

Agenda item 4.1.

Paragraph 18 of the annotated agenda, Annex 6

Changes to the process for renewal of crediting period and PoA period

CDM EB 99

Bonn, Germany, 23 to 26 April 2018



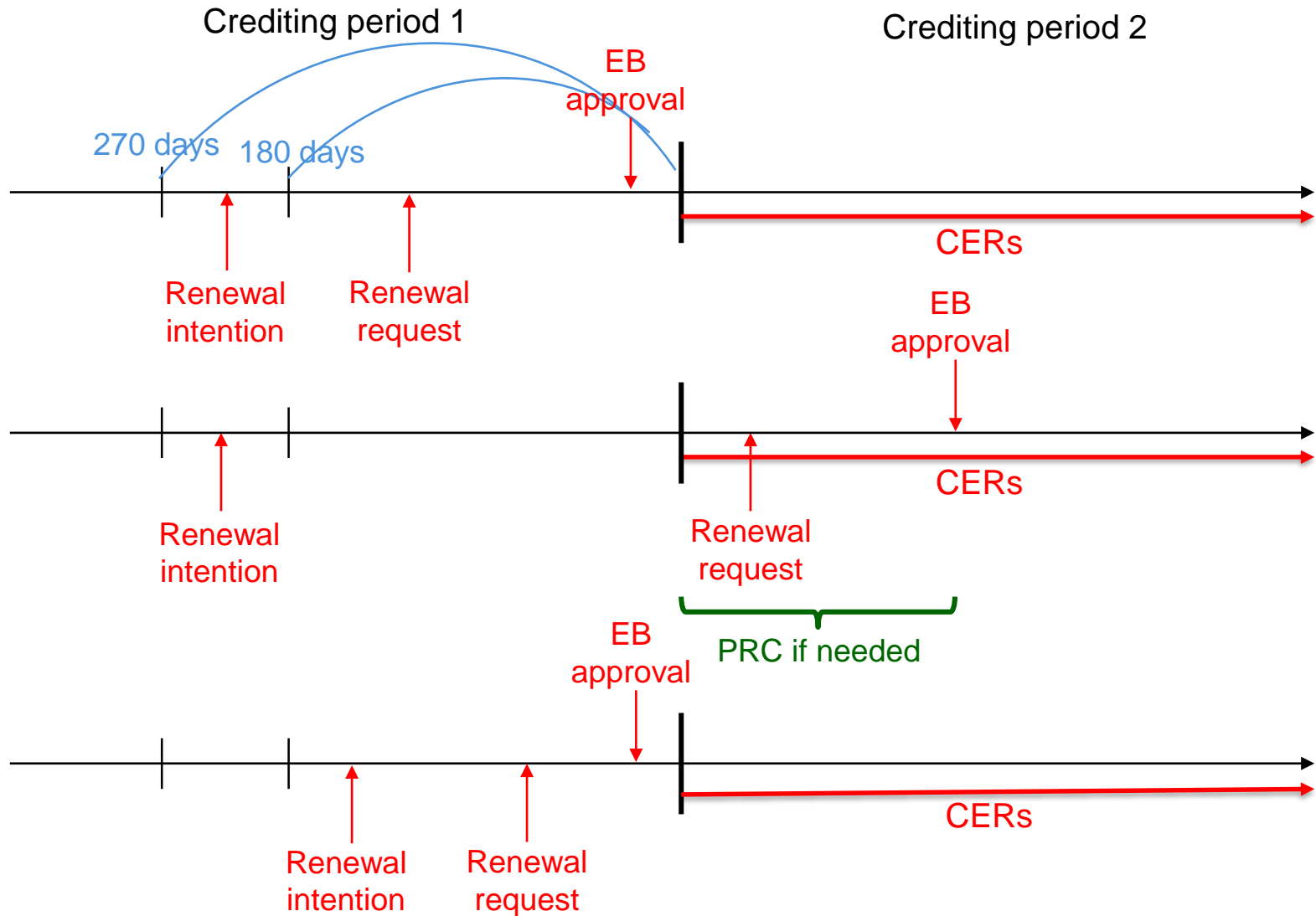
Part I: Renewal process for project activities

