Offsets Aggregation in the CDM

PoAs Validation and Verification – Lessons Learned

Miguel Rescalvo

DNV KEMA

Impacting climate change issues

32%

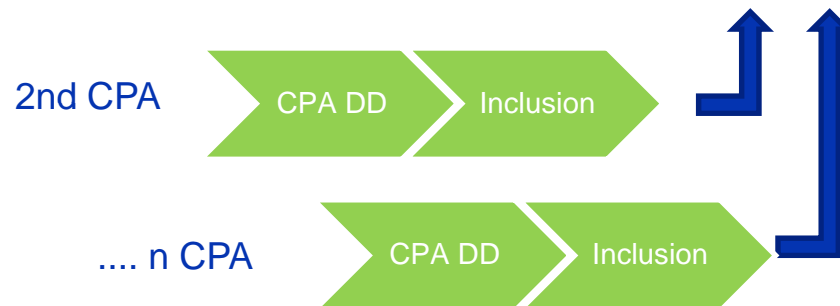32% of all Clean Development Mechanism (CDM) projects are validated by DNV
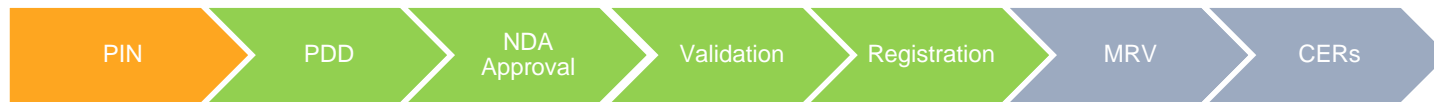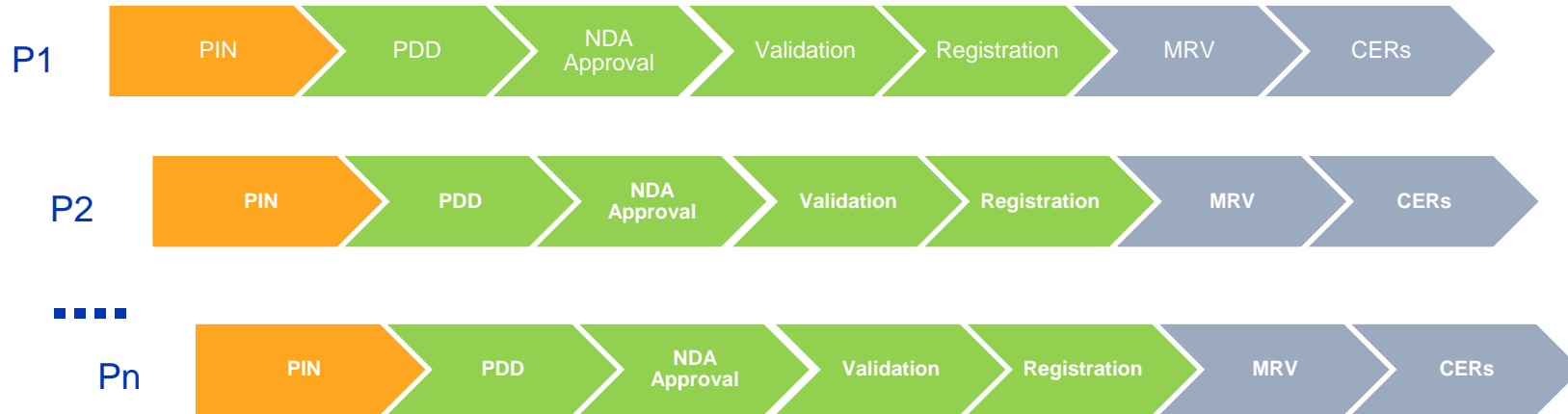
75%

