

**Sample of DVM Examples (attachment to DVM)
For JI specific approach of Draft Determination and Verification Manual (DVM) (Version 01)**

[Note]

The proposed DVM Examples intend to focus on “JI specific approach” of DVM (baseline setting, additionality and monitoring), in which we can make the most of JI’s flexible nature. (This time, the table focuses only on some parts of the baseline setting due to time constraint, but we believe that it will be enough to share a common view on how the example should look like.)

The **Requirements of DVM** are shown on the left-hand side of the table, and “**Explanation and Example / Reference**” of the correspondence to the **Requirements** is provided on the right-hand side. We call “**Explanation and Example / Reference**” by the name of “**DVM Examples**”. The DVM Examples is the separate attachment to DVM and could be revised flexibly.

Please note that “**Explanation and Example / Reference**” is not exhaustive, and some of them may not apply to certain projects with unique conditions. PPs and AIEs shall assess whether the examples can be applied to their own projects.

No.	Requirements	Explanation and <i>Example / Reference</i>
7. Baseline setting		
26	For the JI specific approach with regard to the baseline setting, the AIE shall assess whether the baseline is established:	
26(a)	Taking into account relevant national and/or sectoral policies and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector. In this context, the AIE shall assess whether key factors that affect a baseline are taken into account, e.g.:	
26(a) (i)	Sectoral reform policies and legislation;	<ul style="list-style-type: none"> ➤ There are no policies/regulations obliging the PPs to conduct the proposed JI project. ➤ If there are any efficiency and/or emission regulations relating to the proposed JI project, the project efficiency/emission shall be better than the regulation standard. ➤ If there are any commitments by the industry sector relating to the

		<p>proposed JI project, the project efficiency/emission shall be better than the commitments.</p> <ul style="list-style-type: none"> - <i>PFC reduction plan by the World Semiconductor Council</i> http://www.semiconductorcouncil.org/
26(a)(ii)	<p>Economic situation/growth and socio-demographic factors in the relevant sector as well as resulting predicted demand. Suppressed and/or increasing demand that will be met by the project can be considered in the baseline as appropriate (e.g. by assuming that the same level of service as in the project scenario would be offered in the baseline scenario);</p>	
26(a) (iii)	<p>Availability of capital (including investment barriers);</p>	<ul style="list-style-type: none"> ➤ Share of industrial investment to GDP is low compared to other surrounding countries. <ul style="list-style-type: none"> - <i>Country data by The Economist Intelligence Unit</i> http://countryanalysis.eiu.com/countrydata ➤ Country risk obtaining international financing is low compared to other surrounding countries. <ul style="list-style-type: none"> - <i>Sovereign Ratings (EIU)</i> http://www.eiu.com/site_info.asp?info_name=sovereign_ratings&rf=0 ➤ For alternatives undertaken and operated by private entities: Similar activities have only been implemented with grants or other non-commercial finance terms. ➤ Similar activities are defined as activities that rely on a broadly similar technology or practices, are of a similar scale, take place in a comparable environment with respect to regulatory framework and are undertaken in the relevant country/region; <ul style="list-style-type: none"> - <i>CDM Additionality Tool (Version05.2)</i> http://cdm.unfccc.int/methodologies/PAmethodologies/tools/am-tool-01-v5.2.pdf

26(a) (iv)	Local availability of technologies, skills and know-how and availability of best available technologies in the future;	<ul style="list-style-type: none"> ➤ Skilled and/or properly trained labour to operate and maintain the technology is not available in the relevant country/region, which leads to an unacceptably high risk of equipment disrepair and malfunctioning or other underperformance; ➤ Lack of infrastructure for implementation and logistics for maintenance of the technology <ul style="list-style-type: none"> - <i>Natural gas can not be used because of the lack of a gas transmission and distribution network</i> http://www.eia.doe.gov/oiaf/aeo/assumption/nat_gas.html ➤ Risk of technological failure: the process/technology failure risk in the local circumstances is significantly greater than for other technologies that provide services or outputs comparable to those of the proposed JI project, as demonstrated by relevant scientific literature or technology manufacturer information; ➤ The particular technology used in the proposed JI project is not available in the relevant region. <ul style="list-style-type: none"> - <i>CDM Additionality Tool (Version05.2)</i> http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-01-v5.2.pdf
26(a) (v)	Fuel prices and availability;	
26(a) (vi)	National and/or subnational expansion plans for the energy sector, as appropriate;	<ul style="list-style-type: none"> ➤ The proposed project is not included in the national and/or subnational expansion plans.
26(a) (vii)	National and/or subnational forestry or agricultural policies, as appropriate.	<ul style="list-style-type: none"> ➤ The proposed project is not included in the national and/or subnational forestry or agricultural policies.

26(b)	In a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, data sources and key factors;	<ul style="list-style-type: none"> ➤ Baseline/project boundary and emission calculation is set referring to a transparent protocol developed by an independent party. <ul style="list-style-type: none"> - <i>“The Cement CO2 Protocol: CO2 Accounting and Reporting Standard for the Cement Industry” by WBCSD</i> http://www.wbcsd.org/Plugins/DocSearch/details.asp?DocTypeId=25&ObjectId=MTU5MjQ&URLBack=%2Ftemplates%2FtemplateWBCSD2%2Flayout%2Easp%3Ftype%3Dp%26MenuId%3DMjQ4%26doOpen%3D1%26ClickMenu%3DLeftMenu
26(c)	Taking into account of uncertainties and using conservativeness assumptions;	<ul style="list-style-type: none"> ➤ Uncertainties are assessed referring to a transparent guideline developed by an independent party <ul style="list-style-type: none"> - <i>2006 IPCC Guidelines for National Greenhouse Gas Inventories Volume 1, Chapter 3</i> http://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/1_Volume1/VI_3_Ch3_Uncertainties.pdf ➤ Uncertainties are assessed using a transparent analytic model developed by an independent party <ul style="list-style-type: none"> - <i>Propagating uncertain distributions in the model using Monte Carlo simulation methods</i> http://web.mit.edu/globalchange/www/MITJPSPGC_Rpt79.pdf - <i>IPCC/OECD/IEA PROGRAMME ON NATIONAL GREENHOUSE GAS INVENTORIES Managing Uncertainty in National Greenhouse Gas Inventories</i> http://www.ipcc-nggip.iges.or.jp/public/mtdocs/pdffiles/paris1.pdf
26(d)	In such a way that emission reduction units (ERUs) cannot be earned for decreases in activity levels outside the project activity or due to force majeure.	
27	If the PDD indicates the use of a multi-project emission factor,	➤ Emission factor used is developed by an independent party in a

	the AIE shall assess whether the PDD provides an appropriate justification that, unless the approved CDM methodology, if used, does not require such justification	transparent manner - <i>Power grid emission factor under ERUPT guideline</i> http://www.climnet.org/pubs/guidelinesji_vol2a_v2.1.pdf
27(a)	The physical characteristics of the sector justify the application of a standard emission factor across the sector (e.g. in the case of an integrated electricity network with no major transmission constraints, the physical characteristics of the system may imply that the impact of a project on emissions can be assessed irrespective of its location); and/or	
27(b)	The emissions intensity does not vary significantly across the sector (e.g. in the case of diesel power generation in off-grid electricity systems, the emission factor for electricity generation may be based on standard factors with a reasonable degree of accuracy).	