Background

- Crediting period of project activities → renewable (max. 7 years, renewable max. x2 = max. 21 years) or non-renewable (max. 10 years)
- Submission of **renewal intention** → 270–180 days prior to the expiry of the current crediting period
- Submission of **renewal request** → updated PDD, applying valid version of methodology, update baseline, GHG emission reduction/removal estimation and monitoring plan
- A delay in the submission of renewal intention (or no submission before the renewal request) → CERs may not be claimed from Day 1 in the renewed crediting period
 - a) By the number of days of delay; or
 - b) Until the date of deemed renewed by the Board, whichever earlier



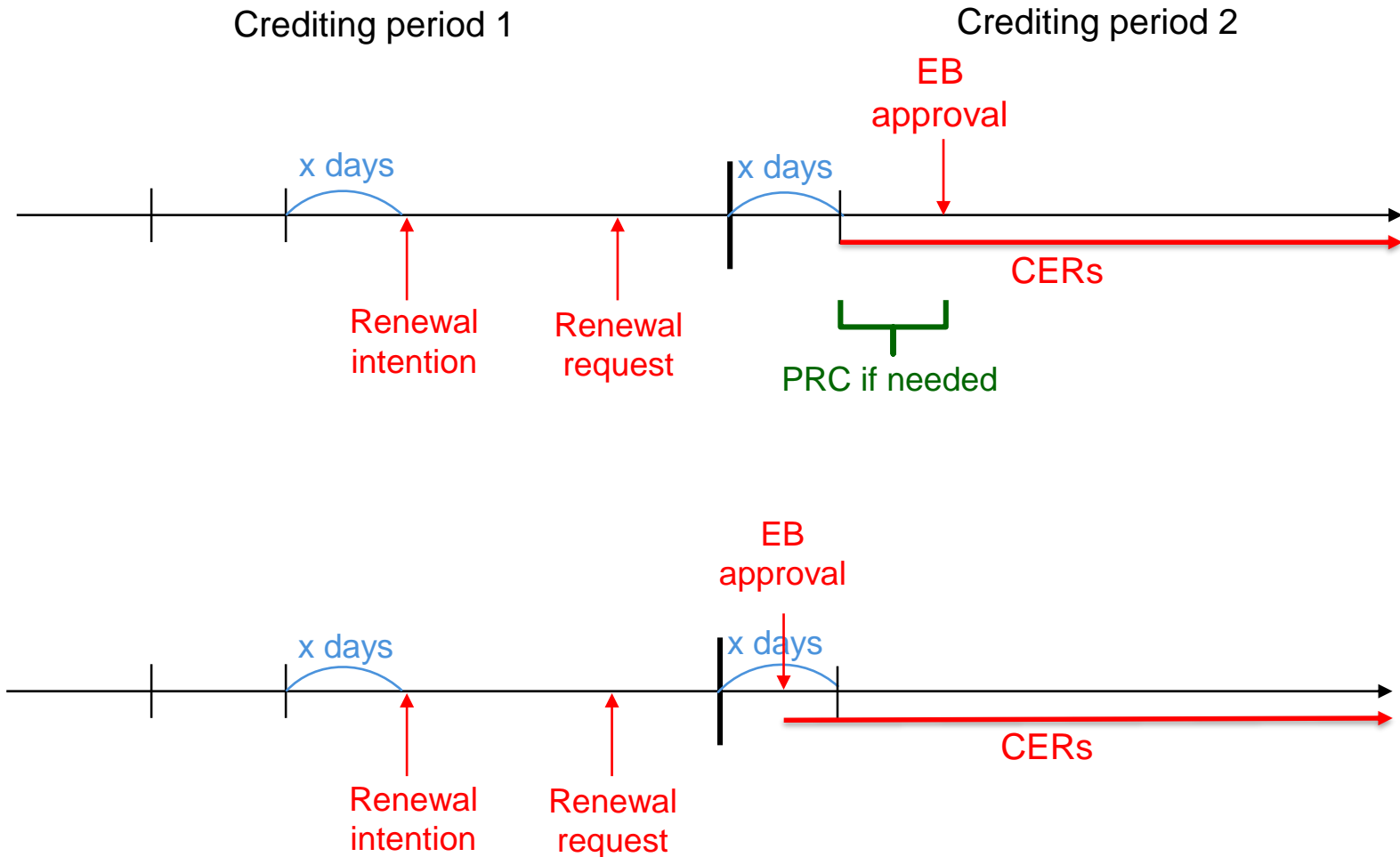
Background



Agenda item 4.1.

