



Latin American Carbon Forum 2008.  
**Programmes of Activities:**  
**Current Status & Lessons Learned**

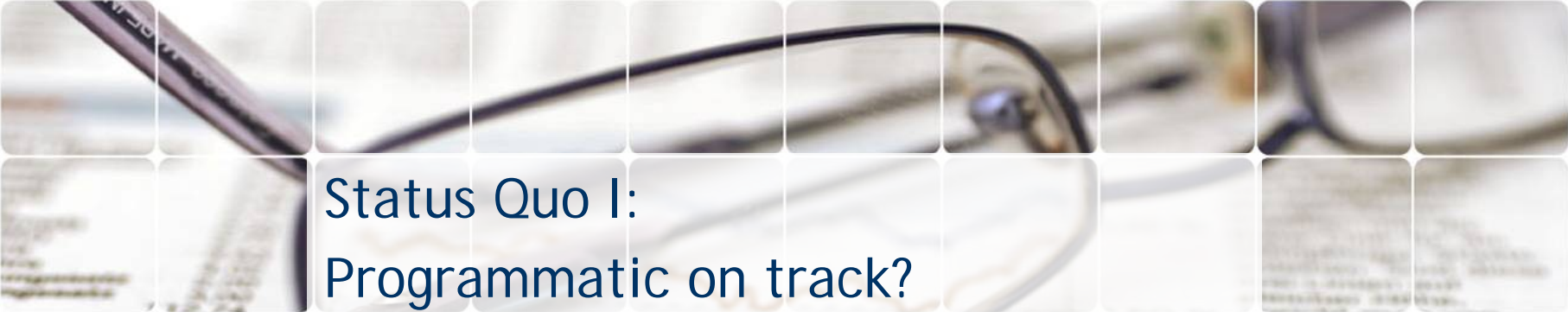
Björn Dransfeld  
Perspectives GmbH, Hamburg - Zurich

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## PERSPECTIVES CLIMATE CHANGE

- **Consultancy services in the GHG market**
- **Risk Assessment:** independent in-depth due diligence
- **CDM/JI Methodologies:** global leader
- **CDM/JI Management:** broad experience
- **CER / ERU Channeling:** Brokering + QA package
- **Policy Advice / Capacity Building:**  
[www.cdm-cooperation.de](http://www.cdm-cooperation.de)
- **Evaluation of the prospects of your CDM/JI project idea?**



## Status Quo I: Programmatic on track?

### **Purpose of PoAs:**

- It's the transaction costs, stupid!
- extend CDM to sectors that are widely untouched
- Natural Niches of PoAs (by rules / purpose): small & micro demand side EE, transport, .....

### **Status Quo:**

- There is demand for PoAs
- The regulatory framework has been set up (EB32, Annex...)



Indicators to measure success  
of PoAs in October 2008

PoAs  
registered

PoAs  
under  
validation

Public  
comments  
received

0 / 5 / 36



## Programmatic CDM: No breakthrough achieved, yet!

Main **deficiencies** addressed inter alia by public input:

- **Liabilities of validators:**

Payback of CERs in case of erroneous inclusion of CPAs

- **Limitation to a single methodology:**

All CPAs under the PoA are required to use the same baseline- and monitoring methodology

- **Re-validation rule:**

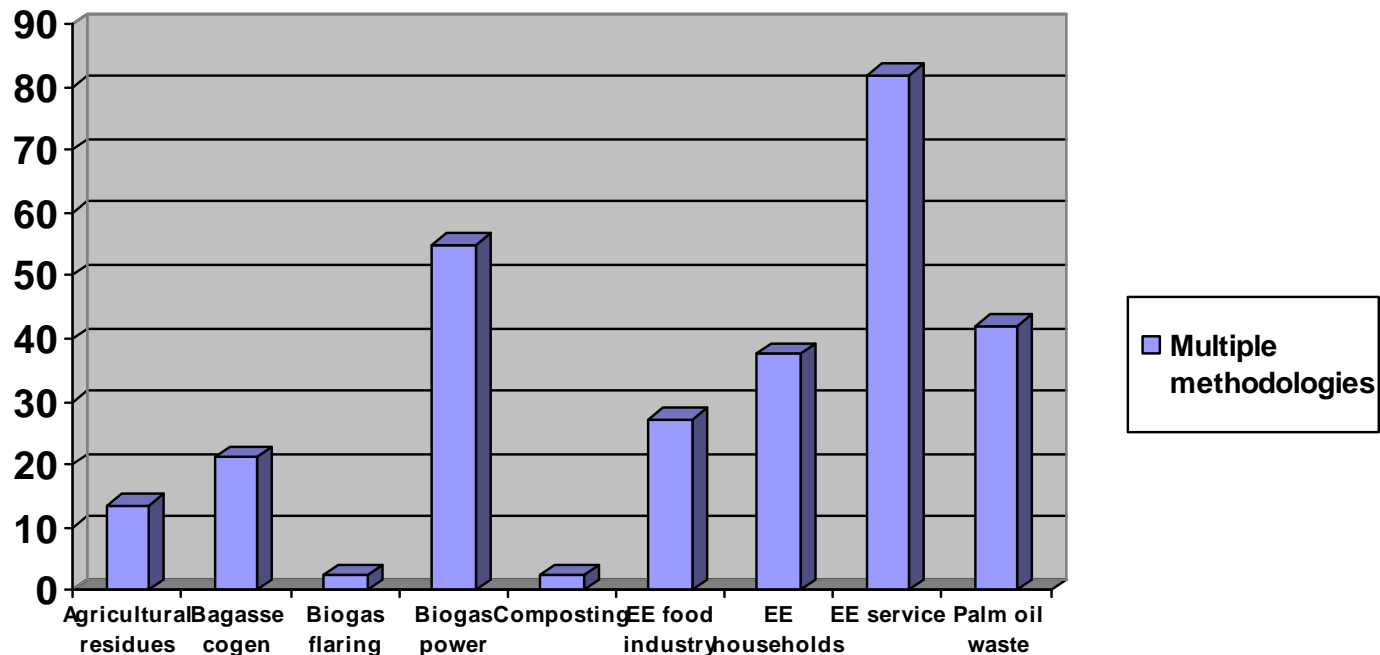
At each methodology revision the PoA has to be re-validated.



