

Subject: Submission to the Joint Implementation Supervisory Committee (JISC): Input by the International Emissions Trading Association (IETA) and the Project Developer Forum (PD-Forum) in response to the call for inputs on draft revision of the JI Guidelines

31 August 2012

Joint Implementation Supervisory Committee (JISC)

UNFCCC Secretariat
Martin Luther King Strasse 8
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Dear Mr Wolfgang Seidel,

We write to you in response to the call for inputs, launched by the Joint Implementation Supervisory Committee (JISC) on 26 July 2012, to provide written feedback, comments and suggested improvements to the draft revision of the JI Guidelines, elaborating JISC's view on how the JI mechanism should function in the future ("Draft Guidelines"). These inputs are in addition to our comments and discussions at the JI Roundtable on 9 August 2012.

This letter constitutes a joint submission by International Emissions Trading Association (IETA) and the Project Developer Forum (PD-Forum) on private sector views on the Draft Guidelines.

IETA and PD-Forum believe that, as the international community seeks to increase ambition of further mitigation action, it is critical to consider the views of the private sector which will likely be expected to contribute considerably to identifying, financing and implementing mitigation action in the future.

This submission builds heavily on the IETA response to the call for input on the JISC's "Draft Recommendations on Options for Building on the Approach Embodied in Joint Implementation" from June 2011¹, and the joint IETA and PD Forum response to the invitation by the Conference of the Parties serving as the Meeting of the Parties (CMP) at its seventh session to submit views on the revision of the joint implementation (JI) guidelines, submitted in April 2012². The views expressed in these submissions remain valid and relevant also in the context of the submission at hand.

IETA and PD-Forum welcome this opportunity to review and comment on the Draft Guidelines. We believe this is a valuable opportunity to institutionalize accumulated capacity, insights and lessons from the past 14 years of JI development in order to achieve further improvements of the efficiency of JI and to broaden and diversify its scope, and into

¹ Available at: http://ji.unfccc.int/CallForInputs/draft_rec_cmp/cfi/ieta.pdf

² Available at: <http://unfccc.int/resource/docs/2012/smsn/ngo/246.pdf>

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the development of new carbon finance flows, including informing the developments of a new market-based mechanism.

IETA and PD-Forum agree with the JISC that JI is at a crossroads with much untapped potential under the current approach and the need for significant changes in the set-up of JI to realize its full potential and to secure its relevance as a mitigation tool beyond 2012. We believe that JI should be reformed and expanded in a way that provides greater guidance to host Parties and Project Participants, a clearer role for the JISC or other governing body, stability and predictability to potential JI investors, and permits the use of JI as a transition mechanism for countries as they first accept binding emissions caps, then implement and extend climate change policies such as cap-and-trade systems.

IETA and PD-Forum believe that the underlying concept of JI is very strong and will prove increasingly useful as more and more countries move towards sectoral and economy-wide emissions caps. The benefits of JI that were discussed in IETA's position paper in 2009³ remain valid today.

IETA and PD-Forum welcome the efforts of the Draft Guidelines to merge the current two-track verification process into a unified track. We believe that the single verification process will increase the likelihood of it being utilized as a basis for providing domestic offsets within domestic emission trading systems if it strikes an appropriate balance between flexibility and adherence to high standards of transparency and environmental integrity.

However, in addition to the published proposal, two critical further elements are required to achieve an orderly transition. First, specific transitional measures need to be agreed, including guaranteeing the continuation of the existing guidelines until the new guidelines are operational, providing sufficient grace period for the transition (the standard CDM grace period is 8 months), and grandfathering projects registered under either track into the new single track system. Secondly, interim measures to deal with the (inevitable) gap between the first commitment period and (ratified) post-2012 commitments need to be agreed in parallel to these new JI guidelines.

Finally, IETA and PD-Forum believe that the introduction of revised JI Guidelines should not impact the eligibility of those JI projects that were registered before the new JI Guidelines come into effect.

ABOUT IETA AND PD-FORUM

IETA is dedicated to the establishment of market-based trading systems for greenhouse gas emissions that are demonstrably fair, open, efficient, accountable, and consistent across national boundaries. IETA has been the leading voice of the business community on the subject of emissions trading since 2000. Our member companies include some of the

³ Available at:

http://www.ieta.org/index.php?option=com_content&view=article&catid=25%3Aarchived-position-papers&id=239%3Aieta-position-paper%3A-the-joint-implementation-mechanism-post-2012&Itemid=107



world's largest industrial and financial corporations, as well as leading firms in the data verification and certification, brokering and trading, offset project development, legal, and consulting industries.

