Project cycle: Article 6 and CDM

Maria Netto

Programme Officer, Cooperative mechanisms subprogramme

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Structure of presentation

- Status of negotiating texts
- Overview of framework

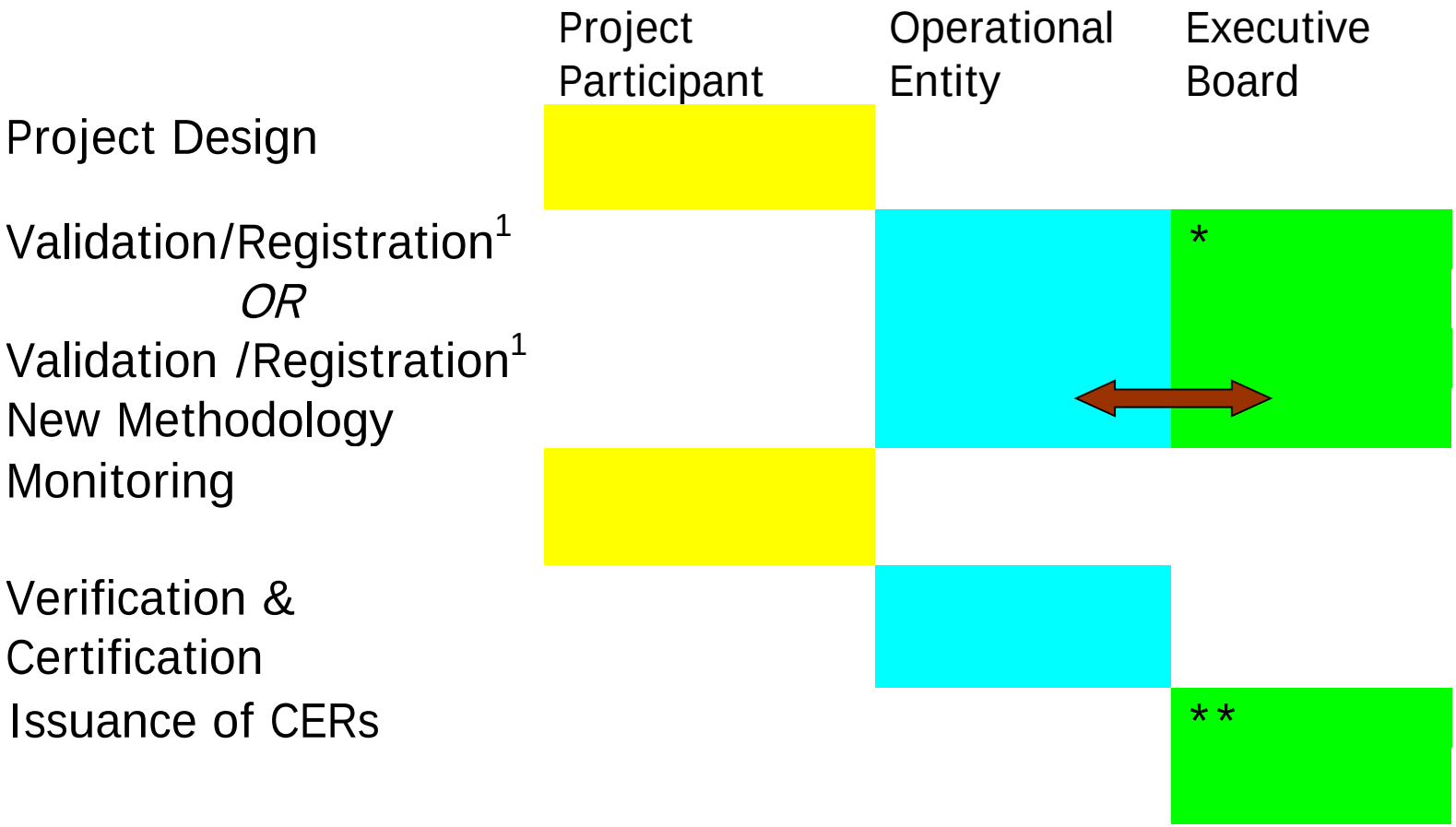
Status of the CDM negotiation text

- After closure of SB sessions work continued at COP

-> FCCC/CP/2000/CRP.2/Add.1, Note by the President

- Institutional setup
- What further details are required to facilitate a prompt start of the CDM?

