

Agenda item 4.1.

Paragraph 22 of the annotated agenda, Annex 6

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

CDM EB 100

Bangkok, Thailand, 27 to 31 August 2018



Background

- At EB 99, the Board considered the **concept note** on changes to the process for renewal of crediting period and PoA period
- The Board requested the Board requested the secretariat to provide **statistical information** on the number of relevant cases and propose **more options**, with the analysis of pros and cons of each option
- With regard to the consequence of a **“gap period” in the PoA period renewal**, the Board agreed to correct the current regulatory provision (no CERs for the gap period → **no new CPA may be included during the gap period**)
- The Board also requested the secretariat to conduct **a call for public input** on possible improvements to the renewal process



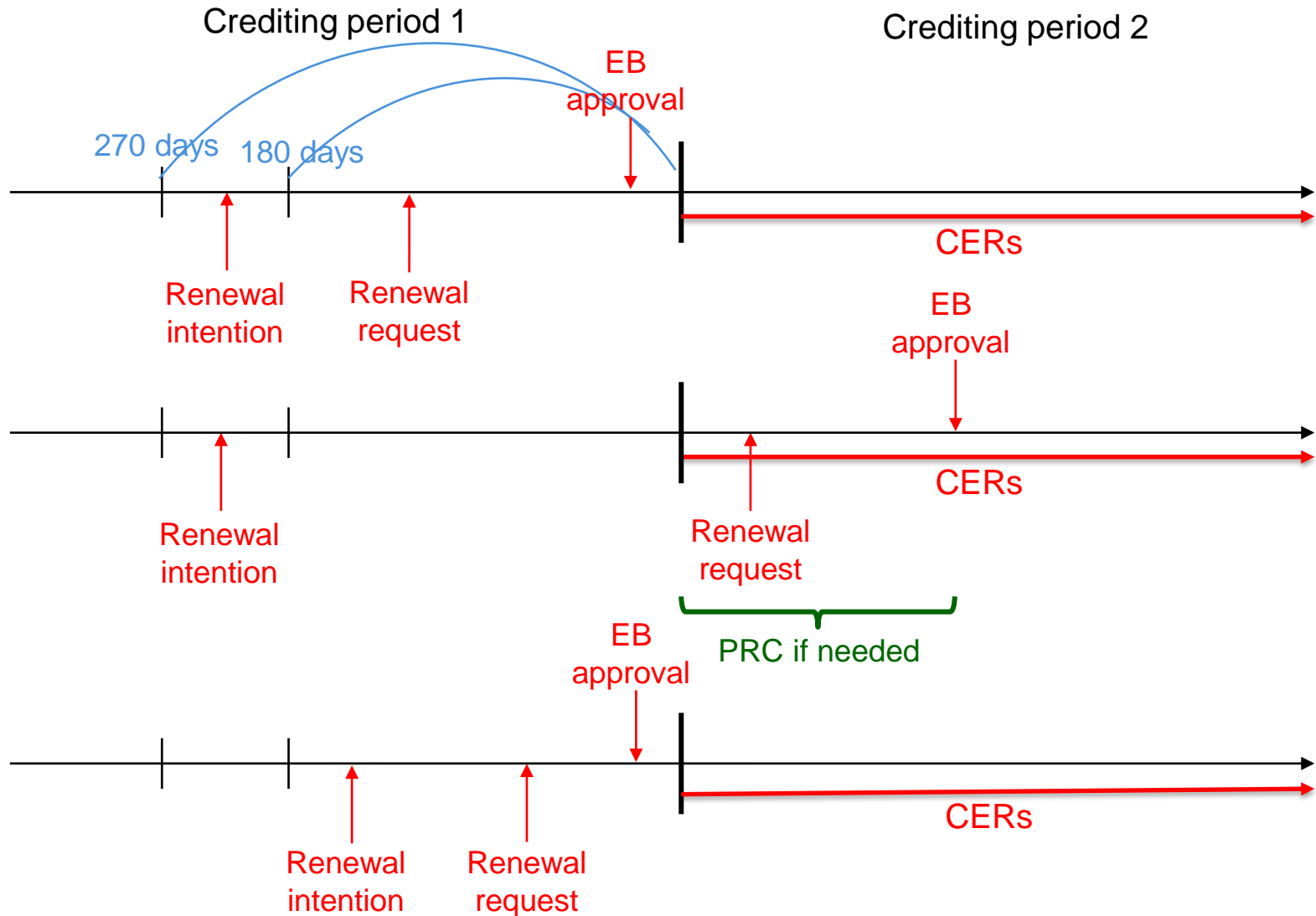
Part I: Renewal process for project activities

