INPUT TO DETERMINATION AND VERIFICATION MANUAL

Your information

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Experience in JI (brief summary, no more than three sentences)	***Consulting and development of JI projects in Eastern Europe and CIS. Organization of capacity building programs.***

Please provide your input that is in line with the "Scope of determination and verification manual" agreed by the Joint Implementation Supervisory Committee (JISC) at its fifteenth meeting (annex 4 to JISC 15 report).

Input (1): General remarks (optional)

Although the Kyoto Protocol established JI and CDM as different flexible mechanisms, there has been an overwhelming trend to perform determination and verification of JI projects similarly to the CDM validation and verification. One of the main reasons for that has been the lack of clear guidance on the JI determination and verification procedures.

Mitsubishi UFJ Securities believes that the development of the DVM will help overcome this and will help further establish JI as a functional flexible mechanism. At the same time, we support the proposal to design the DVM as a set of indicative modalities to AIEs, from which they can deviate as appropriate and as required by individual projects. We would also like to suggest that, in addition to the guidance on the different aspects of the determination and verification process, the DVM includes concrete practical examples.

Comments and suggestions for the design of some parts of the DVM are provided in the subsequent section.

Input (2): Suggested texts of DVM (It is not necessary to fill out all sections.)

Section	Input (text)
1. Background	
2. Objectives	
3. Definitions	
4. Principles of determination and verification	
5. Determination steps	
(a) Project approval by Parties involved	
(b) Project participants authorization by Parties involved	
(c) Project boundary	
(d) Leakage	
(e) Baseline setting	
(e)-1 Project specific basis	
(e)-1-1 Projects establishing JI "new" methodologies/approaches	A new methodology should be established in a consistent manner, reflecting the relevant JISC Guidelines, project specific and country specific conditions, as well as established industrial standards. The new methodology may refer to the experience gained by the CDM Methodological Panel, as well as to JI and CDM projects which have already completed determination/validation and registration.
(e)-1-1-1 Description of the "new" methodology	Each new "JI methodology" should cover at least the components below in order to adequately establish the baseline and estimate the emission reductions from a JI project: 1) Project boundary The project boundary should be established in such a way that it includes all relevant emission sources. Emission sources that are insignificant should not be included in the project boundary. *Examples:* ● Grid connected power projects should include in the project boundary all grid connected power plants, as well as the project generation facility. ● Biofuel (biogas, biodiesel or briquette) production/utilization projects should

	include in the project boundary all relevant sources from crop planting to final consumption of the biofuel. 2) Baseline The baseline should be established in a transparent manner covering all sources of GHG emissions included in the project boundary. For projects including several components, the baseline should be established for each component. The baseline should reflect the relevant national policies. *Example:* ● For cogeneration projects, the baseline should be established separately for the heat and power generation components. ● For biofuel projects, the baseline should describe the baseline scenario for the planting and use of the crops (corn, etc.), production of biofuel, as well as fuel consumption by the final users of the biofuel. ● Unlike the CDM, no E-/E+ rules for baseline determination are applicable to JI projects. 3) Leakage Each new methodology should consider any form of leakage, positive or negative, as a result of the implementation of the project. *Example:* ● Projects associated with the use of biomass for energy generation should consider leakage due to decreased availability of biomass. 4) Emission reduction calculations Project emissions, baseline emissions and leakage should be calculated in a conservative manner for all sources included in the baseline, in order to achieve a precise estimate of the emission reductions. Project developers should be guided by the established international industrial standards as well as IPCC 2006 guidelines.

