Agenda item 4.2
Paragraph 28 of the annotated agenda, Annex 14

Concept note: Criteria for requesting a revision or a clarification to a methodology or a tool

CDM EB 78
Bonn, Germany, 31 March to 4 April 2014
Procedural background

• The Board at 67th meeting adopted clarification AM_CLA_0191 “Use of historical data if the key components of a HCFC-22 plants have been retrofitted or replaced” on the approved methodology AM0001 (version 5.2).

• Prior to and during the adoption of this clarification, several requests for issuance of CERs for project activities using the methodology AM0001 were received, and after the adoption of the clarification, 9 of them were placed under review based on the requests for review by Board members reasoning that those requests for issuance failed to apply the requirements clarified in the clarification AM_CLA_0191.

• At 68th meeting of the Board the DOE/AIE Coordination Forum raised concerns relating to the interpretation and implementation of the clarification AM_CLA_0191.
Procedural background

- At 69th meeting the Board requested the secretariat to revise the document “Clarification for project participants on when to request for revision, clarification to an approved methodology or deviation” (EB31, annex 12) to ensure that the document establishes the difference between a request for clarification and a request for revision to a methodology or tool, through criteria that provide guidance on the application of a request for clarification of a methodology.

- At 70th meeting, the Board adopted “Procedure for development, revision and clarification of baseline and monitoring methodologies and tools”, which superseded and replaced the document referred by the Board, by incorporating its provisions.

- The concept note, therefore, analyses the procedure for the potential revision instead of analysing the document originally requested by the Board.
Purpose

- Analyse to what extent the provisions of the procedure clearly establishes the difference between a request for clarification and a request for revision of a methodology or tool;
- Analyse reasons that lead PPs or DOE to circumvent the requirements of a request for revision of a methodology or tool and choose the process of a request for clarification;
- Analyse “status” of clarification, when it leads to revision of methodology or tool;
- Evaluate provisions in the procedure with respect to application of a clarification to a version or to multiple versions of a methodology or tool; and
- Propose specific solutions on the key issues identified based on the above analysis.
Key issues

Establishing difference between a clarification and a revision

• The procedure provides:
  a) An expanded list of enquirers and submitters of requests for clarification and requests for revision;
  b) The principles for a request for clarification and request for revision;
  c) Defines that a revision is the modification of an approved methodology or tool in order to improve it or broaden its scope and applicability while a clarification is to clarify the existing requirements in a methodology or tool;
• The procedure does not stipulate that a request for clarification shall not lead to a revision of a methodology or tool.
• The procedure allows a revision of methodology or tool incorporating clarifications that have already been provided by the Board.
• A revision and clarification both can lead to remove ambiguities in the language and/or formulae used. This makes it difficult to draw a fine line between a revision and a clarification.
Key issue-1

Establishing difference between a clarification and a revision (contd...)

- **CDM M&P** (decision 3/CMP.1, annex, paragraph 39):
  “A revision of a methodology shall be carried out in accordance with the modalities and procedures for establishing new methodologies as set out in paragraph 38 above. Any revision to an approved methodology shall only be applicable to project activities registered subsequent to the date of revision and shall not affect existing registered project activities during their crediting periods.”

- The Board has previously approved a few requests for clarifications which led to a revision of a methodology or tool, this indicate that stakeholders have used route of request for clarification, circumventing request for revision.
Establishing difference between a clarification and a revision

- To differentiate the application and scope of a request for clarification from that of a request for revision, the principles provided in procedure should be complemented with the following principles.

- **Principles for requesting clarification**
  
  a) A clarification shall be requested if any of the provisions of the methodology or tool are unclear or ambiguous;
  
  b) A clarification shall be requested when rational or further background information is needed regarding conditions under which the methodology or tool is to be applied;
  
  c) A clarification may lead to an editorial revision but shall not lead to a substantive revision of a methodology or tool.
Establishing difference between a clarification and a revision

(contd…)

• Principles for revision request
  a) A revision shall be requested if changes to the applicability conditions, additionality demonstration, baseline, project, leakage emissions and/or monitoring procedures are required;
  b) A revision shall be requested if an approved methodology or tool is not applicable to a project activity or a PoA.