Paragraph 18 of the annotated agenda, Annex 6

Background



Key issues

- The step of submission of **renewal intention** appears to give assurance to project participants for the longest possible duration for claiming CERs in the new crediting period, irrespective of the administrative time required by the secretariat and the Board for processing the request
- However, it raises the following issues:
 - a) The step of submission of renewal intention **may be redundant** (intention is clear from the choice of renewable crediting period)
 - b) Renewal intention has **no bearing on the scheduling and processing** of forthcoming renewal request
 - c) Potential comparatively **unfair treatments** of some cases
 - d) Current CDM information system cannot track the impact of the submission of renewal intention and reflect it on CER issuance

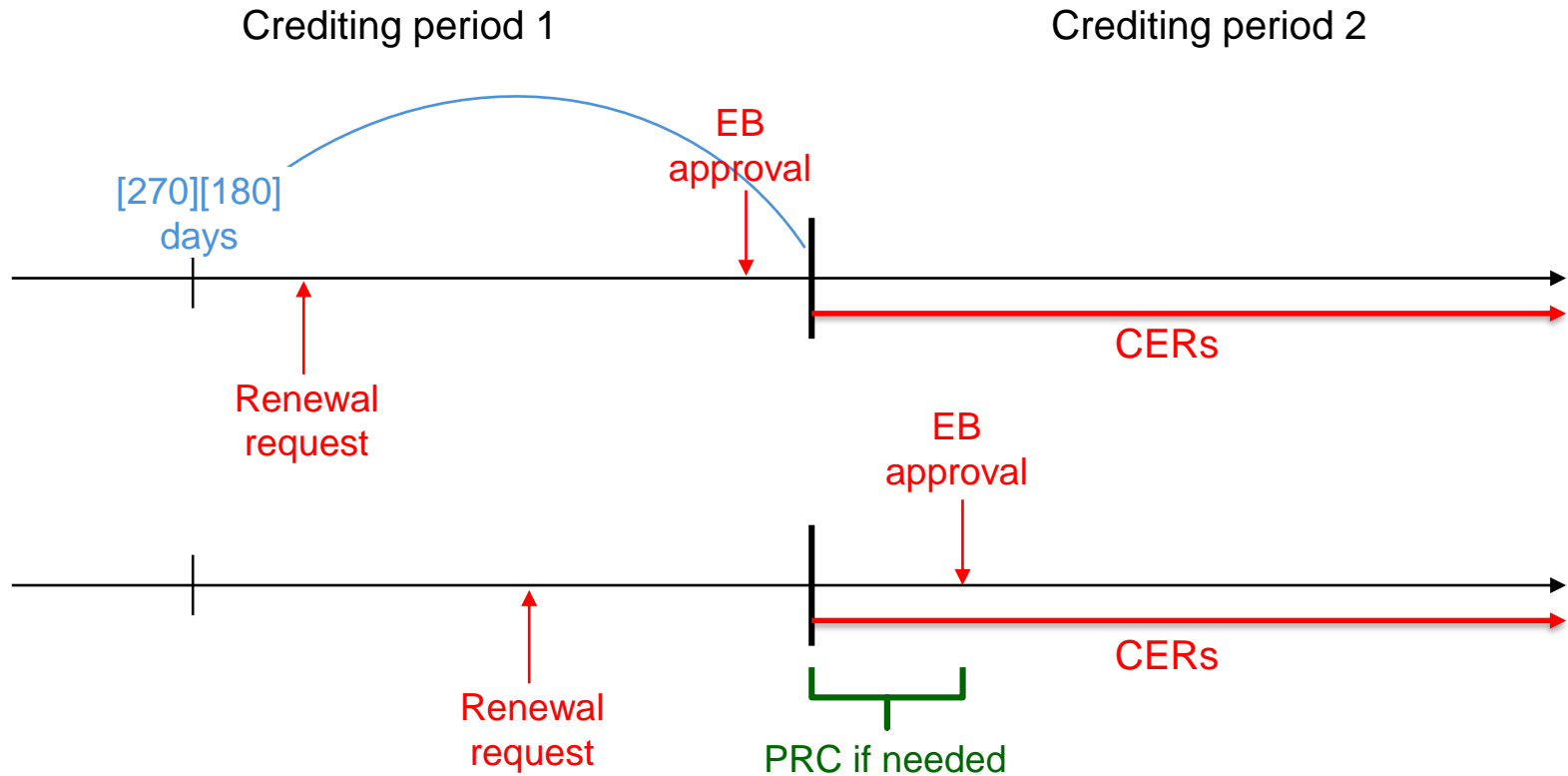


Proposed solutions

- Revise the rule to:
 - a) Remove the step of submitting the renewal intention → abolish potential “unclaimable period”
 - b) Introduce an earliest possible date of submission of renewal request → [270] [180] days prior to the expiry of the current crediting period
 - c) Clarify that the monitoring in the “gap period” may be treated as temporary deviation and follow the post-registration change process
- The CDM information system continues to send an automated reminder to project participants of approaching expiry of the current crediting period [270] [180] days in advance, including a clarification on the implications of “gap period”



Proposed solutions – new process



Proposed solutions – comparison

Current process	Proposed process
<ul style="list-style-type: none">• Two-steps for requesting renewal	<ul style="list-style-type: none">• One step for requesting renewal
<ul style="list-style-type: none">• Possible creation of “unclaimable period”	<ul style="list-style-type: none">• No “unclaimable period”
<ul style="list-style-type: none">• Possible ex-post adjustment of monitoring through post-registration change	<ul style="list-style-type: none">• Same as current
<ul style="list-style-type: none">• No limit to late submission of renewal request	<ul style="list-style-type: none">• Same as current
<ul style="list-style-type: none">• No limit to early submission of renewal request	<ul style="list-style-type: none">• Limit to early submission of renewal request – requiring to apply methodology and update baseline closer to the new crediting period