75% of the world's offshore wind projects are certified and verified by DNV
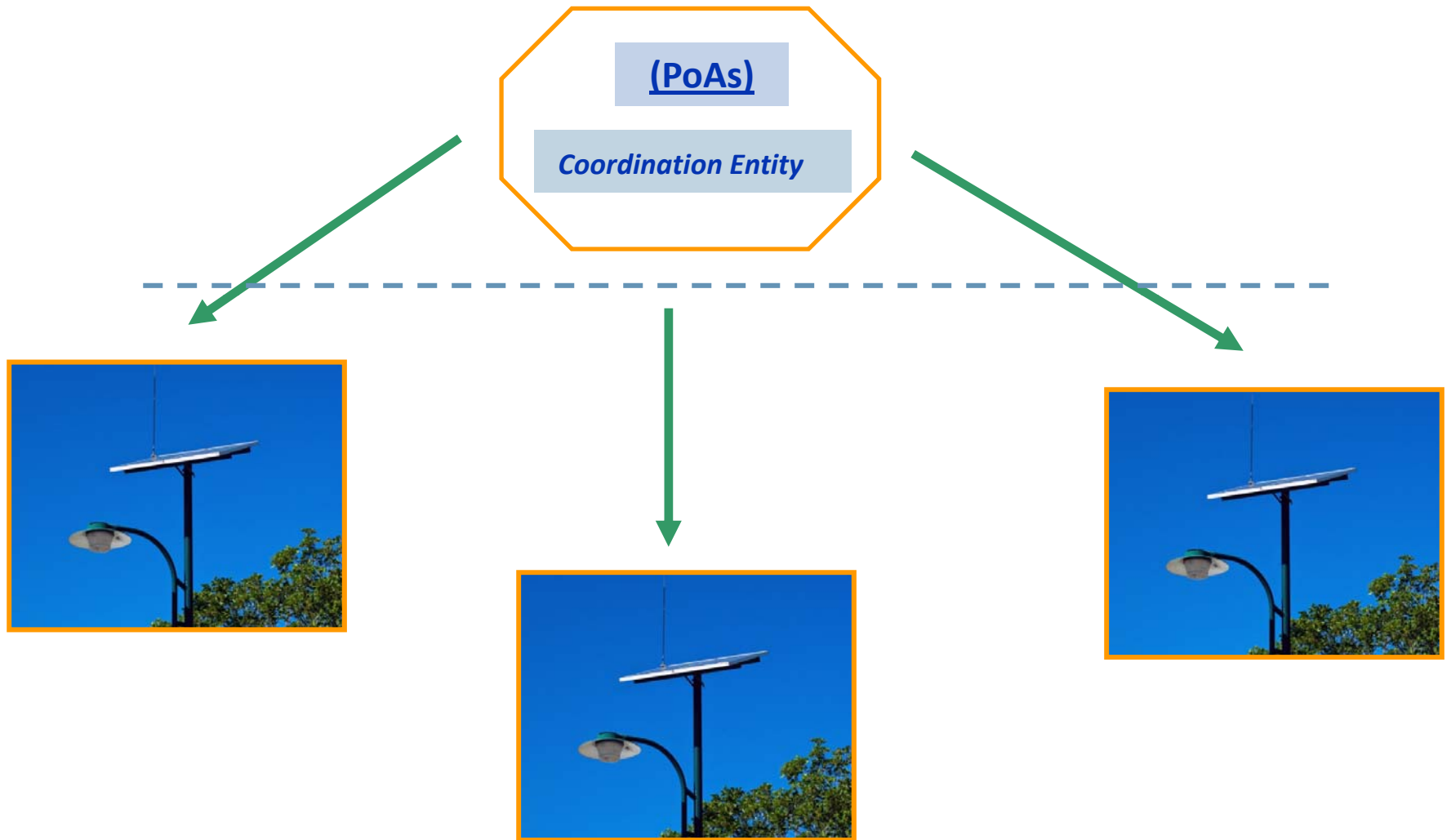
1st

Released the world's first standard for qualification of carbon capture and storage technologies

Individual CDM Projects Vs PoA

Programmatic CDM

(PoAs)

Coordination Entity

Basic requirements of PoAs

- Sound and robust concept and business plan:
  - Structuring POAs (economics , incentive structure, legal structure)
  - Regulatory requirements
  - Dealing with additionality (POA and CPA levels)
  - Monitoring

- Institutional capacity for implementation: The PoA operator (coordinating entity).

- Compliance with regulatory requirements: PoA rules/procedures, CDM methodologies.

Lessons learned during validation/verification

Miguel Rescalvo

Program of Activities (PoAs)