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** → draft updated PDD, 270–180 days prior to the expiry of the current crediting period
- Submission of **renewal request** → updated PDD as validated by DOE, 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 is earlier



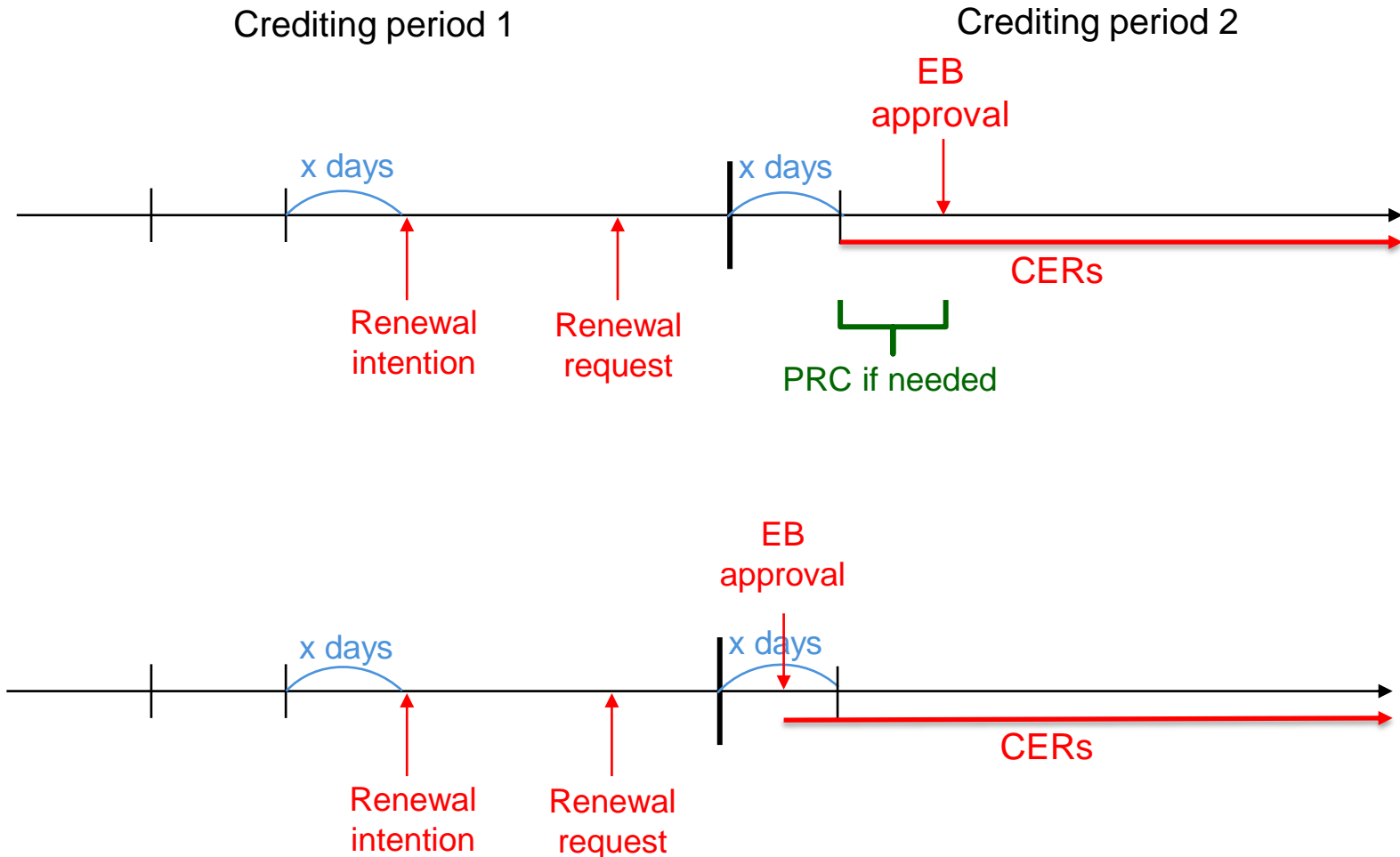
Background



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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 when the renewal request is submitted and the administrative time required to process 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