CDM Project Cycle Institutional Setup



* An automatic step unless a review within a given deadline is requested
** An automatic step[unless a review within a given deadline is requested]
1 The request for registration needs to include a formal approval by [Parties][Party]

Status of the Article 6 negotiation text

- After closure of SB sessions work continued at COP

-> FCCC/CP/2000/CRP.1, Note by the President

- Main options under consideration “Identical to CDM”, “CDM like” or “Different”?
- The negotiation text elaborates only “CDM like” and “different” option which in some points resemble each other (e.g. two track approach).
- A number of options are not fully elaborated (annexes are identified but provisions are missing)

Two possibilities for verification

- To transfer ERUs, they have to be verified either:
  - A) By the host Party if it meets requirements (Track 1)
  - B) Through a verification procedure (Track 2)
- A Party may decide to implement the verification procedures of Track 2 under Track 1
- For the host Party to apply option A above, requirements are to be checked by the Art. 8 review team and the compliance committee within a specified timeframe.

Main features of “CDM like” compared to “Different”

“CDM like”	“Different”
Article 6 supervisory committee/ accreditation body	N/a
Accredited independent entities	Verification teams
Host to provide information on national guidelines and procedures	N/a
ERUs have to be verified to be additional	Idem
Two options for verification (paras 18 a + b): Party’s procedures if the Party meets certain criteria else alternative	Idem however the criteria and the alternative are different
Info on each project needs to be made public through secretariat using a URF	Idem

