

Agenda item 4.1.

Paragraph 17 of the annotated agenda, Annex 3

Changes in the CDM project activity, PoA or CPA to be allowed as Post Registration Changes

CDM EB 96

Bonn, Germany, 18 to 22 September 2017



Procedural background

- EB at 90th meeting (EB 90 report, para. 61), considered a policy issue related to the provisions on post-registration changes (PRCs) in the “CDM project standard” (version 09.0) and an associated request by the Methodologies Panel (MP) to clarify whether the provisions on PRCs were intended to cover changes to the project/programme design that could result in a significant increase in the issuance of certified emission reductions (CERs) over the original project/programme design.
- EB requested the MP and secretariat to jointly prepare a concept note analysing the design changes to a CDM project activity, PoA or component project activity (CPA) that could be acceptable as PRCs



Purpose

The purpose of this concept note is to prepare a joint recommendation by the meth panel and the secretariat for the Board on design changes to the registered CDM project activities, PoAs or included CPAs after registration that should be allowed using the PRCs procedures and requirements.



Key issues and proposed solutions

Analysis: Table below indicates the total number of PRC requests processed every year since 2012 and the percentage of requests that relate to changes in design capacity and/or changes in technology/measures.

| Year | Number of post-registration changes (PRCs) processed | % of PRCs with changes in design capacity | % PRCs with changes in technology |
|------|--|---|-----------------------------------|
| 2012 | 122 | 1.6 % | 0.0 % |
| 2013 | 433 | 7.9 % | 0.0 % |
| 2014 | 185 | 2.2 % | 0.8 % |
| 2015 | 107 | 14.0 % | 2.8 % |
| 2016 | 105 | 15.2 % | 5.7 % |



Key issues and proposed solutions

- Allowing changes in the capacities or technologies/measures and the resulting substantial increase in CERs to be processed as PRCs may result in PP/CME avoiding a more rigorous registration process.
- Increasing or adding capacities or technologies/measures beyond certain thresholds may:
 - a) Render the LoAs issued by the Parties involved invalid,
 - b) Cause the local and the global stakeholder consultation conducted prior to the registration to become irrelevant.
- Allowing the PRC process to make minor changes to the technologies/measures after registration provides flexibility to accommodate issues such as the unavailability of a specific make/size of equipment or specific types of biomass.
- However, allowing any change to the technologies/measures in the project design after registration using the PRC process may result in PP/CMEs altering the technologies/measures fundamentally compared to what was described in the registered design document.



Solutions- Design capacity:

With respect to the changes in the design capacity, a request for approval of PRCs in the project/programme design, are allowed to be submitted in accordance with the provisions of the process for PRCs when:

- (a) Increase in the design capacity as defined in a registered design documents, does not exceed the limits used in the sensitivity analysis, if an investment comparison or a benchmark analysis is used to demonstrate additionality;
- (b) Increase in the capacity is limited to a maximum of 20% over the capacity defined in a registered design documents, if the additionality is demonstrated using simple cost analysis, barrier analysis, or the simplified methodological tools of microscale and small-scale project.

Solutions- Changes in technology/measures:

It is also proposed that the following changes in the technologies/measures are not allowed to use the provisions of the process for PRCs.

- (a) Addition of new technologies/measures contributing to emissions reductions that also generate income/revenue from sources or products not described or considered in the registered design document (e.g. addition of electricity-generating equipment to a landfill gas flaring project not described or considered in the design document);
- (b) Change of technologies/measures that are fundamentally different in the technological processes that result in greenhouse gas emissions reduction (e.g. a registered hydropower project or programme adding wind turbines or solar photovoltaics).



Key issues and proposed solutions

Solutions:

The requests for approval of PRCs with respect to the changes in the design capacity or in the technologies/measure have to be submitted to the secretariat within two years of

- (a) implementation/commissioning of the emissions reduction measures in the project activity, or the first specific CPA included in the PoA, if the design changes are proposed at a PoA level.
- (b) implementation/commissioning of the emissions reduction measures in a specific CPA, if the design changes are proposed for a specific CPA.



- The proposed solutions will clarify for stakeholders under what scenarios the PRC procedures may be applied.
- The proposed solutions will strengthen the environmental integrity of the CDM by ensuring that only credible design changes are processed using the PRC process.
- The proposed solutions, will also require changes to the regulatory documents with respect to the provisions on PRCs. The changes in the provisions should be reflected in a new set of regulatory documents.



Recommendations to the Board

The secretariat recommends that the Board agree to the joint recommendation of the MP and the secretariat.



Subsequent work and timelines

The proposed solutions, if agreed by the Board, will require the incorporation of these provisions in the regulatory documents.