Registered project activities (as of 30 June 2018)

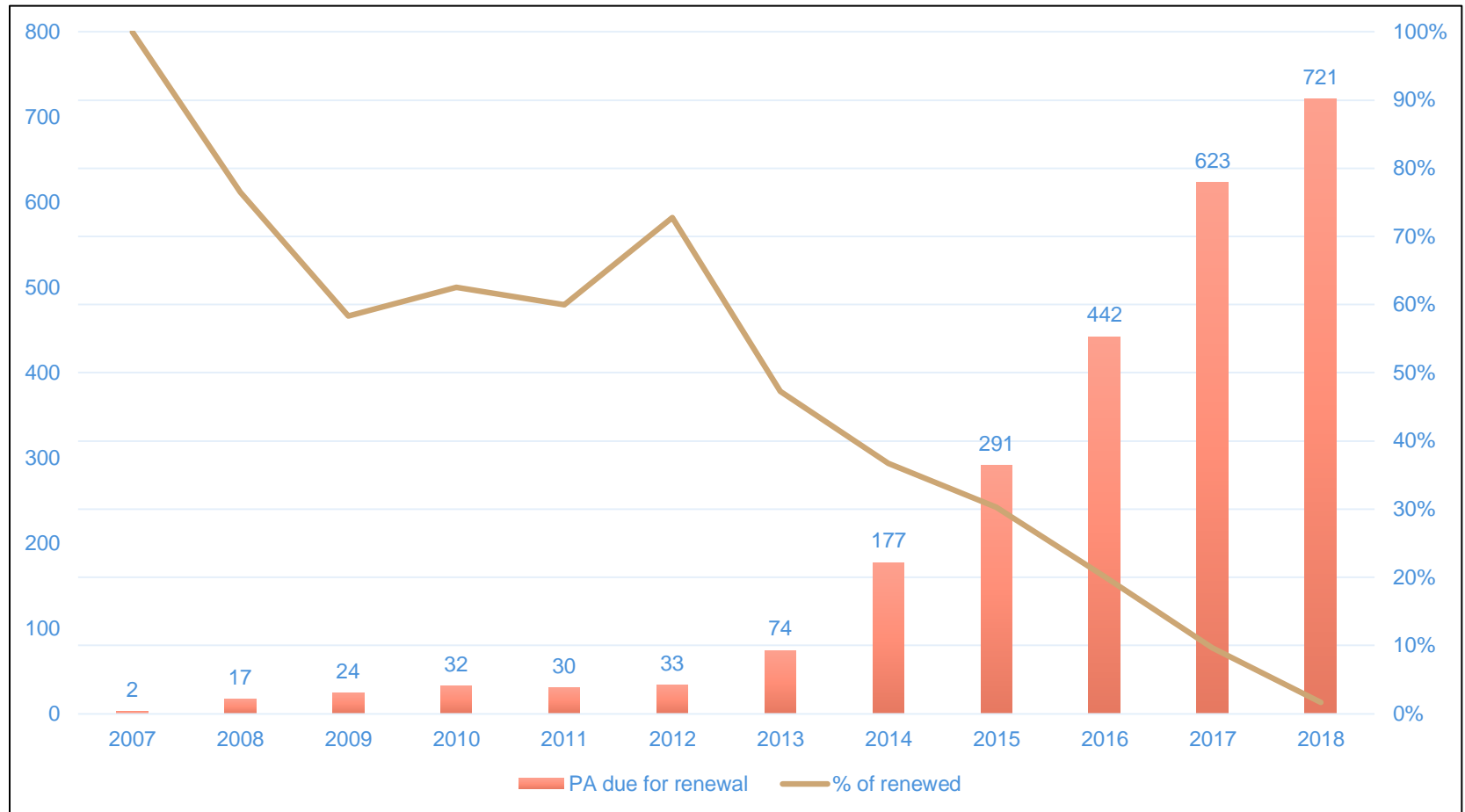
- With renewable crediting period = 5,121 (66%)
- With fixed crediting period = 2,679 (34%)
- Total = 7,800

