The Clean Development Mechanism

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- 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

- **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- **Projects 2250 registered (150 rejected, 49 withdrawn)**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

- 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
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/MXO64CK5NZGALYPR0I9E2J8WHS17BU
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
- As Roster of Experts for Accreditation Assessment

Diagram:
- Executive Board
- Panel
- Expert Teams
- Auditors
- Secretariat
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
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
- http://cdm.unfccc.int/methodologies
p: Accreditation

- Designated Operational Entities (3rd party auditors)
  - validate projects
  - verify emission
- 31 Accredited Entities
- Specialist Panel and Secretariat advise the Board
- Process Applications in three stages and ongoing surveillance and Performance Checks

Diagram: Desk Review, Onsite Assessment, Regular Surveillance Onsite, 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