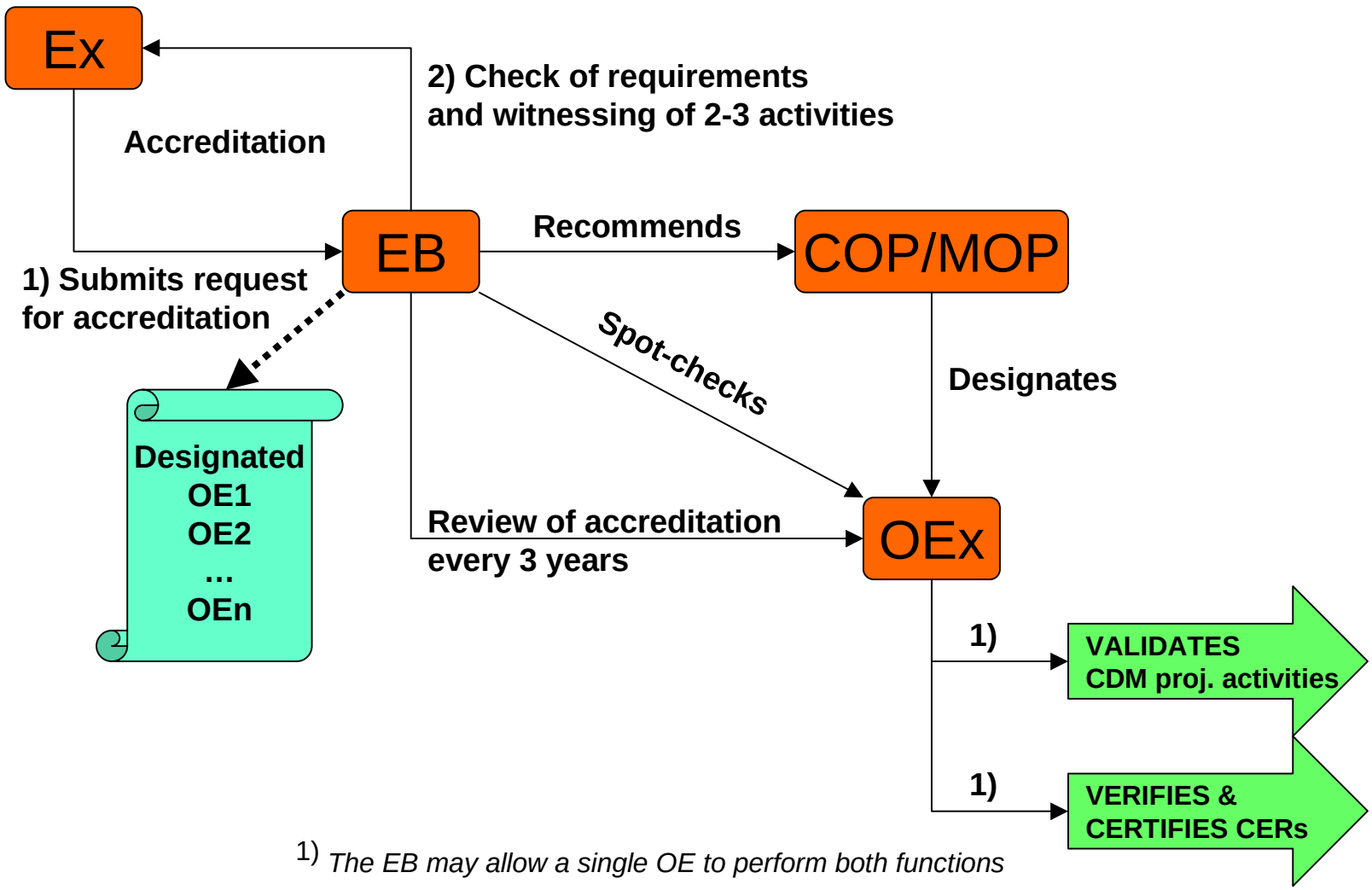
Summary: Project cycle comparison

	Art.6 Track 1 Different& CDM like	**Art.6 Track 2 Different**	**Art.6 Track 2 CDM like**	**CDM**
Project design (baseline / monitoring plan)	▪National guidelines?	▪Criteria ▪New ideas?	▪Criteria ▪New ideas?	▪Repository ▪New ideas
Check project design against requirements	▪National guidelines?	Verification I by VT	Verification I by IE	Validation/ registration by OE/EB
	▪Party national guidelines on verification?	Verification II by VT	Verification II by IE	Verification and Certification by OE
	Party makes its decision public?	Determination made public	Determination made public	Issuance by EB