Registered project activities with renewable crediting period

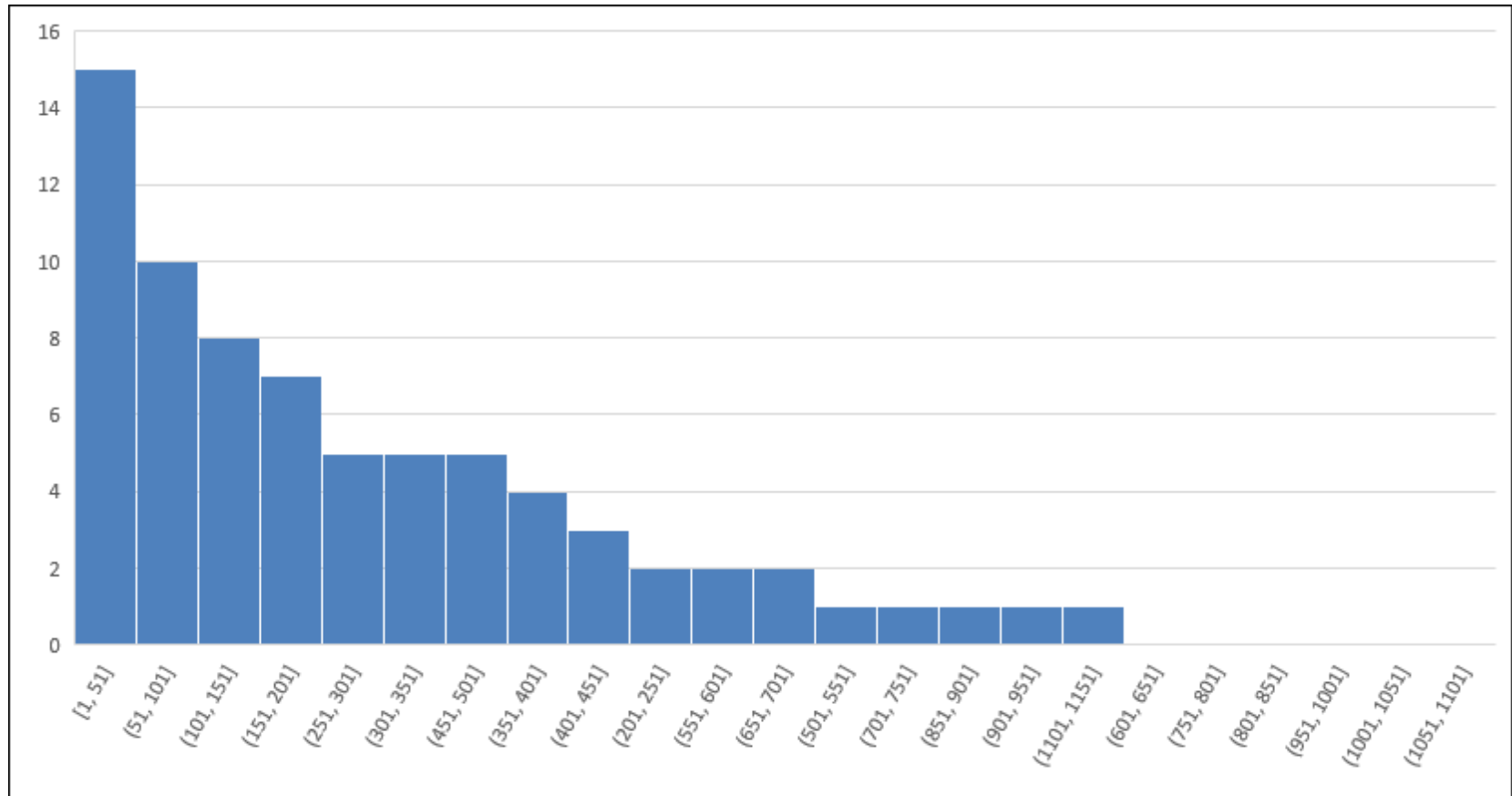
Crediting period	Active	CP expired, not renewed	Total	CP expired, renewed
1st	3,053	1,642	4,695	426
2nd	364	50	414	12
3rd	12		12	
Total	3,429	1,692	5,121	436



Trend of renewal of registered project activities



Unclaimable period of renewed registered project activities



Public call

- Public call conducted from 25 May to 24 June 2018
- One input received (from Project Developer Forum), proposing to:
 - a) Remove the step of submitting renewal intention and abolish the creation of “unclaimable period”;
 - b) Introduce the earliest possible date of submission of renewal request at 270 days prior to the expiry of the current crediting period.



