

EB 43

Relations with Designated
Operational and Applicant Entities

Elaboration of CDM Accreditation Requirements – Call for public inputs

- On 07/07/2008 a specific workshop was held in Bonn with DOE's, AP and secretariat to discuss the first version of the Accreditation Requirements.
- At that moment DOE's openly expressed their views and suggestions over the requirements, which were considered by the secretariat.
- As a final request from the AP, 3 DOE's, BV, SGS and TUV-Rheinland sent, separately, further inputs, which were presented during EB 41.
- Nevertheless, the Forum intends to send a consolidated input by 27/10/2008

Sectoral scope accreditation mutual recognition between JI and CDM

- Applicant entities are expected to be witnessed in validation/determination and verification exercises for each group of sectoral scope.
- There is no mutual recognition between EB and JISC of these witnessing opportunities.
- Entities are under witnessing validations/determinations in the same sectoral scope for CDM and JI, with very similar projects.
- Proposal
 - CDM AP to accept sectoral scope accreditation obtained after successful witnessing determinations/verifications in JI, and vice-versa.
- This proposal was presented to JISC during the JI workshop with good acceptance from JI members and will also be presented as an input from the AIE Forum.
- Adopting the mutual recognition would speed up the sectoral coverage of actual DOEs and new entrants, alleviating a potential lack of resources from the validation side of the CDM.
- This would mean more rational use of resources from both secretariat and entities.

Grid emission factors published by DNAs

- ❑ Several DNA's have published EF for the grids in their countries
- ❑ Can a DOE assume that the EF issued by the DNA is official, hence there is no need to assess that this EF was determined in accordance with tool to calculate the EF for an electricity system?

Use of fix electricity tariff and O&M cost in the IRR calculation

- “The PP/DOE should substantiate why they consider the input values in the investment analysis to remain fixed throughout the analysis period.”
- The IRR calculation compares the real IRR with a real benchmark which in both cases takes out the effects of general price increases due to inflation.
 - A.L. Day (2007), *Mastering Financial Modeling in Microsoft® Excel*, Prentice Hall Financial Times, Second Edition
- The benchmark for projects in China are based on the “Method and Parameters of economic assessment for project construction (Version 3)”, published by the NDRC and the Ministry of Construction of China.

Use of fix electricity tariff and O&M cost in the IRR calculation - cont

- In China, project developers are required to follow Ministry guidance and therefore the investment analysis for the proposed CDM projects have also been conducted in accordance with the guidance available from this document.
- The guidance makes a very clear explanation on the price system applied in investment analyses. It states that rates for both cash inflows (revenues from electricity generation) and outflows (costs from O&M) should be predicted at the beginning of the operation period and that these predictable rates will be fixed and applied throughout the operation period.

Use of fix electricity tariff and O&M cost in the IRR calculation - cont

- The issue is of a general manner and could be used to every Project using IRR and benchmark approach for the additionality proof.
- Could the Board clarify if this approach is acceptable?

Pending issues

- ❑ Starting date of the project activities – Input to EB37
- ❑ Affidavit by top management of Project Participants – Input to EB37
- ❑ Liability of DOEs in Programme of Activities – Input to EB39
- ❑ Contractual arrangement between PP and DOE – Input to EB40
- ❑ Timelines for conduction validation and verification activities – Input from the Forum to be consolidated and sent soon

Next interactions with the Board and the secretariat

- DOE/AIE regional calibration meeting – Sao Paulo – 27/09
 - www.goldentulipbelasartes.com
- EB44

Thank you!