

CDM Methodologies and Project Design

Workshop for CDM Project Developers



Conclusions

Buenos Aires, - December 5th, 2004



General observations

- Project and methodology developers appreciate the opportunity for discussions of methodologies and projects among themselves and with representatives of CDM regulatory bodies.
- Bottom-up approach for methodologies has achieved some results.
- An increasing number of methodologies and projects are developed in non-Annex I countries. Cost of writing PDDs is coming down thanks to guidance.
- The introduction of the feedback loop in the methodology review process is a good step, but was not considered as enough. Participants find that more interaction with the Meth Panel and EB is needed.
- Participants requested more transparency; more feedback should be given to project and methodology developers. In particular, the Meth Panel's recommendations on methodologies should contain more details and the basis for the Panel's decisions.
- There is a feeling that the regulatory process is in a situation of crisis. Good progress has been made, but not fast enough in some cases. There is still a bottleneck in the processing of new methodologies.
- Participants suggested to involve the private sector more in the regulatory process and find solutions to the financing gap under which the CDM has been suffering.
- The level of understanding has increased but needs to be raised further. DNAs and DOEs can and should actively contribute to improving the understanding of CDM projects and methodologies.



Observations on methodologies

- Many definitions need still to be clarified, e.g. what is a similar technology.
- The calculation concept of build and operation margin for power sector emission factors in the consolidated methodology ACM0002 was questioned.
- The issue of conservativeness in relation to uncertainty and accuracy in methodologies needs to be further discussed.
- Participants called for more broadly applicable methodologies, but also realized that methodologies should consider national circumstances.
- Participants expressed satisfaction that they now have guidance on additionality (Additionality Tool) but some questioned whether the notion of additionality in the Marrakesh Accord had been correctly implemented in this guidance.
- Options for streamlining and simplification should be actively explored further.

Good practice in drafting PDDs and new methodologies



- Project and methodology developers should check the CDM glossary often to stay current and stay as closely within the provided guidance as possible.
- Desk reviewers and Meth Panel look for
 - clear drafting in PDD and methodology submissions
 - methodological elements that are concrete and require as little – subjective – interpretation as possible.



Issues requiring further guidance

- The guidance on national and sectoral policies was appreciated, but a lack of consistency with regard to approved methodologies was noted. The EB should clarify whether approved methodologies can be interpreted consistent with the guidance on national and sectoral policies.
- Guidance regarding the Monitoring Plan now required by the PDD may be needed.
- Guidance on bundling of small-scale and and micro-projects may be needed? Multi-actor micro-projects may require a different set of methodologies.
- Guidance on how to address supply constrains and different service levels in baseline and project case, e.g. in energy efficiency projects, may be needed.
- Participants noted that there is still no clarity on unilateral CDM projects.
- Participants noted that, despite the simplified methodologies, the financial viability of small-scale projects is often still problematic. Can a financial mechanism be used or developed to support small-scale projects?



Next steps

- The proceedings of the workshop will be made available on the World Bank CFB website.
- Participants would appreciate the organization of another similar workshop.
- The World Bank's Carbon Finance Business would be willing to convene it, possibly in the margin of the Carbon Expo in Cologne in May 2005 or of the sessions of the UNFCCC subsidiary bodies in Bonn in June 2005.
- Another opportunity for interaction is presented in context of by the Point Carbon conference "Carbon Market Insight" in Amsterdam in March 2005.