The PD-Forum is the biggest grouping of investors in emission reduction projects. Our members have on-the-ground experience in investing and implementing clean technology projects throughout the developing world.

INPUT ON THE DRAFT REVISION OF THE JI GUIDELINES

A. Definitions

In general, IETA and PD-Forum support the definitions contained in section A of the Draft Guidelines.

However, in its current form, section A of the Draft Guidelines associates JI exclusively to the Kyoto Protocol framework. Considering that the Kyoto Protocol's first Commitment Period (CP1) ends within a few months and the second (yet-to-be-agreed) commitment period (CP2) ends within a further 5-7 years, IETA and PD-Forum are concerned that the Draft Guidelines do not provide medium-to-long-term incentives for new JI investments. A five-year crediting period is short in comparison with the investment horizon of many underlying low-carbon investments, leaving investors vulnerable to delays in the JI registration process.

IETA and PD-Forum support the continuation of JI into a second commitment period of the Kyoto Protocol, as well as the expansion and encouragement of emission reduction projects in capped environments under whatever post-2012 international climate regime the Parties agree to create.

Hence, IETA and PD-Forum encourage the JISC to consider means to include in the Draft Guidelines provisions for extending the scope and applicability of a revised JI so that it could potentially serve as a mechanism for any capped environment, provided that the caps meet basic eligibility criteria (for example, they have been internationally recognized under the UNFCCC) and are accompanied by the use of compatible accounting standards and the other relevant procedures.

B. Role of the CMP

IETA and PD-Forum support the proposed text contained in section B of the Draft Guidelines.

C. Functions of the governing body

IETA and PD-Forum agree that a new governing body for the single verification process will be required. We see one major change for this governing body in that it should avoid involvement in the considerations of individual projects and, instead, focus on setting



mandatory procedures and standards and non-mandatory best practice guidelines for validating JI projects; setting mandatory accreditation standards and accrediting independent entities; managing the JI Registry and issuing ERUs, as provided for in paragraph 5(a)-(e) of the Draft Guidelines.

IETA and PD-Forum believe that the mandatory standards and procedures and non-mandatory best practice guidelines issued by the governing body should include guidance on the national approval procedures, including number of stages, required documents, processing times, etc. We propose that this element is explicitly included in the items listed in paragraph 5(b) of the Draft Guidelines.

IETA and PD-Forum generally support the proposed function of the governing body described in paragraph 5(f)(i), namely assessing the conformity of the JI processes implemented by the host Party with mandatory JI standards and procedures. IETA and PD-Forum support close collaboration between the governing body, host Parties and stakeholders to develop best practice guidelines for determination and verification requirements that go as far as possible to meet the needs of all host Parties.

As pointed out in an earlier submission, IETA and PD-Forum believe that two good options are available to ensure the separation of powers between the function of setting standards/procedures and the function of providing impartial oversight over the conformity of national JI implementation with those standards/procedures. Either the governing body could create subordinate bodies tasked with undertaking the technical work of setting standards/procedures and enforcing standards/procedures, with the governing body providing high level guidance on both, or the governing body itself could be separated into two committees, one to set standards/procedures and the other to provide oversight. However, such a separation is not apparent in the Draft Guidelines. IETA and PD-Forum propose that this separation of power is included in the next draft of the Draft Guidelines.

Regarding assessment of selected JI projects by the governing body, provided for in paragraph 5(f)(ii), IETA and PD-Forum believe it would lead to unnecessary duplication of roles.

Following the approval of the JI project by the host Party, a positive determination by the Accredited Independent Entity (AIE) should lead directly to registration and a positive verification should lead directly to issuance. Thus, we propose to delete reference to the assessment of JI projects from paragraph 5(f).

IETA and PD-Forum support the proposed function of the governing body contained in paragraph 5(g) on dealing with host Party non-conformity. Specifically, we welcome the option of allowing the governing body to suspend ERU issuance for the host Party in case of serious non-compliance.

D. Membership of the governing body



IETA and PD-Forum believe that members of the governing body should act in their individual capacities. Parties should be encouraged to nominate representatives of the business community on the governing body as regular members of the body in their personal capacities. It is important to note that representatives of the business community currently serve on the JISC and have made valuable contributions to the development of JI since its inception. We believe that the same should continue and support allowing the nomination of governing body members by UNFCCC admitted non-governmental observer organizations, as provided for in paragraph 14 of the Draft Guidelines.⁴

We propose to that the membership of the governing body reflects the normal UN distribution and includes private sector representatives.

