



Programmatic CDM (pCDM)

Experiences and Challenges

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- **What is pCDM**
- **Why is pCDM so exciting?**
- **Challenges for implementing pCDM**
- **How to screen pCDMs**
- **EcoSecurities & pCDM**

What is pCDM?

Traditional CDM: project by project approach

Emission reductions

- from single project activities
- in single locations
- in certain sectors
- in star countries



Many sectors + countries have significant potential untapped

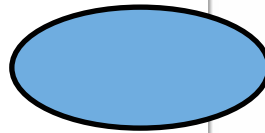
Little or no effect on the carbon intensity of the economy

Little or no sustainable benefits for many projects

How to make the CDM incentivise GHG emissions reductions throughout entire sectors or large areas?

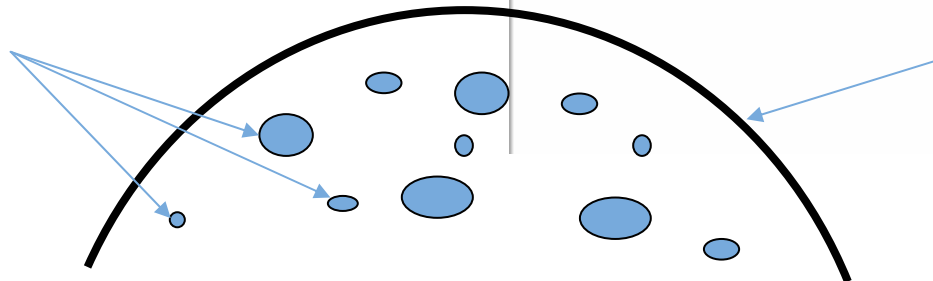
What is pCDM?

Traditional CDM: One CDM project activity



pCDM: One programme + numerous project activities

GHG reducing actions



*Framework/
programme*



Terminology for Programmatic CDM

(we love them all)

pCDM = Programmatic CDM

PoA = Programme of Activities

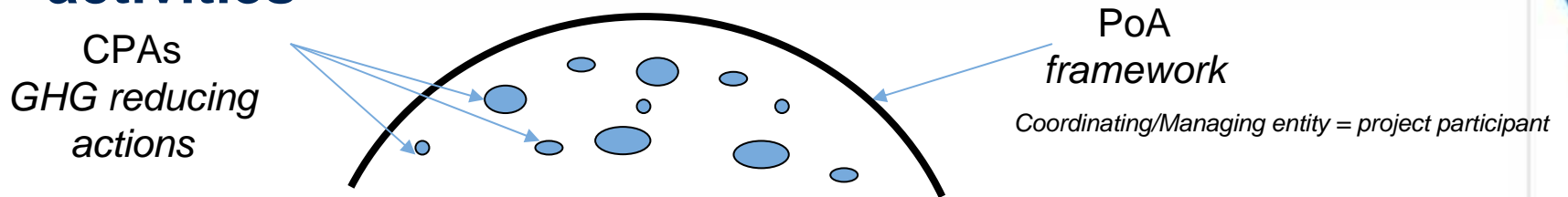
CPA = CDM Programme Activity (a project activity implemented under the Programme)

CDM-PoA-DD = Programme of Activities Design Document

CDM-CPA-DD = CDM Programme Activity Design Document

What is pCDM?

One programme + numerous project activities



PoA	CPA
<p>> voluntary coordinated action by a private or public entity which coordinates and implements any policy/measure or stated goal (i.e. incentive schemes and voluntary programmes) EB32 An 38</p>	<p>> a project activity under a programme of activities > a single, or a set of interrelated measure(s) EB32 An 38</p>
<p><i>Obvious and typical examples:</i></p> <ul style="list-style-type: none"> Efficient lighting programme Fuel switching programme in industrial facilities Solar water heaters in businesses / households Landfill programme Greenfield electrification programme <p><i>And a lot more...</i></p>	<ul style="list-style-type: none"> Installation of CFLs in a group of households Fuel switch in one facility Installation of a/a group of solar water heaters Landfill gas flaring in one landfill New biomass generator

Why is pCDM so exciting?