Option 1

- 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 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
- d) The CDM information system continues to send an automated reminder to project participants of approaching expiry of the current crediting period 270 days in advance, including a clarification on the implications of “gap period”



Option 2

Same as Option 1, except

- a) Keep potential “unclaimable period” based on the timing of the submission of renewal request
- b) Introduce a “guaranteed deadline” for submission of renewal request to avoid “unclaimable period” → 90 days prior to the expiry of the current crediting period

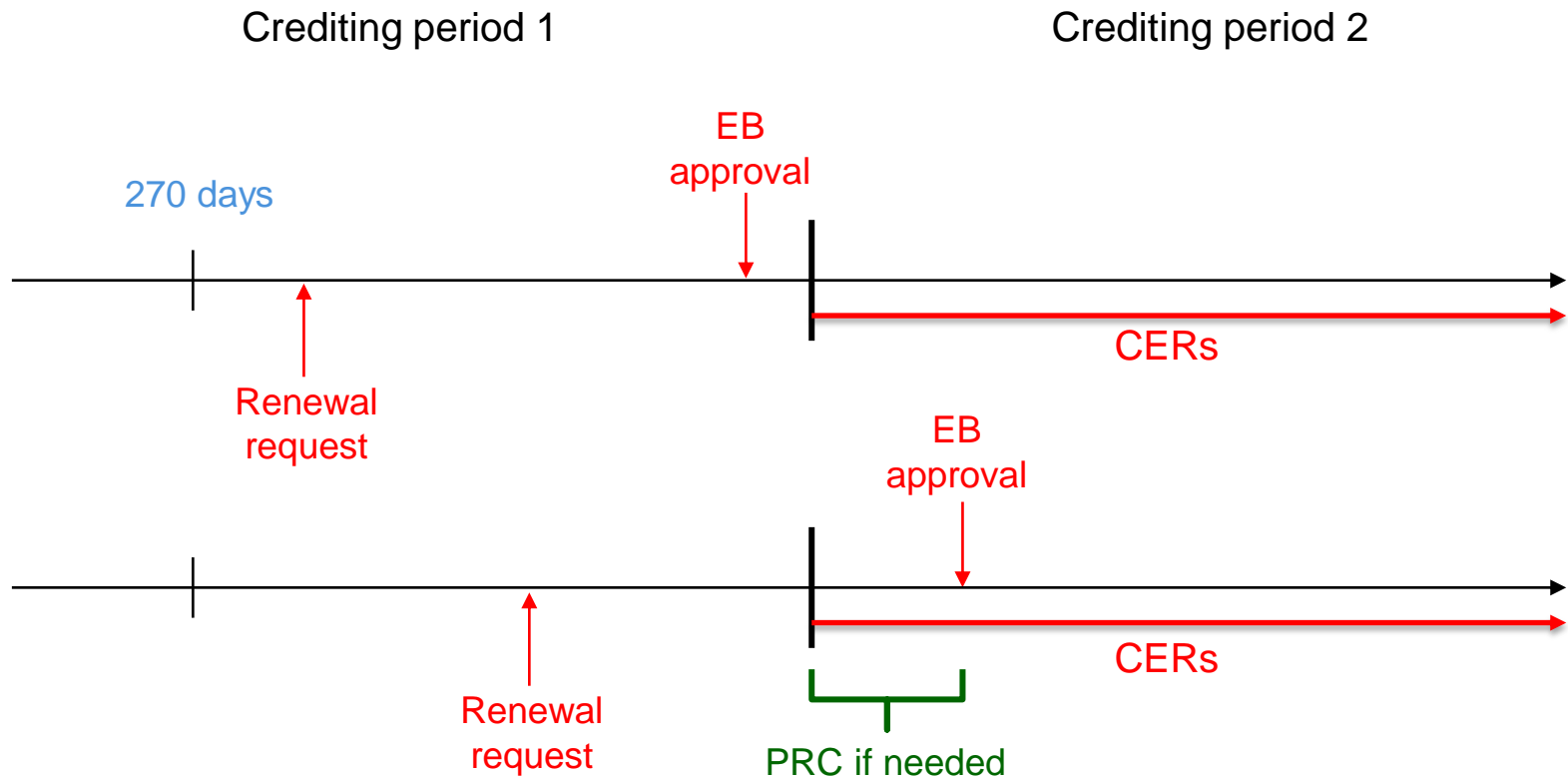
Option 3

Status quo (no change to the current rules)