Part II: Renewal process for PoAs

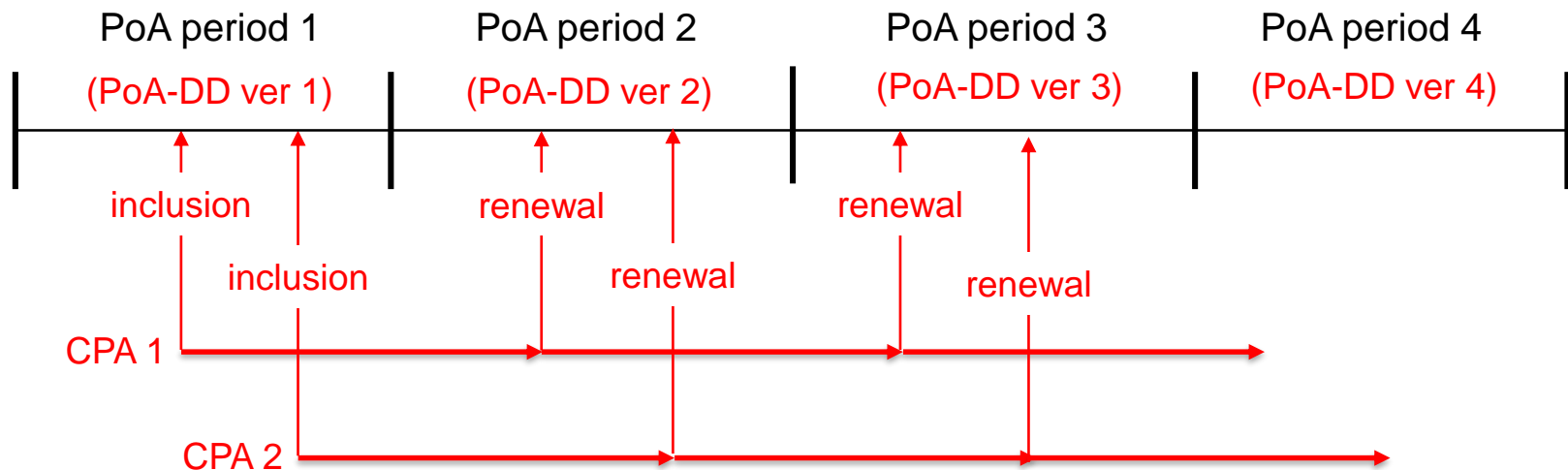
Background

- PoA period → 7 years, renewable max. x3 = max. 28 years
- Submission of **renewal intention** → 270–180 days prior to the expiry of the current PoA period
- Submission of **renewal request** → updated PoA-DD including generic CPA-DDs, applying valid version of methodology, update modalities of how to develop baseline, GHG emission reduction/removal estimation and monitoring plan for corresponding CPAs
- A delay in the submission of renewal intention (or no submission before the renewal request) → CERs may not be claimed from Day 1 in the renewed PoA period
 - a) By the number of days of delay; or
 - b) Until the date of deemed renewed by the Board, whichever earlier



Key issues

- For PoAs, crediting period is defined for each CPA, not at the PoA level
- Updated PoA-DD from renewal does not affect existing CPAs until the renewal of their (individual) crediting periods



Key issues

- For PoAs, crediting period is defined for each CPA, not at the PoA level
- Updated PoA-DD from renewal does not affect existing CPAs until the renewal of their (individual) crediting periods
- The issues identified for the renewal process for project activities similarly apply:
 - a) The step of submission of renewal intention **may be redundant** (a PoA is a framework, and all PoAs are to be renewed every 7 years)
 - b) Renewal intention has **no bearing on the scheduling and processing** of forthcoming renewal request
 - c) Potential comparatively **unfair treatments** of some cases
 - d) Current CDM information system cannot track the impact of the submission of renewal intention and reflect it on CER issuance

