

# Progress and necessities in the CDM Program of Activities: a general view from a private investor



# *Potentialities of the PoA*

- Great first attempt, but need not to be complacent
- [If we get the design right:]
- Reduce transaction costs overall
- Make involvement of community implementors possible
- Crowding-in of private sector in activities with less profitability
- Sink-in the idea of an economy-wide action beyond the CDM

# Barriers for PoA implementation

(1):

- The dictum: remove barriers for an effective PoA
- Higher perceived risk: liability of the validating DOE for erroneous inclusion
  - Has caused DOEs to be naturally reluctant unless liability is more reasonable assigned after validation
  - Private sector willing to share the validating risk
- The whole PoA put on hold in case of erroneous inclusion: overkill
- PoA must constantly adjust itself to methodology change
- Registration fees for every CpA? Not clear

## *Barriers for PoA implementation*

*(2):*

- Requests for review: only one EB member needed against 3 for a normal CDM project
- Not more than 1 meth permitted to be used in PoA while more than 1 meth allowed in a normal CDM PA
- Guidance unclear on differentiation of responsibilities between a PoA coordinating entity and a CDM PA focal point
- Guidance unclear on eligibility criteria

# *Bottom line: give PoA the same treatment as CDM PAs!*

- PoA will confront all the transaction costs of a normal CDM, amplified:
  - Completeness check delays
  - Methodology changes and short grace period
  - Validation bottlenecks due to DOE capacity shortage
- Plus PoA will confront inherent transaction costs:
  - Higher sensitivity to process delays
  - Higher design complexity and upfront work due to number of participants
  - Must conform to scale thresholds to be economically feasible
- In consideration of the above, **BALANCE THE TREATMENT OF POA REGISTRATION**