

Agenda item 4.2.

Paragraph 26 of the annotated agenda, Annex 5

Amendments to the CDM project cycle procedures on the collection of share of proceeds

CDM EB 96

Bonn, Germany, 18 to 22 September 2017



Procedural background

- There is a growing trend of accumulating certified emission reductions (CERs) in the CDM registry, pending the payment of share of proceeds (SOP).
- EB 95 agreed to introduce changes in the collection of SOP:
 - a) For upcoming requests for issuance:** Collect SOP prior to commencing the completeness check of the requests
→ to be effective in 1 year
 - b) For CERs already in the pending account:**
 - Allow partial payment (up to 3 payments per request for issuance)
 - Allow specifying the commitment period→ to be effective as soon as administrative arrangements are ready



Purpose

The amendments to the “CDM project cycle procedure for project activities” (**PCP-PA**) and the “CDM project cycle procedure for programmes of activities” (**PCP-PoA**) are to reflect the EB 95 agreement.



1. For CERs already in the pending account

- Amendments to PCP-PA para 240, PCP-PoA para 262
- The project participants (PPs) or the coordinating/managing entity (CME) may divide the payment of SOP in up to 3 instalments per approved request for issuance
- Minimum payment: USD 1,500 for the first two instalments, USD 500 for the last instalment
- PPs/CME may specify 1st or 2nd commitment period of the Kyoto Protocol for which CERs are to be released (applicable only if monitoring period straddles the two commitment periods)
- For partial payments, PPs/CME shall request the secretariat to issue a “payment instruction”, specifying the CER quantity to be released
- Effective on **1 January 2018**



2. For upcoming requests for issuance

- Amendments to PCP-PA and PCP-PoA sections 8.1.1, 8.1.2, 8.2.4, appendix 1
- Insertion of new paras on the payment of SOP before the start of processing a request for issuance*
- Removal of phrases requiring the payment of SOP after the Board approval of the request for issuance
- Insertion of new paras on the reimbursement of SOP in case of withdrawal by the PP/CME or rejection by the Board of request for issuance (USD 30,000 threshold)*
- Insertion of new para on possible adjustment of SOP for re-submission cases*

** mirror the paras on the payment of registration fee*



2. For upcoming requests for issuance (cont.)

- Insertion of new para on possible settlement of SOP post-Board approval of request for issuance (USD 200 threshold)
- To be effective on **1 October 2018**



The proposed amendments to PCPs would:

- Make the payment and choice of the Kyoto Protocol commitment period for releasing CERs in the pending account **flexible for PPs/CME to meet their business needs**
- Fully **align with the CMP decision** on SOP payment process
- Generally **improve the collection of SOP**



Recommendations to the Board

The secretariat recommends that the Board:

- Adopt the proposed amendments
- Agree with the proposed effective dates

