



Joint Implementation Action Group

Joint Implementation Supervisory Committee
Attn. Mr. Leguet
P.O. Box 260124
D-53153 Bonn
Germany

Subject: JIAG Recommendations for JISC 22

07 June 2010

Dear Chair of the Joint Implementation Supervisory Committee (JISC),
Dear members and alternate members of the JISC,

1. APPLICABILITY OF JOINT IMPLEMENTATION RULES AND GUIDELINES TO PUBLISHED PDDs UNDER DETERMINATION

In our letter date 8 April 2010, the JIAG raised a serious concern on the versions of guidance documents that apply to PDDs that are under determination.¹ An earlier clarification from the Secretariat on this topic stated that in absence of guidance from the JISC on when a new version come into effect, the most recent version has to be applied to all JI projects for which the determination according to Paragraph 33 of the JI guidelines has not yet deemed final by the JISC.

In this letter the JIAG would like to re-iterate its concerns and request the JISC to take further steps on this matter under agenda item 4(i), and refers back to its letter dated 8 April 2010 for further elaboration and specific examples.

2. MATERIALITY

The JIAG earlier provided suggestions for applying the concept of materiality for the calculation and the measurement of the project's emission reduction figures at the relevant stages in the JI project cycle. In our previous letter to the JISC dated 8 April 2010 we asked for the JISC to give non-prescriptive recommendations for applying the materiality concept in various stages of the project cycle.

JIAG note however that the draft standard for applying the concept of materiality is prescriptive by requiring certain thresholds to be applied. JIAG recommends that AIE **may** use the thresholds of the standard or other application of the concept of materiality as justified by the AIE.

¹ See <http://ji.unfccc.int/Ref/Guida/reqClarifications.html>

In addition, the JIAG recommends deleting the first sentence of paragraph 4 “In preparing the verification of a (...) support for the verification”, since it is obsolete and may create confusion or conflict with other JI guidance documents, in particular the Determination and Verification Manual.

The “Draft standard for applying the concept of materiality in verifications” contains text between brackets in paragraph 4. It defines a 5% threshold for projects smaller than 100,000 OR 300,000 tCO₂e/year and 2% for projects larger than this threshold value. The JIAG recommends following the approach chosen by the European emissions trading scheme (EU ETS). Under this approach, facilities with annual emission of less than 300,000 tonnes of CO₂ output per year, a materiality threshold of 5% is in effect; for facilities with annual emissions of more than 300,000 tonnes of CO₂, the threshold is lowered to 2%.

JIAG is furthermore of the opinion that the bracket insertion “All identified errors, omissions or misstatements shall be reported regardless of their materiality” should be deleted as it defeats the purpose of materiality by requiring AIE’s to focus efforts on scrutinizing immaterial matters.

The JIAG suggests also to broaden the scope of applicability for this standard by removing the words “in verifications” from the name of the document. Furthermore, it is suggested to apply this standard for the purposes of assessing leakages and emission sources during the preparation of project design documents and determination. If needed, a new section can be added to the standard for these purposes.

3. CHANGES IN PROJECT IMPLEMENTATION

The JIAG welcomes the guidance document “Draft procedures regarding changes during project implementation” and has two specific recommendations.

The first is that paragraph 7 (d) “the changes do not alter the original determination opinion for the project” is an unrealistic criterion and could make the guidance obsolete. JIAG proposes to remove this criterion. In determination opinions the expected emission reduction is clearly mentioned. After implementing changes, projects may generate more or less reductions. A second argument against paragraph 7 (d) is that in some determination opinions the description of the project is ultimate and detailed. Therefore it would be impossible to change the design in accordance with items 7 (a) to (c) in the Draft procedures but without contradiction to 7 (d).

The second recommendation from the JIAG is to clearly define the terms used in paragraph 8, either in the “Draft procedures regarding changes during project implementation” or in the “glossary of JI terms”. This recommendation applies to the terms:

- positive determination opinion,
- positive verification opinion.

Yours sincerely,

Lennard de Klerk
JIAG Chair

Annex 1: JIAG Members

JIAG members		
	Company	Nominated representative
1	Global Carbon (chair)	Mr. Lennard de Klerk
2	Climate Focus (secretariat)	Ms. Charlotte Streck, Mr. Jelmer Hoogzaad
3	Core Carbon Group	Mr. Morten Prehn Sorensen
4	Vertis Environmental Finance	Mr. James Atkins
5	Carbon Trade & Finance	Mr. Ingo Ramming
6	FutureCamp	Mr. Roland Geres
7	GreenStream Network	Ms. Hanna-Mari Ahonen