## Policy issues for improvement: Liabilities of DOEs

- **Challenging of CPA:** One EB member can be challenge a CPA at **any time** after inclusion of a CPA.
- Exclusion of CPA: DOE has to **provide CERs to cover all CERs issued for the excluded CPA.**
- **Review of entire PoA:** A DOE reviews the entire PoA and checks whether other CPAs should be excluded as well.
- **DOEs face huge risk:** programme developers must provide insurance coverage.
- **Transaction costs increase!**

# Policy issues for improvement: Single methodology rule



Share of projects using multiple methodologies for selected project types (%)

Source: Own calculation based on UNEP RISOE (2008) CDM project pipeline, April 2008



## Policy issues for improvement: Re-validation rule

### Frequency of methodology revisions in the past

	Small-scale	Large-scale
No. of projects in CDM Pipeline*	1684	1701
Share of CDM Pipeline*	49.8%	50.3%
No. of approved methodologies	33	75
Share of revised methodologies	69.7%	65.3%
Average no. of revisions	7.4	2.1

Source: own calculations based on UNEP Risoe Centre 2008

\* project wise; only projects under methodologies that have been revised

Given the high frequency of methodology revisions, this will lead to an **enormous workload** for PoA coordinators, validators and the EB.



## Lessons learned with PoA so far: Managing entity

### **SSC-PoA coordinator plays pivotal role**

- Design & manage the programme
- Collect and archive monitoring reports from all CPAs - monitoring must be conducted properly
- responsible for the distribution of CERs

### **PoA management requires:**

- Excellent local network, capacities, credibility

### **Best suitable entity depends on programme type**

- Must be capable to fulfill tasks over 28 years:
- e.g. financial institutions, developing agencies, governmental authorities.



## Lessons learned so far: Monitoring & Sampling I

- **Advantage of PoA approach:**  
Only a subset of CPAs needs to be verified according to a pre-defined sampling procedure (Difference to a bundle of small-scale projects)
- Project type / methodology affect monitoring:

PoA Type	CFL – distribution in India	Solar Water Heating PoA
<b>Methodology</b>	AMS II.C	AMS I.C
<b>Monitoring</b>	Monitoring requirement is heavy and associated costs and risks are likely to be high	Monitoring requirement is low and associated costs and risks are minor



## Lessons learned so far: Monitoring & Sampling II

- **Sampling:** Statistical treatment is indispensable because it is cost prohibitive to monitor every single installation (e.g. Lamp)
- **Need to consider “perfect” vs. “good enough” sampling methods**
- **Sample Size:** Smaller sample size can lead to a higher margin of error (although it reduces transaction costs)
- **Trade off:**  
**Sample size (i.e. transaction costs) vs. CER volume**  
Need to contemplate the optimal sample size to maximize CER volume under the transaction costs constraint



## Conclusion

- The programmatic approach has **good potential** for enhancing efficiency of the CDM and boosting the potential of the currently underrepresented project types and countries.
- The potential of PoAs is **constrained by the same methodological problems** as the ones that project-based CDM suffers from.
- The full realization of the potential of the programmatic approach needs **further streamlined PoA rules** and **more methodologies** amenable to the approach.
- Several programmes in the pipeline – The demand is there!
- **Take 2007/8 as a trial (EU-ETS successfully applied lessons from phase I trial)**

Muchas Gracias & Thanks a lot!

**Björn Dransfeld**  
**dransfeld@perspectives.cc**

**Perspectives GmbH, Hamburg – Zurich**