Several sites
One technology

One site
One technology
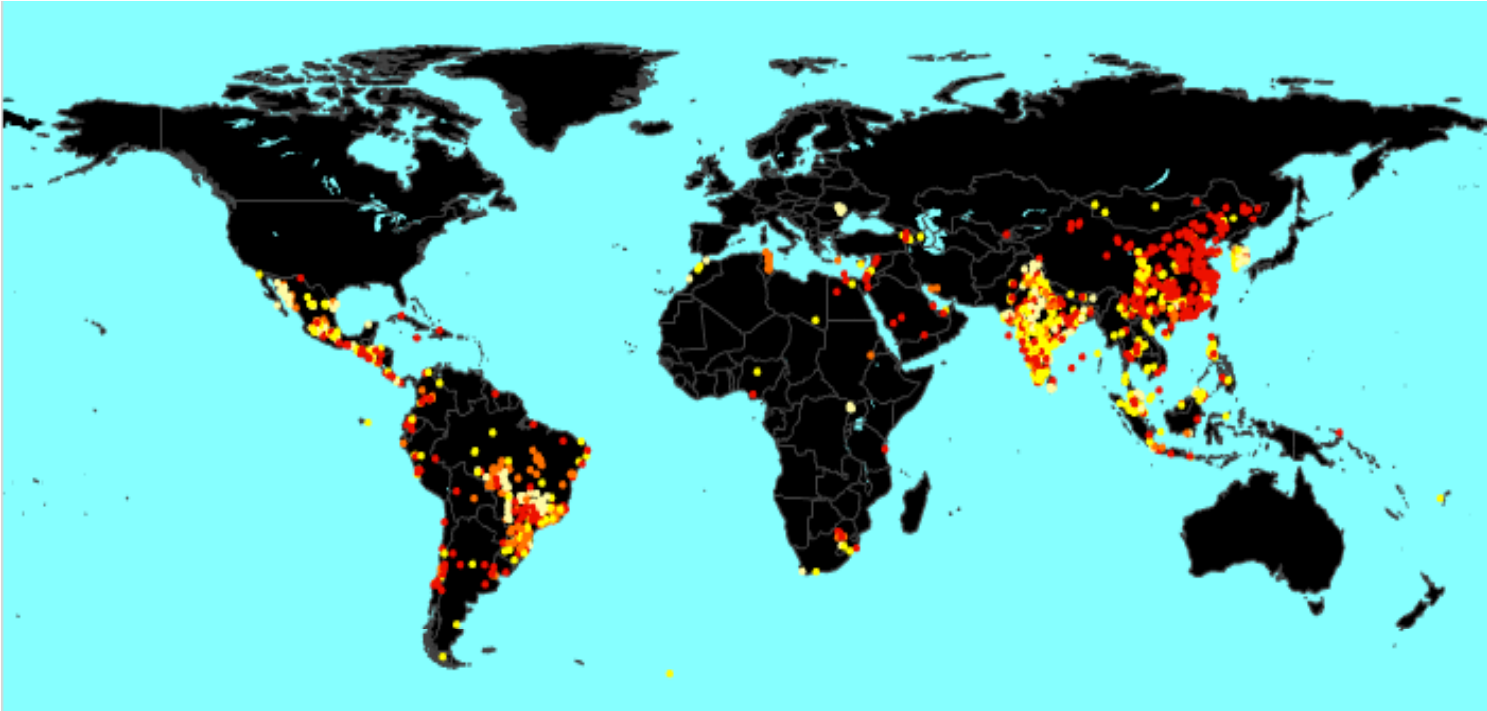Eg. Households
Insulation

One site
Several technologies
Industrial sites (cogeneration,
lighting EE, WHR, etc)

Several Sites
Several Technologies
Eg.
Renewables PoA
Households EE &
insulation

Source: WB CF-A

Changes in the geographical approach to PoAs implementation

Challenges in PoAs Validation/CPA Inclusion and Verification

- Program size and design

- Additionality

- PoA Management entity

- Thought to be a "Simplified" method to allow offset aggregation in LDC

- Inclusion of CPAs

- Verification

- Liability

Challenges in PoAs Validation/CPA Inclusion and Verification

- **Program size and design**
  - Multiple countries/multiple technologies
  - Linked to additionality demonstration
  - Linked to baseline confirmation

- Additionality

- PoA Management entity

- Thought to be a "Simplified" method to allow offset aggregation in LDC

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DNV

Challenges in PoAs Validation/CPA Inclusion and Verification

- **Program size and design**
  - Multiple countries/multiple technologies
  - Linked to additionality demonstration
  - Linked to baseline confirmation

- **Additionality**
  - Part of the inclusion criteria but affected by the program size
  - From PoA to CPA depending on program size and design
  - Critical aspect of the inclusion criteria and DOE liability

- PoA Management entity

- Thought to be a "Simplified" method to allow offset aggregation in LDC

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Challenges in PoAs Validation/CPA Inclusion and Verification

- Program size and design

- Additionality

- PoA Management entity
  - Requirements of the ME quality control system for CPA testing and control
  - New requirements, if ME does not have the system – reason for negative validation

- Thought to be a "Simplified" method to allow offset aggregation in LDC

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Challenges in PoAs Validation/CPA Inclusion and Verification

- Program size and design

- Additionality

- PoA Management entity

- Thought to be a "Simplified" method to allow offset aggregation in LDC

- Inclusion of CPAs
  - Criteria reality check – 1st inclusion with PoA validation
  - Double counting risks

- Verification

- Liability

Challenges in PoAs Validation/CPA Inclusion and Verification

- Program size and design

- Additionality

- PoA Management entity

- Thought to be a "Simplified" method to allow offset aggregation in LDC

- Inclusion of CPAs

- Verification
  - Sampling: The CME has two options (to be stated in the PoA-DD):
    - The DOE verifies 100% of the CPAs.
    - Sampling procedures are defined in the PoA-DD, and the DOE visits a number of CPAs

- Liability

Challenges in PoAs Validation/CPA Inclusion and Verification

- Program size and design

- Additionality

- PoA Management entity

- Thought to be a "Simplified" method to allow offset aggregation in LDC

- Inclusion of CPAs

- Verification

- **Liability**

PoAs liability

UNLIMITED LIABILITY - WHAT TYPE OF BUSINESS WOULD LIVE WITH SUCH CONDITIONS ?

Post 2012 mechanisms … what the market is doing

CDM Project	PoA	NAMA	Local AMA

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