	Project participants should clearly demonstrate that the proposed emission reductions do not lead to double counting. *Example:* In biofuel projects, it should be clearly stated which entity will be claiming emission reductions and why it is not possible that other entity(ies) involved in the project will claim emission reductions.
(e)-1-1-2 Application of the "new" methodology	
(e)-1-2 Projects using approved CDM methodologies	Existing approved CDM methodologies can be applied by project participants, following strictly the guidance of the version of the approved CDM methodology at the time of submitting the JI project for determination.
(e)-1-2-1 Applicability of the methodology	
(e)-1-2-2 Compliance with the methodology	
(e)-1-2-3 Deviation from approved CDM methodologies	Project participants may deviate from the existing CDM methodologies, as appropriate, to the extent conditions described in (e)-1-1-1, which are covered by an existing CDM methodology, are met. *Example:* ● A project is using an approved CDM methodology AM00XX. Although not all the applicability conditions are met, the project type is similar to the one for which the original CDM methodology is designed. The project boundary, baseline and leakage are determined in line with the methodology. Further, the emission reduction calculations are in line with the prescriptions of the CDM methodology. *Comment: For the sake of consistency, deviation from CDM methodologies may be included as a sub-section of (e)-1-1.*
(e)-2 Projects using multi-project emission factor	Projects may use a multi-project emission factor (i.e. grid emission factor) for the establishment of the baseline. It is recommended, however, that the AIE confirms with the host country DFP the appropriateness of the use of such factor prior to the completion of determination. *Example:* ● Project participants can use the ERUPT grid emission factor as long as the host

	country does not object that.
(f) Monitoring	
(f)-1 Projects establishing JI "new" methodologies/approaches	
(f)-1-1 Description of the "new" methodology	
(f)-1-2 Application of the "new" methodology	
(f)-2 Other cases	
(f)-2-1 Identification of indicators, constants and variables	
(f)-3 Collection and archiving of data	
(f)-4 Quality assurance and control procedures	
(f)-5 Responsibilities and authorities of monitoring activities	
(g) Additionality	Additionality should be established as per the relevant JISC guidelines. For projects which have started operation prior to submission of PDD for determination, it is a prerogative of the Host Country to confirm that the project is not business usual by issuing a Letter of Approval for that project. Therefore, the AIE should confirm with the Host Country DFP whether there are and what are the requirements for confirming that a project has considered JI prior to the start of its implementation.
(g)-1 Projects using approved CDM methodologies	Projects using approved CDM methodologies should follow the additionality guidance contained in the approved CDM methodology, or apply the Tool prescribed by the methodology.
(g)-2 Application of the most recent version of the CDM "Tool for the demonstration and assessment of additionality"	
(g)-3 Application of any other method approved by the CDM Executive Board	
(g)-4 Application of any other method	Although JI projects can use an established CDM additionality approach, project developers may deviate from that approach as appropriate as long as they can prove that the project is not a business as usual project and leads to additional emission reductions. To meet that end, project developers should demonstrate that the project faces serious financial, technical or other barriers, or perform financial analysis to demonstrate that without JI the project is not an attractive option and the emission reductions will not occur. *Examples:*

	• The project cannot access debt funding without obtaining JI status. • The expected financial performance of the projects, as per the established practice in the host country (e.g. project pay-back period) is not attractive without JI assistance. • The project uses technology never applied in the same country. Operation and maintenance of this technology is considered risky and the additional support from JI is considered indispensable to the implementation of the project.
(g)-4-1 Provision of information demonstrating additionality	
(g)-4-2 Provision of information of positive determination of a comparable project	
(h) Environmental impact	
(i) Stakeholder consultation	
(j) Determination regarding small-scale projects (highlighting only the areas different from regular projects)	
(k) Determination regarding LULUCF projects (highlighting only the areas different from regular projects)	
(l) Determination regarding projects under programme of activities	*<To be developed once the JISC adopts the definitions, forms, guidelines and procedures of programmes of activities.>*
(m) Determination report (incl. elements to be included, suggested structure)	
6. Verification steps	
(a) Project in accordance with the final determination	
(b) Compliance with monitoring plan	
(c) Revision of monitoring plan	
(d) Data management	
(e) Verification report (incl. elements to be included, suggested structure)	
Appendix: Determination and verification checklist	*<Please attach to this form if already developed.>*

Please submit the form through the call web page.