Flexibility

- > Validation + registration of the PoA, along with one sample CPA
- > Addition of CPAs over time, without validation or new LoAs (“consistency check”)
- > Random sampling according approved MonPlan allowed
 - ➡ No need to know the composition + magnitude of the project ex-ante
 - ➡ Decreased registration time + transaction costs

New opportunities

- > In underrepresented sectors (esp. where ERs are dispersed in space and time + low ERs/unit ➡ **small projects can make big PoAs**)
- > In underrepresented countries / group of countries/areas
- > For both SSC and LS projects



Challenges for implementing pCDMs (1)

Defining a sustainable structure of the Programme (1)

– Legal

- Carbon rights agreements need to be adopted to cater for the pCDM specific needs
- Due to the decentralised nature of pCDM projects, several CDM rights agreements may need to be in place
- Coordinating/managing entity is automatically focal point for communicating with the EB which results in CER distribution uncertainties



Challenges for implementing pCDMs (2)

- Identification of programme partners
 - Coordinating/Managing Entity of PoAs has more rights and obligations compared to Project Developers of standard CDM projects.
 - Reliable partners and strong coordination needed to ensure an efficient collection and communication of information all through the programme lifecycle.
 - More partners likely to be involved in a programme than in a typical CDM project. Roles and obligations of each partner in the programme need to be clearly defined and formally agreed.
 - ➔ the capability and capacity of a Coordinating/Managing Entity is crucial for the success of a pCDM project.



Challenges for implementing pCDMs (3)

Institutional and regulatory uncertainties

EB call for inputs for pCDM revealed major uncertainties:

- **Uncertainty and high liability for DoEs**

- ➔ High costs for DoE services, lengthy contract negotiations about liability sharing, limited availability and willingness to embark on pCDM projects, lack in capacity and knowledge



Challenges for implementing pCDMs (4)

- **Only 1 Meth applicable per PoA**

- ➔ Diverse multi technology P-CDM projects are excluded for now
 - Example: new energy efficient housing developments,
 - significant potential to reduce GHG emissions and bring sustainable development benefits
 - interest from entrepreneurs of such projects in pCDM for programmes in various countries
 - *But:* implementation of such programmes requires the application of several approved meth or the development of a new meth, which is a long and time-consuming process



Challenges for implementing pCDMs (5)

- **Procedural uncertainties for including CPAs, monitoring and validation/verification**
 - ➔ Learning by doing process, which is time-consuming
 - ➔ Recent decisions from the EB (e.g. rejection of the request for issuance for the Nepal Biogas project) and general trend of request for reviews/rejections on issuance requests do not provide incentive and certainty needed to implement projects which involve the installation of numerous small installations and a complex monitoring system



Challenges for implementing pCDMs (6)

- Enabling regulatory environment crucial for pCDM to take off
- Future development of PoAs is dependent on the decisions that will be taken by the EB in the next months
- Need for interaction with stakeholders and transparency to enhance understanding (open sessions, workshops)



How to screen P-CDM projects? (1)

Ownership of CERs

- Definition of PoA
- Clear relationship between PoAs and CPAs (understanding of responsibilities)

Technology

- Are the technologies applied by the CPAs similar?
(all possible variations have to be covered under the PoA)



How to screen pCDM projects? (2)

- **Additionality of PoA** proof that in absence of pCDM
 - the measure would not be implemented
 - the mandatory policy/regulation would be not enforced

Or

 - that the PoA will lead to greater level of enforcement of the mandatory policy/regulation
- > **Monitoring requirements**
- check workability and cost effectiveness of monitoring approach



EcoSecurities & P-CDM

Current PoA projects

- Solar water heater projects in South Africa
- Domestic solar water heater project in Tunisia (not yet under validation)

Leads under assessment in various regions

- Industry energy efficiency programmes
- Large scale hot water demand side management programmes
- Composting programmes
- Micro hydro programmes
- Sustainable housing programmes