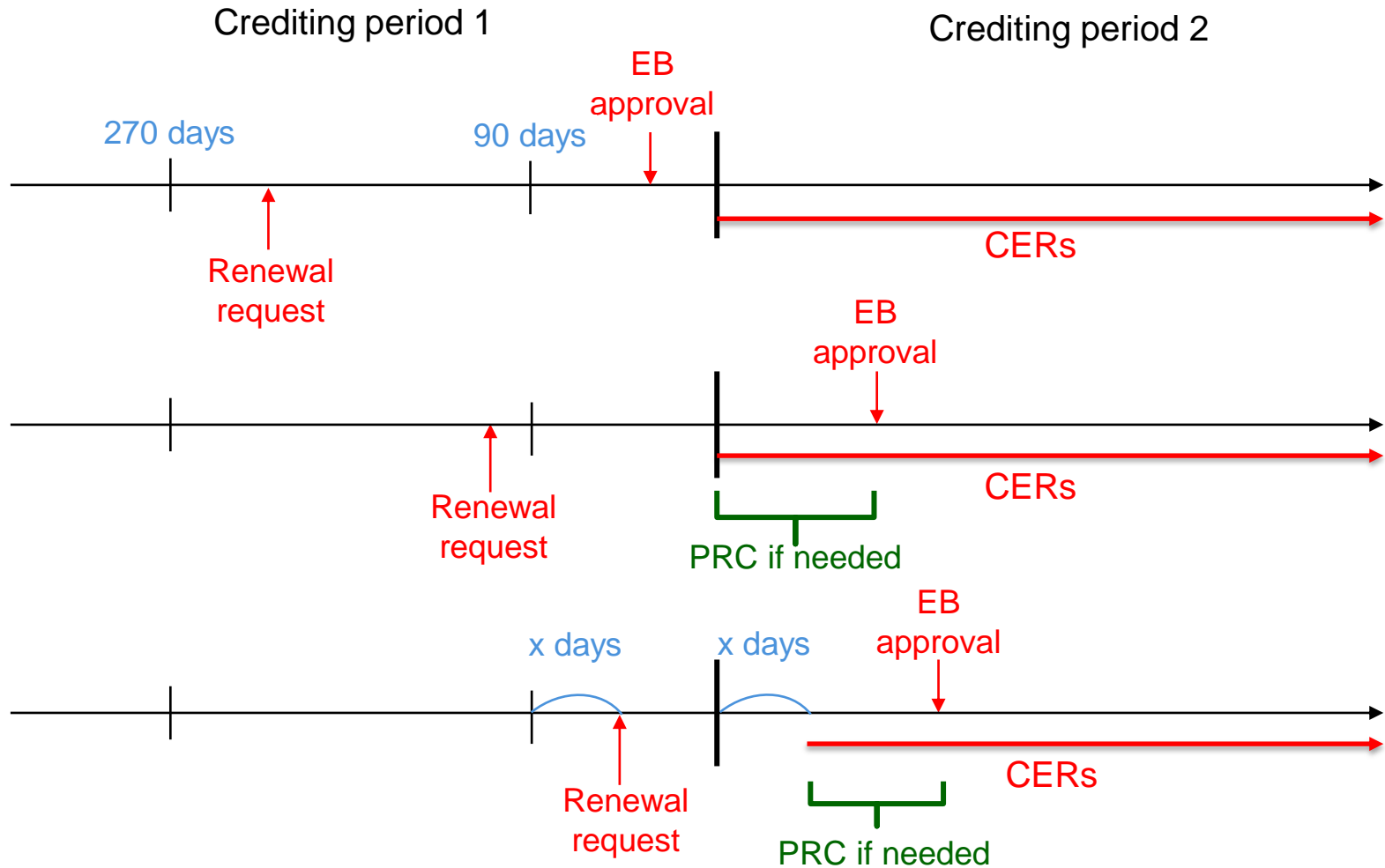
Proposed solutions

Option 1



Proposed solutions

Option 2



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 as validated by DOE, 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