Overview of framework

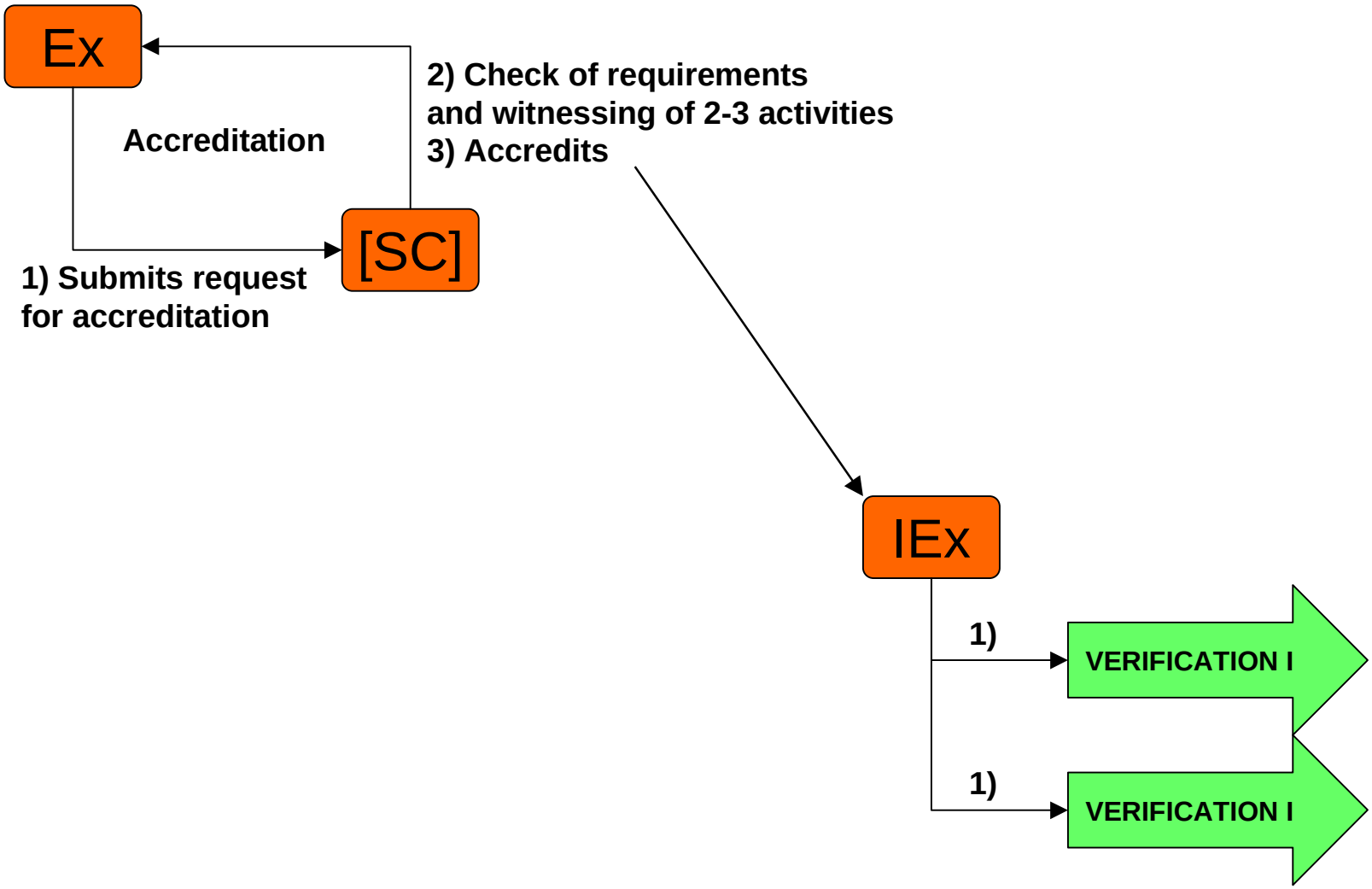
- How does:
  - Accreditation work?
  - Validation/registration work?
  - ‘Verification and certification’ and issuance work?

CDM: How does accreditation work?