E. Host (and Involved) Party participation requirements

In general, IETA and PD-Forum support the proposed text contained in section B of the Draft Guidelines.

To provide a stable investment environment for JI, IETA and PD-Forum believe that it is crucial for host Parties to commit to prompt publication of clearly elaborated national criteria and procedures, including timelines for decision-making and a procedure for challenging such decisions.

Thus, we support the requirement for publishing host Party procedures through the governing body's secretariat and the inclusion of the following bracketed texts in the Draft Guidelines: "and the timelines in which decisions are taken by the designated focal point" (para 23(b)) and "within 90 days of the development, revision or update thereof" (para24⁵). We also support the requirement to elaborate national procedures for challenging decisions by the Designated Focal Point (DFP) as part of the national JI procedures in accordance with para 23(d).

Furthermore, the JISC may consider elaborating procedures and timelines for integrating revisions in the mandatory procedures and modalities, developed by the governing body and approved by the CMP, into national JI procedures.

IETA and PD-Forum request the JISC to clarify whether provisions presented in Section E are intended to apply only to Parties (to the Kyoto Protocol) *hosting* JI projects, as the section title implies, or to all Parties *involved* in JI projects, as the wording in paragraphs 23 and 24 implies.

F. Host Party eligibility requirements

⁴ We suspect there is an editorial error in paragraph 14, whereby reference is made to "paragraph 14 above" instead of referring to "paragraph 13 above".

⁵ We suspect that there is an editorial error in paragraph 24 of the Draft Guidelines; it should refer to "paragraph 23 above" rather than "paragraph 25 above".



IETA and PD-Forum believe that the purpose of JI is to provide a common basis for countries with quantified emission targets to collaborate in the mitigation of climate change and that, at minimum, it requires compatible accounting standards and procedures among participating countries to secure transparency and environmental integrity of the mechanism.

IETA and PD-Forum invite the JISC to consider the relationship between JI and the ongoing negotiations under the Ad Hoc Working Groups on Long-Term Cooperative Action under the Convention and the Durban Platform for Enhanced Action (AWG-LCA and AWG-DP, respectively), including means to enable smooth transition from JI to possible new market mechanisms under the Convention and/or utilization of JI also by countries that are not Parties to the Kyoto Protocol but who have adopted legally binding emission caps unilaterally and/or under the Durban Platform for Enhanced Action.

IETA and PD-Forum believe that the Draft Guidelines should provide for possible future adjustments in eligibility requirements for participation in JI in light of any further clarity emerging on the future international climate regime beyond 2012.

We support limiting eligibility to convert AAUs to ERUs to host Parties that have accepted caps under CP2 while allowing also countries without CP2 caps to acquire ERUs, as provided for in paragraph 27 of the Draft Guidelines.

IETA and PD-Forum believe that host Parties should meet basic minimum eligibility requirements pertaining to their GHG accounting at a country level and, if JI is utilized under a system other than the Kyoto Protocol, also pertaining to the nature of their caps. However, some eligibility concerns may be addressed if a mandatory set-aside of the (total) estimated quantity of credits for approved projects is implemented.

We agree that certain eligibility requirements are best elaborated jointly for the Clean Development Mechanism (CDM) and International Emissions Trading.

E. Validation process

While we generally welcome the streamlined procedure for approval set forth in section E of the Draft Guidelines, we recommend elaborating the validation process and related communication between the governing body, an AIE and the host Party in more detail in the next draft of the Draft Guidelines.

While IETA and PD-Forum generally support open and transparent stakeholder consultation, we believe that a local stakeholder process provided for in paragraph 28(c) introduces unnecessary duplication of stakeholder hearings. We believe that the mandatory global stakeholder process under the standards and procedures set by the governing body ensure sufficient stakeholder engagement. Local consultation processes are a national sovereign issue and are generally already implemented by host Parties for relevant cases, e.g. under national Environmental Impact Assessment regulation. Compliance with local



stakeholder consultation should be considered proven by the host Party approval (registration) of the project.

We support the proposal that AIEs accredited by the governing body shall validate that JI projects meet mandatory requirements of Article 6 of the Kyoto Protocol and those set by the governing body and the host Party, as applicable.

We support the proposal that host Parties make the decision of registering the JI project, subject to a positive validation report by an Accredited Independent Entity (AIE). The registration would also serve as the national approval of the host Party. We believe that no further national approvals are required apart from the registration of the project by the host Party.