• The Board may provide further guidance to the secretariat to incorporate additional criteria while conducting completeness check of a request for clarification, to assess a situation whether the request can potentially lead to a revision of the methodology or a tool.
Key issue-2

Requirement on documentation along with a request for revision

• The procedure requires submission of a draft PDD of a CDM project activity or PoA-DD of a PoA, which is considered to be hindrance for PP who are at the stage of developing a project activity or PoA idea and have not developed a PDD or PoA-DD.
• To overcome the hurdle of PDD or a PoA-DD submission, stakeholders choose to submit a request for clarification instead of a request for revision.
• Since CMP decision does not allow a revision to be effected retroactively, there is a possibility that stakeholders who want to affect all versions of methodologies might have submitted requests for clarification, instead of requests for revision.
• It is possible that the revisions requiring a small changes (e.g. correcting the unit of a parameter, a formula or adding a monitoring instrument) should not have complicated documentation requirements.
Proposed solution-2

Requirement on documentation to be submitted along with a request for revision

• The requirement for submission of a PDD/ PoA-DD along with a revision request should be made on a case-by-case basis depending on the complexity of the request for revision and the Board may consider revising the existing requirement to allow the submission of a request for revision of a methodology or a tool without a PDD or PoA-DD.

• The Board may provide guidance to the secretariat to check, during the initial assessment of a request for revision, whether a PDD/PoA-DD is required to assess the impact of the revision on a project activity or a PoA.

• The Board may wish to consider whether the decision of the CMP is required, to implement the above proposed solution, as Decision.3/CMP.1 clearly states that submission of request for revision should follow the procedure for submission of methodology (which means PDD is required).
Key issue-3

“Status” of a clarification when a request for clarification is responded to but it triggers a revision

• If a clarification results into substantive revision to methodology or tool, the status of the clarification should be invalid as clarification cannot be made on the components which do not exist in the methodology.

• However the revision is only to add clarity to language, or correction of a unit or formula it does not lead to clarification being invalid.

• However, Board’s decision of making clarification invalid may be a deterring factor to PPs or DOEs that submit a request for clarification at the stage of validation, as thy will have to wait for a new version of the methodology for use in the PDD and resubmit it for validation.
Proposed solution-3

“Status” of a clarification when a request for clarification is responded to but it triggers a revision

• If panel/working group assessed the clarification as invalid, it can decide to request the stakeholder to submit a request for revision.
• If the Board finds that the clarification forwarded by panel/WG meets the criteria of being invalid, the Board can withdraw the clarification.
• To avoid negative effect of such decision on user friendliness, the Board may consider requesting the panel/working group to evaluate whether a clarification leads to a revision of a methodology, and whether there is concern on environmental integrity if PP who submitted the request for clarification uses the clarification with the current version of methodology or tool.
• If the panel/WG assesses that there is no concern on environmental integrity, then it should be permitted, otherwise not.
• The Board may consider whether agreement of the CMP is required, to implement the above proposed solutions.

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Key issue-4

Guidance on application of a clarification to a version of a methodology or multiple versions of a methodology

• The procedure does not provide guidance as to which version (or versions) of a methodology or tool a clarification applies.

• The Board has previously approved a few requests for clarifications which were applicable to previous versions of a methodology or tool.

• **Best practice:** when a clarification concerns a specific provision of a particular version of a methodology or tool it should be with limited applicability to that version of the methodology or tool, but if it clarifies provisions that are same or similar in multiple versions of the methodology or tool it should be applied to all those versions of the methodology or tool.
Proposed solution-4

Guidance on the application of a clarification to a version of a methodology or multiple versions of a methodology

• The panel/working group decide on a case-by-case basis whether a clarification is applicable to a specific version or to multiple versions of a methodology or tool.

• Each clarification should explicitly include reference to a version or versions of the methodology or tool that it clarifies.

• Due care will be taken while applying the clarification to previous versions so that it do not create new requirements for registered project activities using those versions.

• The Board to provide guidance regarding the criteria that trigger a request for a revision or a clarification to a methodology or tool to improve understanding between stakeholders and make the procedure user-friendly.
Impacts

- If the Board decides to seek decision from the CMP in view of the requirements of decision 3/CMP.1 it will require to report the issue to the CMP.

- The Board may wish to provide guidance on whether the rationale and recommendation explained in the context of methodologies and tools also impact regulations on standardized baselines.
Recommendations to the Board

• Board may wish to agree on the key issues and proposed solutions or provide any other solutions;

• Board may wish to provide mandate to the secretariat to work on the revision of:
  (i) the procedure for development, revision and clarification of baseline and monitoring methodologies and tools; and
  (ii) in case the Board agrees that the issues raised above also impact the SB procedure then the procedure for develop clarification and update of standardized basel