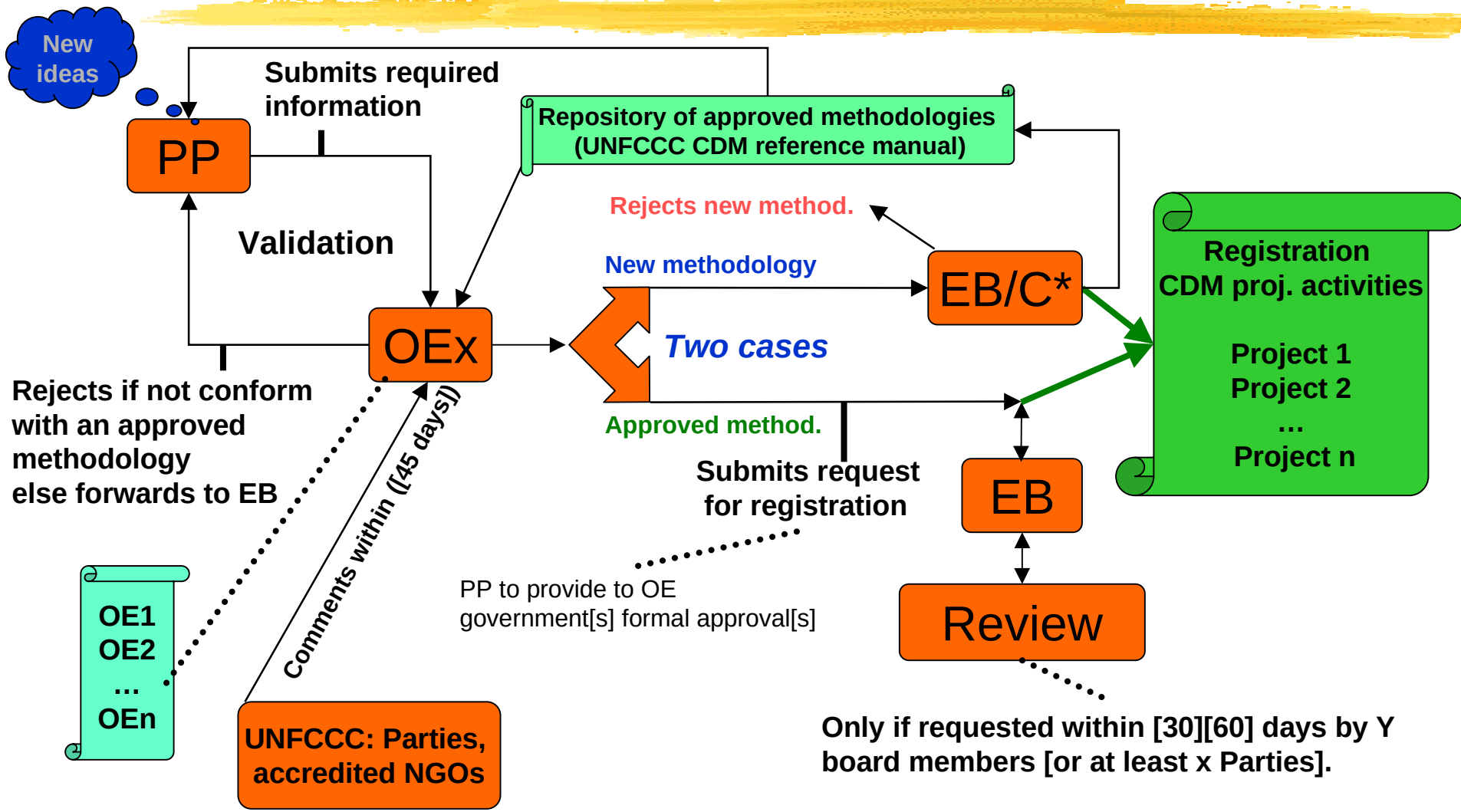


1) *The EB may allow a single OE to perform both functions*

Art. 6: How does accreditation work?