IETA and PD-Forum propose that the validation report is considered to be submitted to the host Party upon formal notification by the validating AIE or the secretariat to the host Party on the publication of the validation report and Project Design Document (PDD) through the secretariat, as provided for in paragraph 31 of the Draft Guidelines. The date of such formal notification should be considered the starting date of the 30 day period for considering registration, as provided for in paragraph 32.

We support making the host Party decision on registration publicly available via the secretariat in accordance with paragraph 32.

We propose to amend paragraphs 32 and 33 to provide for automatic registration of the project within 30 days of notification to the host Party of a positive validation report unless the host Party initiates a review of the project within the given timeframe.

We propose the elaboration of a review process in the next draft of the Draft Guidelines, whereby, in the event of a negative registration decision, the host Party shall be required to substantiate the reasons behind the rejection, with clear reference to the relevant standards, procedures and guidelines, to publish it via the secretariat, and to initiate a review process which offers Project Participants an opportunity to address the issues raised in the negative decision and to submit additional documentation in support of the registration of the project. We believe that the next draft of the Draft Guidelines should elaborate procedures mandating the governing body to set mandatory procedures for such as review process, including standard timelines for processing such reviews and standard procedures for communication and exchange of information between the Project Participants, validating AIE and host Party DFP.

In addition to the abovementioned review process, we support the establishment of a process enabling Project Participants to appeal against decisions made by the host Party with respect to project registration.

We propose that any additional supportive documents required by the host Party shall be submitted by an AIE to the secretariat who, in turn, notifies the host Party. The Project Participants shall notify the AIE in advance about the confidential nature of any of the



supportive documents. All documents are to be submitted in the electronic form, such as PDF format, and without additional means of protection or encryption, including electronic signatures.

IETA and PD-Forum further propose that the next draft of the Draft Guidelines contains a requirement for host Parties to apply the “Standard for Applying the Concept of Materiality in Verification” when considering project registration. Omissions or inconsistencies in a PDD, which are not material in the sense of the abovementioned Standard, should not be considered as a reason to deny registration.

As stated in a previous submission, IETA and PD-Forum believe that, upon positive validation by an AIE and project registration by the host Party, host Parties should be required to set aside the estimated quantity of AAUs or ERUs for the project to a JI Registry administered and maintained by the governing body, for subsequent distribution to project participants upon positive verification and issuance.

Should the emission reductions not occur to the extent predicted, the governing body should transfer any un-issued credits back to the host Party.

H. Verification and Issuance Process

IETA and PD-Forum support the verification of monitored emission reductions by an AIE accredited by the governing body and the automatic issuance of ERUs against a positive verification report by the AIE. IETA and PD-Forum propose that the next draft of the Draft Guidelines elaborate a procedure for AAU transfer from the host Party registry to the JI registry, and the authorization of the conversion of AAUs into ERUs and their subsequent issuance, and to mandate the governing body to manage these functions.

IETA and PD-Forum member companies believe that issuance has been one of the main bottlenecks of the JI process and a disincentive to participate in the mechanism and thus welcome the proposal, set forth in paragraph 38 of the Draft Guidelines, whereby the governing body assumes responsibility for issuing ERUs against a positive verification report by an AIE. We believe that this change will be very important to ensure that greater investments flow through the JI mechanism post-2012.

Paragraph 38 of the Draft Guidelines also provides for a review process whereby the host Party or at least three members of the governing body request a review within 15 days after the verification is made publicly available through the secretariat. We propose to further elaborate the timeline for the review of verification. Paragraph 38(a) proposes that the governing body shall “[d]ecide on its course of action at its next meeting no later than 30 days after the formal request for review [...]”. However, as a next meeting might not be scheduled within 30 days of the initiation of a review, we recommend amending this paragraph as follows: “Decide on its course of action at its next meeting but no later than 30 days after the formal request for review [...]”.



We also propose adding a section detailing how the governing body shall issue ERUs on and after 1.1.2013 against emission reductions achieved during the first commitment period. This issue is discussed in further detail under the section “Transitional Issues” below.

To date, JI projects take place within a capped environment. As long as this remains the case, IETA and PD-Forum do not believe that it is appropriate to consider amending guidelines to facilitate net overall reductions in emissions as they should be achieved by the agreed targets themselves by setting them at a meaningful level. However, IETA and PD-Forum do not object to the provision set forth in paragraph 40 of the Draft Guidelines, whereby host Parties may determine that a lower amount of ERUs shall be issued than the actual monitored emission reductions. Such adjustment would need to be reflected in the baseline of the registered project. Ideally, such adjustments would be reflected in an ex-ante established sectoral baseline, or standard ‘discount factor’.