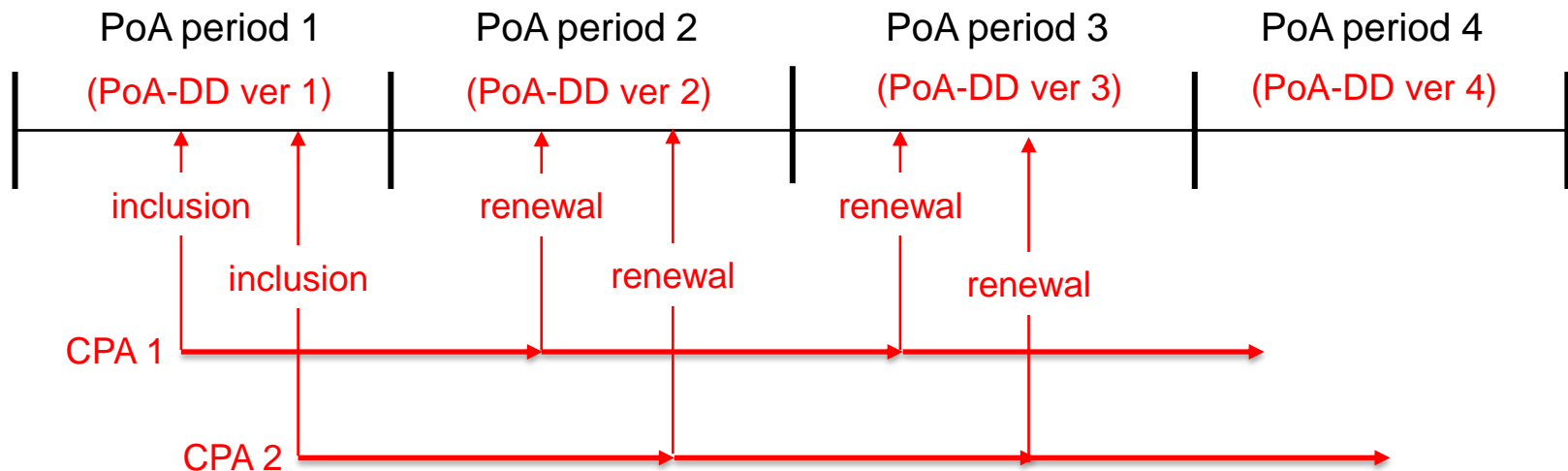
→ At EB 99, the Board agreed to correct this rule (no CERs for the gap period → no new CPA may be included during the gap period)

→ It is proposed to extend this rule (no renewal of existing CPAs during the gap period) – included in the revised PCP-PoA
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Key issues

- For PoAs, crediting period is defined for each CPA, not at the PoA level
- Updated PoA-DD is the basis for renewal of crediting period of each CPA



Key issues

- 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) With the agreed change at EB 99, the delay in the submission of renewal intention has **no consequence on CER issuance**
 - d) Current **CDM information system cannot track** the impact of the submission of renewal intention and reflect it on CER issuance