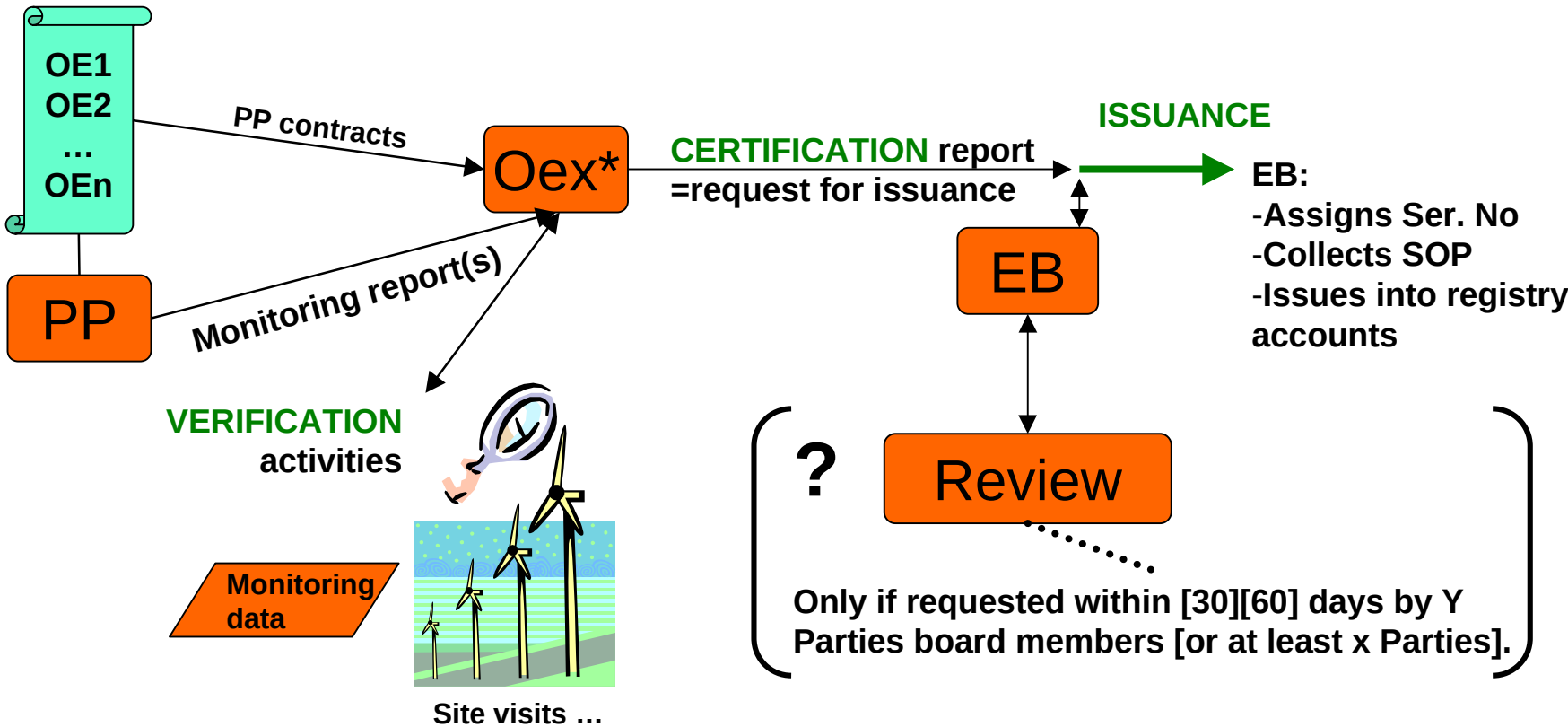


CDM: How does validation/registration work?