We support the introduction and elaboration of an appeals process regarding decisions on ERU issuance, as provided for in paragraph 43.

I. Accreditation of independent entities

IETA and PD-Forum support alignment between the JI and CDM accreditation standards and procedures, set forth in the paragraph 44 of the Draft Guidelines, up to a certain extent.

As communicated in a previous submission, we are concerned over the lack of interest among auditors to seek JI accreditation. The limited availability of AIEs could lead to near-monopolization of JI auditing market and thus harm the efficiency of the mechanism. While we believe that alignment of CDM and JI accreditation could increase the efficiency and decrease the costs of accreditation, and consequently, of both mechanisms, we also believe that the CDM and JI are separate mechanisms with different functions and should remain so.

Furthermore, IETA and PD-Forum members have noticed that AIEs that have teams dedicated to JI tend to better understand the mechanism and be more familiar with, and open to JI-specific approaches. In cases where determination is performed by auditors who mainly focus on CDM projects, IETA and PD-Forum member companies have observed that CDM requirements are often unnecessarily applied to JI projects and the use of approved CDM methodologies is insisted upon.

Therefore, while there are similarities, and efficiencies and cost reductions in accreditation need to be achieved, to secure the efficient functioning of JI, it is critical that auditors that engage in both CDM and JI auditing are fully aware of the differences and similarities between CDM and JI processes and criteria. The possibility to directly communicate with the governing body of JI would be useful in resolving differences in interpretation between JI Project Participants and the AIE.



APPENDIX: CRITERIA FOR BASELINE SETTING, ADDITIONALITY AND MONITORING

I. Baseline setting

IETA and PD-Forum propose to further elaborate the requirements for reviewing baselines, as provided for in paragraph 3 of the Appendix to the Draft Guidelines (“Appendix”). We believe that the validity of the baseline should correspond to the commitment periods of the Kyoto Protocol whereby, for projects registered during the first commitment period, the validity of the baseline should constitute no less than five years and up to ten years. To avoid extensive reviews of baselines upon the beginning of the new commitment period, we recommend the baseline validity period to start from the registration date of a particular JI project. For projects registered or having their starting date in the second commitment period, the baseline validity should be no less than the length of the second commitment period of the Kyoto Protocol and no more than ten years.

We believe that further flexibility should be allowed for early mover projects, that is, registered JI projects with a start date in 2006 or earlier. We recommend allowing a two year grace period in addition to the approved baseline validity period for the projects that have a confirmed start date of 31.12.2006 or earlier.

II. Additionality

As outlined in our previous submission, we believe that the additionality requirements should reflect the fact that JI is operating in countries with emission caps, therefore warranting an approach different from the CDM.

We propose to simplify the additionality requirements set forth in paragraph 5 of the Appendix so that the project is considered additional as long as at least one of the requirements listed in paragraph 5 are met. Regarding the prior consideration requirement, set forth in paragraph 5(a) of the Appendix, we recommend excluding it from paragraph 5 for the time being, and continuing discussions on the need for such a provision.

The amended paragraph 5 would thus read:

“A project is additional if at least one of the following conditions is met:

- a) The project participants provide evidence that demonstrates that the project would not have been implemented in the absence of joint implementation; or*
- b) The project meets the criteria of a host Party’s positive lists of project types that are automatically deemed additional.”*

We support the proposal, set forth in paragraph 6 of the Appendix, that host Parties may utilize positive lists of project types that are automatically deemed additional. We propose that the next draft of the Appendix includes a requirement that such eligibility criteria or positive or negative lists of project types/technologies should be made public by the host Parties via the secretariat.



While IETA and PD-Forum support additionality determination based on positive/negative lists of technologies defined by the host Party, we believe that, to promote innovation, the private sector should be allowed to seek crediting of mitigation activities also outside positive lists in accordance with relevant procedures and criteria.

As IETA and PD-Forum pointed out in an earlier submission, the use of standardized baselines under JI is already possible and should remain so. The further development and use of standardized baselines under JI does not require CMP action and can be addressed at the level of the governing body and/or host Party. IETA and PD-Forum believe that the issue of additionality should be significantly reconsidered at the level of the CMP. It should be considered whether the complex and high-cost of project-by-project demonstration of additionality is necessary in a new operational model for JI in the view of the original rationale for it and experience in the first commitment period. Net emission reductions should result in an equivalent number of AAUs being converted into ERUs and transferred to a buyer. Additionality should only be a consideration in situations where emission caps are not in place and enforced.⁶

III. Monitoring

We support the proposal set forth in section III of the Appendix.