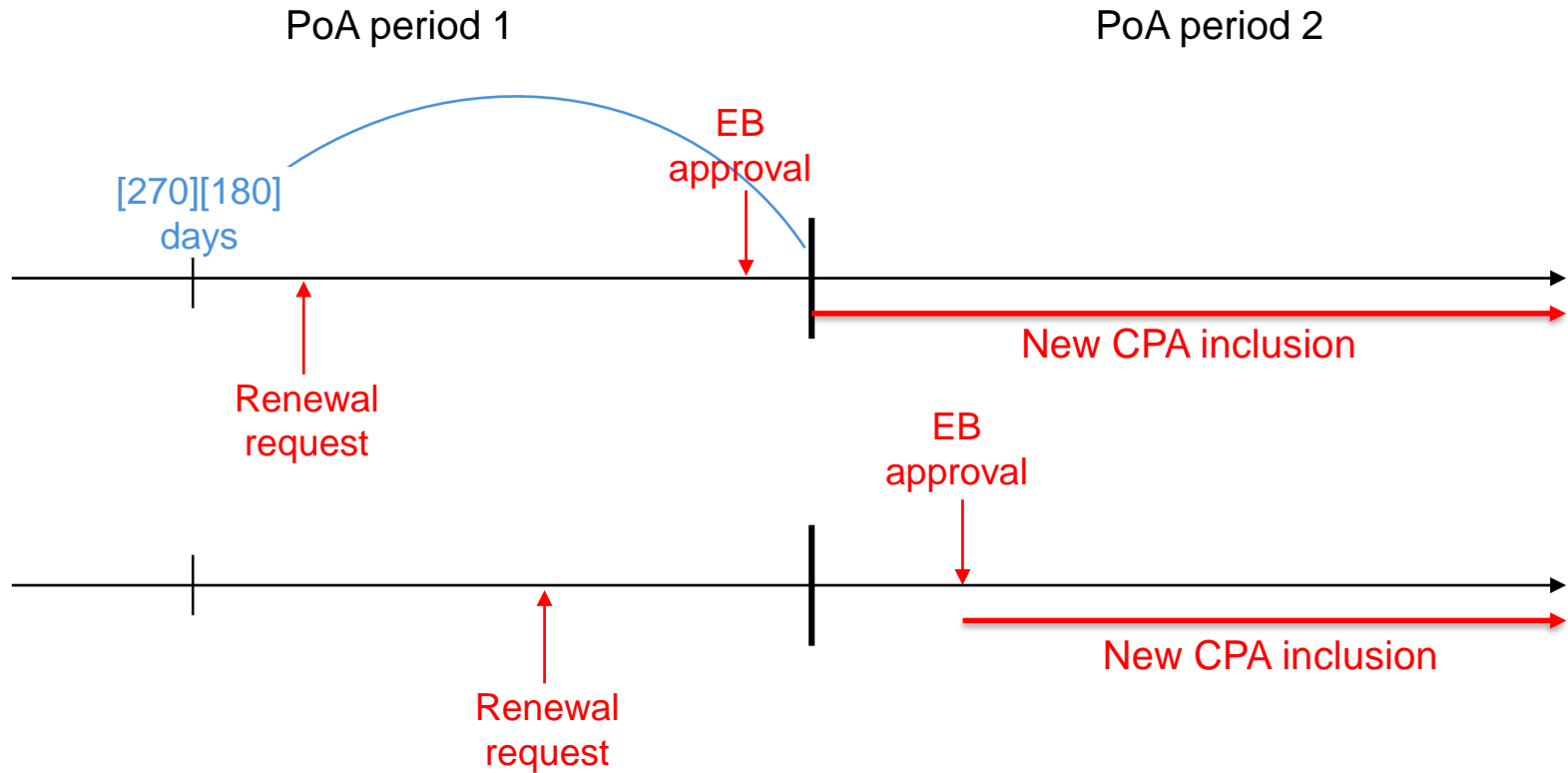


Proposed solutions

- Revise the rule to:
 - a) Remove the step of submitting the renewal intention → abolish potential “unclaimable period”
 - b) Introduce an earliest possible date of submission of renewal request → [270] [180] days prior to the expiry of the current PoA period
 - c) Clarify that CERs may continue to be issued for existing CPAs, but no new CPA may be included
 - d) Also clarify that CPA-DD renewed and consequent monitoring occurred during the gap period may follow the post-registration change process
- The CDM information system continues to send an automated reminder to coordinating/managing entities of approaching expiry of the current PoA period [270] [180] days in advance, including a clarification on the implications of “gap period”



Proposed solutions – new process



Proposed solutions

Current process	Proposed process
<ul style="list-style-type: none">• Two-steps for requesting renewal	<ul style="list-style-type: none">• One step for requesting renewal
<ul style="list-style-type: none">• Possible creation of “unclaimable period”	<ul style="list-style-type: none">• No “unclaimable period”
<ul style="list-style-type: none">• Possible ex-post adjustment of monitoring through post-registration change	<ul style="list-style-type: none">• Possible ex-post adjustment of existing CPAs renewed during the gap period through post-registration change
<ul style="list-style-type: none">• No limit to late submission of renewal request	<ul style="list-style-type: none">• Same as current
<ul style="list-style-type: none">• No limit to early submission of renewal request	<ul style="list-style-type: none">• Limit to early submission of renewal request – requiring to apply methodology and modalities to update baseline closer to the new PoA period
<ul style="list-style-type: none">• No CERs for “unclaimable period”	<ul style="list-style-type: none">• No inclusion of new CPAs in the gap period



Conclusion

The proposed solutions would:

- Simplify the administrative steps for renewal
- Ensure fair treatment of all renewal cases
- Ensure environmental integrity through application of methodology and updating baseline close to the new crediting/PoA period



Recommendations to the Board

The secretariat recommends that the Board:

- Agree with the proposed changes to the rules
- Request the secretariat to prepare draft revised regulatory documents (PS, VVS and PCP) for consideration by the Board at EB 100

