



DNV's Experience with PoA Validation

PoA issues and expectations

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Latin America Carbon Forum
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Agenda

- DNV's PoA Validations

- Liabilities of DOEs in PoA

- Validation Issues
 - Assessment of CPAs
 - Sampling in monitoring, validation and verification
 - Start Date of CPAs
 - Methodologies

- DNV - Business Unit Mexico, Central America, Venezuela & Colombia



4 of 11 PoAs under Validation by DNV

- Installation of Solar Home Systems in Bangladesh
 - PDD published: 04 December 2007
 - Status: Validation ongoing, pending CARs
- Methane capture and combustion from Animal Waste Management System (AWMS) of the 3S Program farms of the Sadia Institute
 - PDD published: 22 February 2008
 - Status: Submitted for registration, completeness check identified issues
- CUIDEMOS Mexico (Campana De Uso Inteligente De Energia Mexico) – Smart Use of Energy Mexico - Programme of Activities
 - PDD published: 16 July 2008
 - Status: Submitted for registration, RfR received Jun 23rd
- Energy Saving Renovation Programme at Instant Coffee Production Factories of Dongsuh Foods Corporation in Korea
 - PDD published: 18 April 2009
 - Status: 30 days stakeholder consultation ends on 17 May 2009

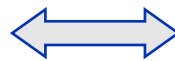
Liabilities of DOEs in PoA

- PoA have the potential to reduce the transaction costs of small projects and can thus contribute to encourage small projects with significant contribution to sustainable development and technology transfer
- Liability of DOEs in PoAs is currently significantly higher compared to the liability in normal CDM project activities and many DOEs are reluctant to accept PoA validations
 - the liability of a DOE having requested the inclusion of a CPA should be limited to only cases where **significant deficiencies** are identified in the validation of the CPA
 - EB47: "...identifies any error that disqualifies a CPA from inclusion".
 - CDM: Only if DOE accreditation withdrawn and "significant deficiencies are identified"
 - a **time limit and extent** of the DOEs liability for CERs issued for CPAs included in the PoA at an earlier stage should be defined - considering that CDM and in particular PoA are "learning by doing"
 - Currently liability for validating DOE reaches all previously included CPAs and verified crediting periods

Validation Issues - Assessment of CPAs

- Latest revision of PoA procedures (EB 47) brought some clarity in that the additionality of a CPA has to be addressed as part of the inclusion criteria in the PoA-DD.
 - However, the inclusion criteria defined in a PoA can still be quite wide and may still require additionality assessment of individual CPAs.
- Extent of assessment of CPAs to be added to programme will depend largely on the criteria for including CPAs stated in the PoA-DD
 - Eligibility criteria for inclusion of a proposed CPA in the registered PoA
 - Criteria to be used for demonstration of additionality of a CPA
 - Extent of work to assess CPA only known when PoA is validated and registered

Conformity check



CPA specific assessments

- These criteria are observed to vary and are expected to vary quite significantly



Validation Issues - Sampling in monitoring, validation and verification

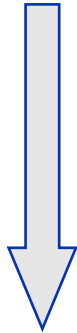
- Many of the PoAs are expected to be projects involving many sites and sampling approaches are needed for
 - Determination of ex-ante parameters
 - Validation of baseline conditions at each site
 - Ex-post monitoring of parameters
 - Verification of reported emission reductions
- The sample size necessary to achieve a selected level of confidence will depend on the actual observed variations within the sample
- EB 47: “The Board will develop a guideline containing criteria for determining statistically sound verification techniques and methods.”

Guidance for sampling is needed



Validation Issues - Start Date of CPAs

- EB 47's Revision of PoA procedures extended the definition of start date for CPAs, granting a grace period.



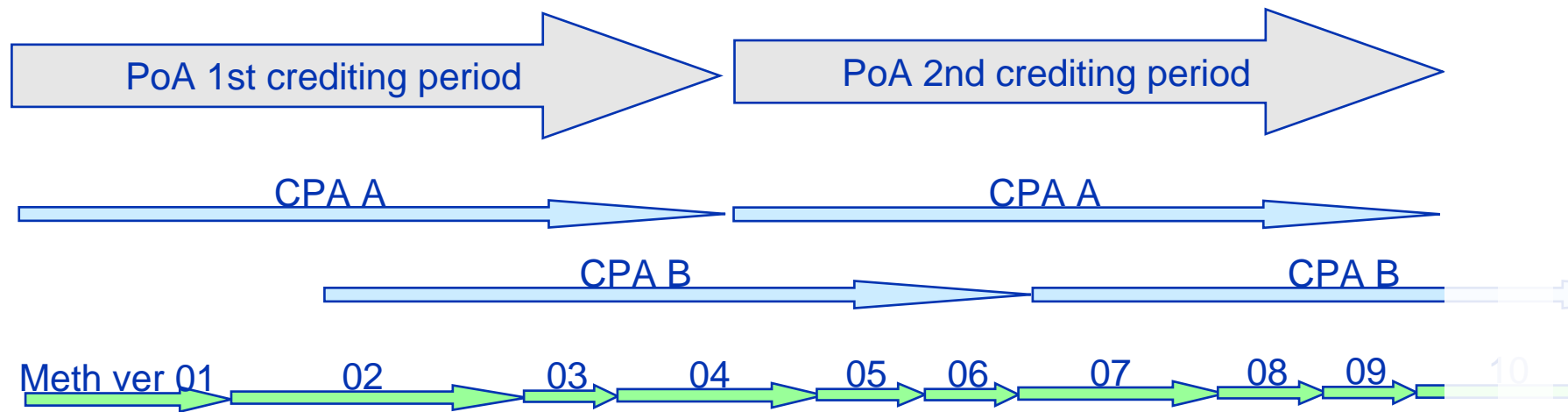
- EB 36: "... *The starting date of the CPA cannot be before the date of registration of the PoA.*"
- EB 47: "the start date of any CPA is not, or will not be, prior to the commencement of validation of the programme of activities, i.e. the date on which the CDM-POA-DD is first published for global stakeholder consultation"
- PoAs which have commenced validation prior to 31 December 2009, are granted an exemption, and CPAs can have starting dates between 22 June 2007 and commencement of validation

- Crediting period to begin with CPA inclusion (as per regular CDM procedures)



Validation Issues - Methodologies

- The PoA procedures address the situation when the approved methodology is put on hold or withdrawn, but previous to EB 47, procedures did not include an explicit description on how revisions of methodologies shall be treated.
- EB 47: The PoA has to be updated to the latest version of the applied methodology (or a consolidated methodology, if applicable) at the time of the renewal of the crediting period.
- EB 47: Allowance of multiple methodologies in PoA



DNV - Business Unit Mexico, Central America, Ven & Col

- Full time dedicated staff
 - Experienced staff avg. ~ 8yrs sector expertise
 - Highly educated staff, PhDs, MSc, postgraduates
 - Fully bilingual
- Improved response times
 - Same time zone
- Local regulation expertise

Special Services:

- Fast-track Validation and Verifications
- Pre-validation and Initial Verifications
- GHG Inventory Verifications
- Energy Efficiency and Management Systems
- Advisory: GHG Policies and Models
- Climate Change Academy

Responsiveness

Quality

Technical Flexibility



Safeguarding life, property and the environment

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