SPECIAL ISSUES NOT COVERED BY THE DRAFT GUIDELINES

Nature of the JI Guidelines

Some elements of the revised JI Guidelines should be binding and some non-binding, and IETA and PD-Forum believe that the Parties and the JISC should undertake further consultation with Parties and stakeholders to determine which elements need to be binding to improve the efficiency, transparency, and environmental integrity of the mechanism.

The non-binding elements should be considered “best practice guidance” and should at least include guidance on the national approval procedures, including number of stages, required documents, processing times, etc. Countries should have the ability to tweak the procedures in their countries where necessary to meet their policy objectives but alignment with the best practice guidance should be strongly encouraged.

Appeals process

As stated in our previous submission, IETA and PD-Forum believe that there is a need for further consultation on the issue of appeals under post-2012 JI, and that the decision on whether and where to place an appeals body will be based largely on the final distribution

⁶ Additionality is closely tied with the approach to baseline setting, which is currently defined based on the most plausible scenario in the absence of the Kyoto mechanisms. This approach is justified in the CDM, but could be altered under JI as countries with emissions caps have and continue to improve their national GHG inventory systems. IETA suggests that the CMP and JISC consider using an approach to the establishment of project baselines and project monitoring that is more in line with the approach to set emission caps and undertake GHG accounting at the country level.



of decision-making power under JI, among the governing body, host party and AIE. IETA and PD-Forum believe that it is very likely that a multi-level appeals process would be necessary to ensure that host countries, AIEs and project participants all have access to recourse for decisions taken against them. IETA and PD-Forum believe that it will likely not be appropriate that such an appeals mechanism builds upon appeals processes for other offset credit systems at the international level, for example that currently under consideration for the CDM, but we remain open to further consideration of this suggestion once the final distribution of decision-making power is decided.

Transitional issues

IETA and PD-Forum wish to highlight the urgent need to elaborate procedures for issuance of ERUs in the period after the end of the first commitment period and before second commitment period AAUs are established.

As noted in our previous submission, IETA and PD-Forum support the transitional measures put forward by the JISC with regard to the continuation of activities under the Track 2 procedure in the immediate period beyond 2012. If and when Parties decide to move forward with a different form of international climate regime post-2012, IETA and PD-Forum believe that they should then consider how to bring JI, or a mechanism for crediting emission reductions in a capped environment, into that regime.

We recommend that provisions for the transition are included in the Draft Guidelines.

Furthermore, there is a pressing need to provide clarity on the future treatment of JI projects that are registered and implemented under the current JI Guidelines. IETA and PD-Forum believe that the introduction of revised JI Guidelines should not impact the eligibility of those JI projects that were registered before the new JI Guidelines come into effect.

In this context, we propose that:

- All JI projects that have received final determination (registration) status under Track 2 prior to the adoption and entry into force of, and before the end of a reasonable grace period for the application the revised JI Guidelines shall maintain their registration status and baseline validity without need for further action. For example, if a PDD of a JI project registered under Track 2 provides for emission reductions beyond 2012, these reductions may earn ERUs in CP2 against CP2 AAUs, in accordance with revised standards and procedures for verification.
- All JI projects that have achieved final determination (registration) status under Track 1 prior to the adoption and entry into force of, and before the end of a reasonable grace period for the application of the revised JI Guidelines shall be considered as registered, unless a review is requested under Track 2 procedures within a specified time period from the date of entry into force of the revised JI Guidelines. For example, if the crediting period of a JI project registered under Track



- 1 continues beyond 2012, these reductions may earn ERUs in the second commitment period against CP2 AAUs, in accordance with revised standards and procedures for verification.
- For existing JI projects under Track 2 whose PDDs have been published via the JI website and who confirm the aim to seek final determination under Track 2 procedures within a specified time period from the date of entry into force of the revised JI Guidelines shall be allowed to finalize the registration process under Track 2.

Thank you very much for taking the time to review IETA's and PD-Forum's recommendations with respect to these issues. Please do not hesitate to contact us should you have comments or questions on the views expressed above.

Sincerely,

Dirk Forrister
President and CEO, IETA

Gareth Phillips
Chairman, Project Developer Forum