Option 1

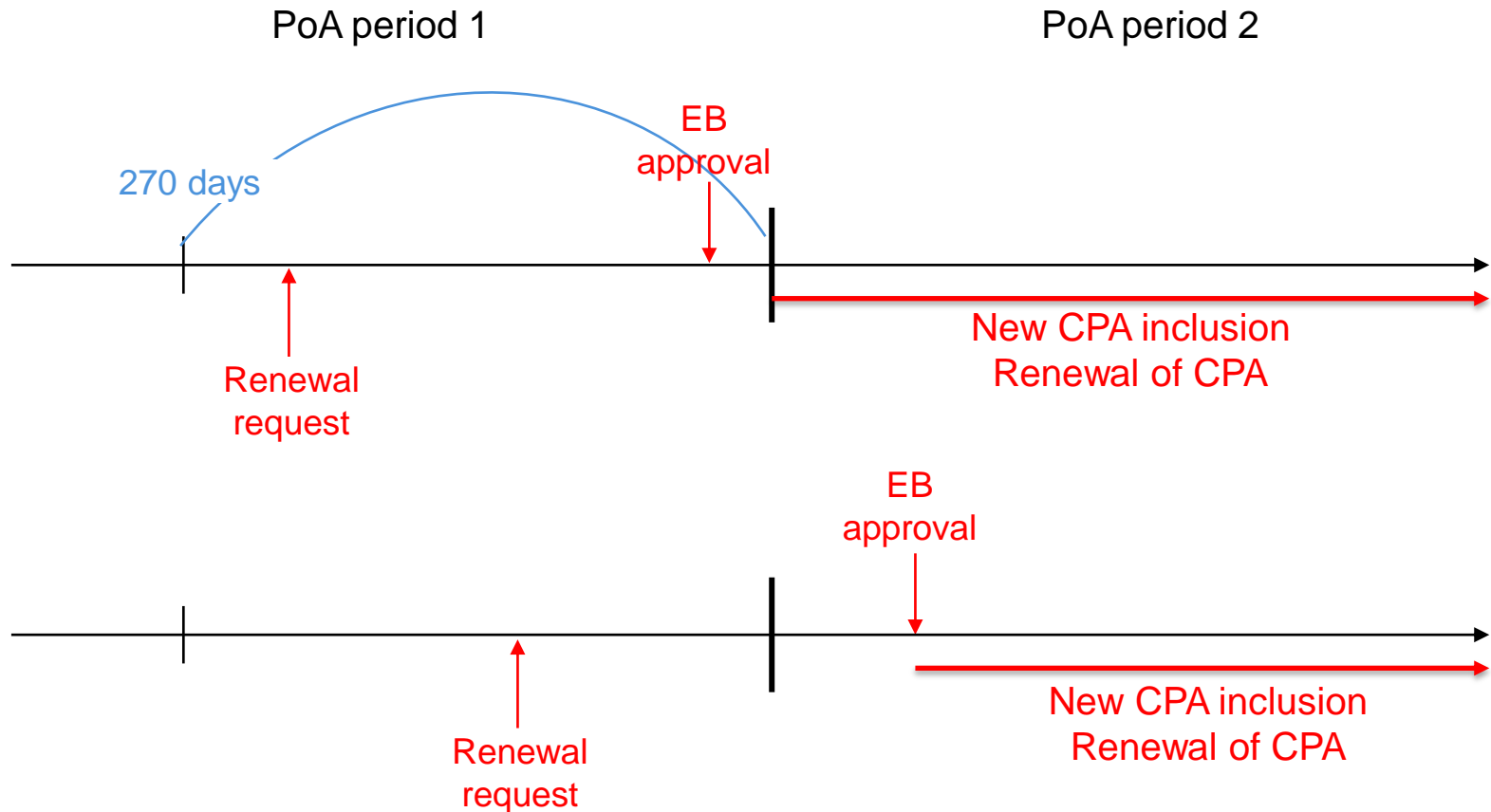
- a) Remove the step of submitting the renewal intention
- b) Introduce an earliest possible date of submission of renewal request → 270 days prior to the expiry of the current PoA period
- c) The CDM information system continues to send an automated reminder to coordinating/managing entities of approaching expiry of the current PoA period 270 days in advance, including a clarification on the implications of “gap period”

Option 2

Status quo (no change to the current rules)

Proposed solutions – new process

Option 1



Conclusion

Impacts of proposed options - renewal of crediting period of project activities

Impact	Option 1	Option 2	Option 3
	<ul style="list-style-type: none"> No renewal intention No “unclaimable period” Earliest possible date for renewal request 	<ul style="list-style-type: none"> No renewal intention Possible “unclaimable period” Earliest possible date for renewal request Guaranteed deadline 	<ul style="list-style-type: none"> Status quo
Environmental integrity	+	+	NA
Flexibility for project participants	++	+/-	NA
Administrative cost	+	-	NA



Impacts of proposed options - renewal of PoA period

Impact	Option 1	Option 2
	<ul style="list-style-type: none">• No renewal intention• Earliest possible date for renewal request	<ul style="list-style-type: none">• Status quo
Environmental integrity	+	NA
Flexibility for project participants	++	NA
Administrative cost	+	NA



Impacts

- Unclaimable period is neutral in terms of environmental integrity → all monitoring in the new crediting period is required to follow the updated monitoring plan irrespective of the timing of submission of renewal intention
- Introducing an earliest possible date of submitting a renewal request would improve environmental integrity → 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 Options 1 or 2 for renewal of crediting period of project activities
- Agree with the proposed Option 1 for renewal of PoA period
- Request the secretariat to prepare draft revised regulatory provisions (PS, VVS and PCP) for consideration by the Board during EB 100

