



CDM Structure, Governance & Performance: A Non Annex-1 Business Perspective

Ajay Mathur
Senergy Global Pvt. Ltd.

Reforming the CDM
Washington, 5th October 2005



Businesses are driven away by uncertainties

The CDM experience to date has highlighted that:

- The registration process is time consuming, and the time to process is uncertain
- There is too much uncertainty about outcomes, especially due to additionality concerns



Reforming the CDM
Washington, 5th October 2005

Uncertainty about process duration



- **Methodology approval has put the process on hold**
 - *It will be difficult for many projects to meet the 31st December deadline since many approved methodologies have only recently become available*
- **Level of detail required by EB is unclear**
 - *Project participants provide surfeit of detail; this leads to discussion on micro issues*
- **Delivery of CERs cannot be promised since ITL has yet to become operational**

Reforming the CDM
Washington, 5th October 2005

Uncertainty about process outcome

- It is not clear whether the logic of business investments is understood
- Additionality tool seems to result in subjective outcomes
 - *Except in the case of financial additionality !*
 - *Thin, often indistinguishable, line between baseline and additionality; the tool itself talks of the baseline*



Reforming the CDM
Washington, 5th October 2005

Suggestions for Reform

- **Structure**

- *Need for a beefed-up Secretariat which carries out an evaluation and registration of submitted projects*
- *Secretariat may refer projects requiring policy clarification to the EB*
- *Secretariat is overseen by an EB elected by the MoP*

- **Governance**

- *WE NEED PEOPLE WHO HAVE EXPERIENCE IN BUSINESS DECISION MAKING RELATED TO TECHNOLOGY INVESTMENTS*
- *DoEs need to be empowered to carry out upfront assessments related to methodology development*

Reforming the CDM
Washington, 5th October 2005



Suggestions for Reform

- **Processes**

- *A NEW ADDITIONALITY TOOL IS NEEDED*
CDM benefits are small; they do not add as much to project viability as they do to mitigate risks

The additionality tool needs to be based on risk-based indicators: the baseline itself, or a 25% penetration level

- *Postpone the deadline for submission of early-start projects by six months*
- *Develop a “ready reckoner” – what are eligible projects; when are projects additional; what is a sensible baseline*
- *Tool of baseline determination ?*

Reforming the CDM
Washington, 5th October 2005



Thank you

For further information

Dr Ajay Mathur
President
Senenergy Global Pvt. Ltd.
D-33, Defence Colony
New Delhi – 110 024
Phone: +91-11-2465-5141
Fax: +91-11-5163-4201
E-mail: am@senenergyglobal.com



Reforming the CDM
Washington, 5th October 2005