** EB or COP/MOP to decide (both options still in negotiation text)*

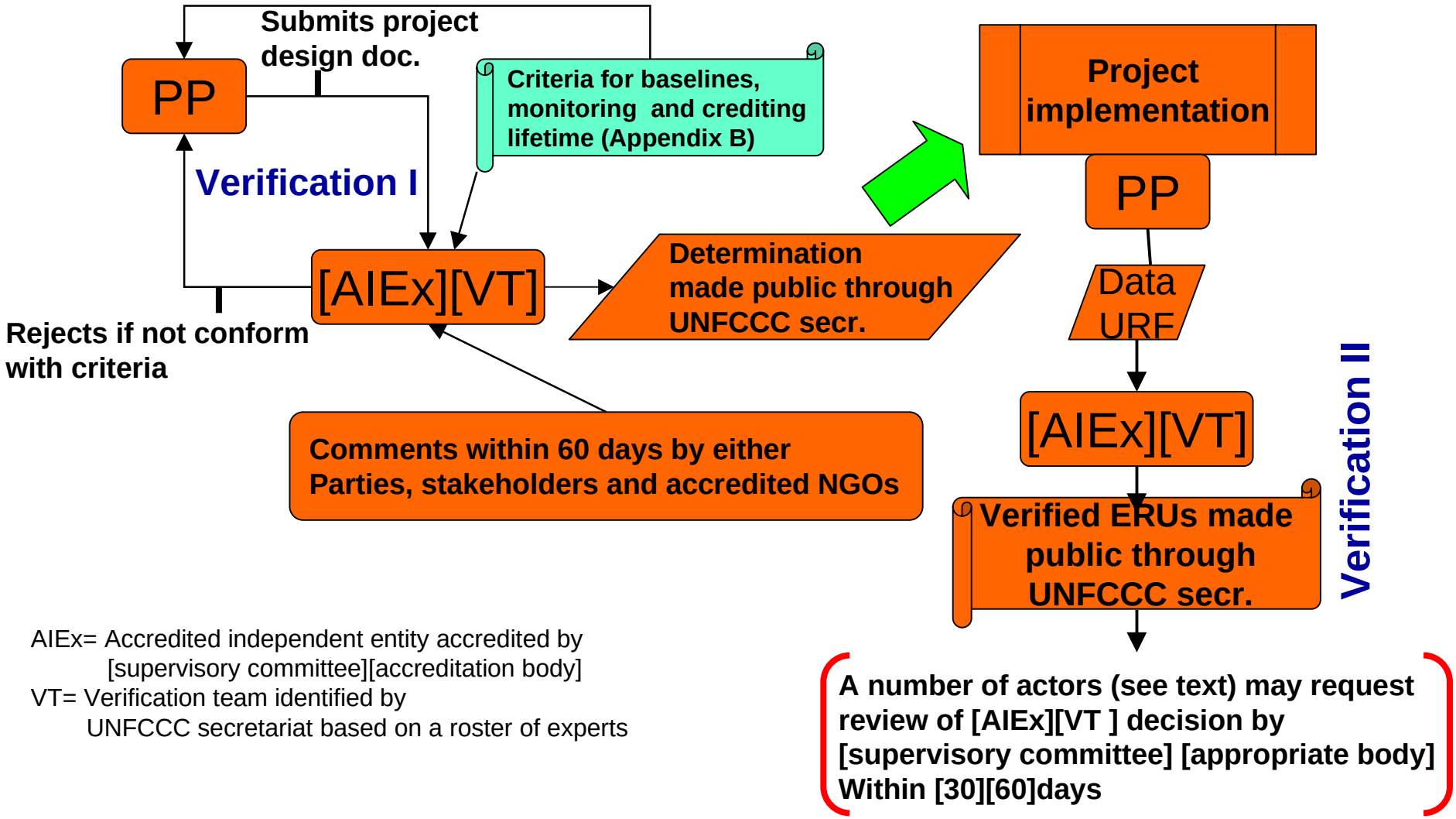
CDM: How does 'verification/ certification' & issuance work?



** An OE may be allowed by the EB to perform validation and "verification and certification" for the same CDM project activity*

Art.6: How does verification "track 2" work?

(I.e. Party does not meet requirements for "auto-verification"(para 18a))



AIEx= Accredited independent entity accredited by
[supervisory committee][accreditation body]
VT= Verification team identified by
UNFCCC secretariat based on a roster of experts

Baselines in CDM NT

- Additionality (emissions reduced (para 63 a), investment (para 63 b), threshold criteria (paras 64-65)).
- Baseline methodology: criteria/selection approach (para 74), project-specific X multi-project (paras 73, 80), crediting period (para 83, 84).
- Simplified procedures for small scale projects (para 78).
- Guidelines on baselines options: EB drawing on panel of experts, IPCC guided by SBSTA or EB, SBSTA, the secretariat drawing on ROE.
- What further details? What process? How to better ensure balance between bottom-up and top-down approaches?