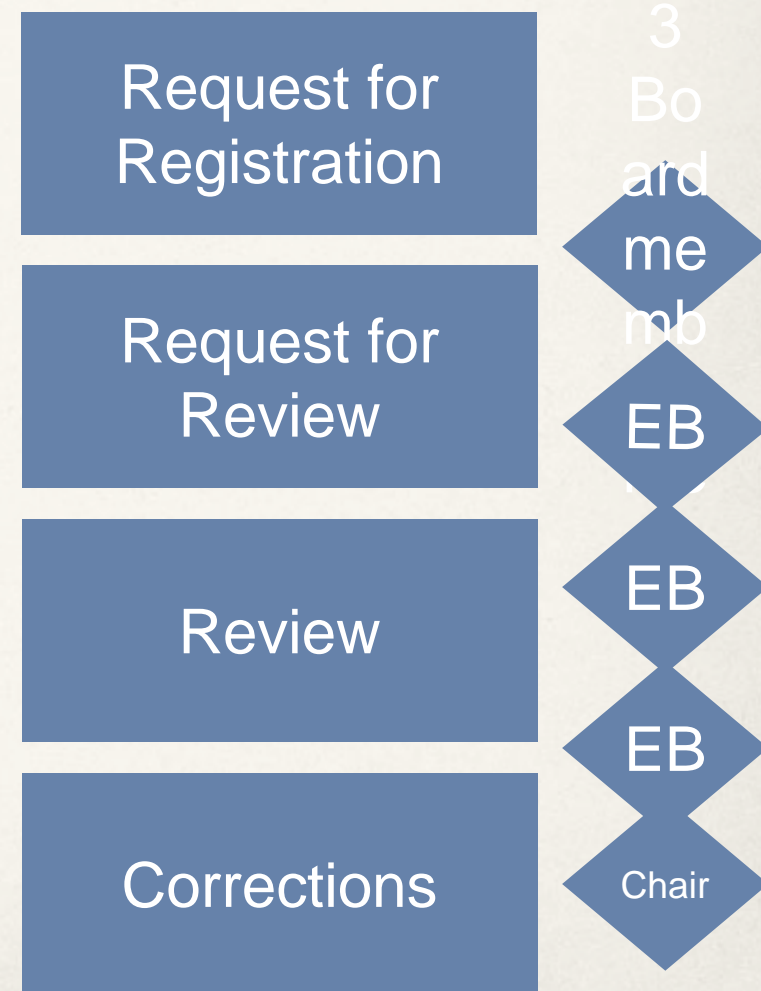
- ✦ Process Applications in three stages and ongoing surveillance and Performance Checks

Performance Assessment

p: Registration



- ❖ In principle automatic after 8 weeks
- ❖ In practice 60-70% of projects are subject to request for review
- ❖ 3 Board Members may request
- ❖ Board decides on whether to have a review
- ❖ Board decides on the review
- ❖ Secretariat and RIT Advice at each stage



p: issuance



- ❖ In principle automatic in 15 days
- ❖ in practice many are reviewed
- ❖ 3 Board Members may request a review
- ❖ Board decides on whether to have a review
- ❖ Board decides the review
- ❖ Secretariat and RIT advise throughout
- ❖ Issue to CDM Registry



i: Stakeholders



- ✦ Public Comment Period on Methodologies
- ✦ Requirement of consultation on projects reported in PDD
- ✦ DoE Forum recognised by Board
- ✦ Unsolicited Letters
- ✦ Appeal Process
 - ✦ DoE responsibility, Rejections
 - ✦ Stakeholders and Project Proponents
- ✦ Standing?

r. CDM reform



- ❖ the three e's
- ❖ effectiveness - delivers credible tonnes
- ❖ efficiency - delivers in a predictable and timely manner
- ❖ equity - ensures equal opportunity/access

Reform Measures



- ❖ **Standardised Baselines and Additionality COP/EB ******
- ❖ Standardisation, Hierarchy and Catalogue of Decisions EB
- ❖ Publication of CVs and Terms of Reference - EB
- ❖ Revision of Procedures - EB/COP
- ❖ Delegation/Executiveness EB
- ❖ Appeal Process - EB/COP
- ❖ Project Development Loan Fund EB/COP

Training and Professional Development

- ❖ This is a new sphere and entails some specialism
- ❖ Rules are complex, knowledge important but judgement also required
- ❖ Grown organically - communication between regulator and stakeholders not a clear focus
- ❖ Improved outputs - clarity and brevity
- ❖ Systems Approach not enough need more case studies