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JI Supervisory Committee
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Attention: Mr. Derrick Oderson
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Subject:

Response to Call for public input on guidance on a programme of activities under the verification procedure under the Joint Implementation Supervisory Committee.

Dear Sirs,

We are writing to you as project developers in response to the above-mentioned call for public input, launched by the JISC as a result of its fifteenth meeting (JISC 15). FutureCamp GmbH welcomes this call for public input and the opportunity to provide detailed input into this development process. We look forward to be working with you and to further improve the guidance.

We would like to bring to your attention the following comments and considerations.

1. General Comments

In general, we believe that the programmatic approach for JI Track 2 projects, fully recognizing the nature and specific features of a Programme of Activities, would be a significant step forward.

- The programmatic approach is especially suitable to address sectors with mass small scale reduction potential. It is thus an important step from a political point of view. It provides strong incentive for those project activities not covered by the Kyoto mechanisms yet.
- Guidelines and procedures related to the Clean Development Mechanism in this area are quite complex in its current form due to formal documentation as well as the validation and verification process. Therefore, the approach risks to dramatically increase transaction costs and restrain project proponents from carrying out project activities with mitigation potential. This has to be taken into account when drafting guidelines and procedures for projects under a JI PoA.
- The specific comments are mainly based on our first experiences with JI PoA in Germany under Track 1. These include:

- DE-1000016: Pilot programmatic Joint Implementation project in North Rhine-Westphalia (JIM.NRW), Germany
- DE-1000032: ECO - Plus - programmatic JI - programme by AGO AG: Early Conversion of Heating Systems from Fossil Fuels to Biomass
- DE-1000023: Bayerngas Ökobonusprogramm for commercial and industrial customers
- DE-1000019: RWE Climate Bonus Project Heat Pumps

JI PoA projects in Germany are carried out on the basis of guidance on programme of activities provided by the Executive Board. In accordance with the German DFP we simplified the implementation regarding some validation and verification requirements to lower transaction costs. We think the general level of accuracy is not reduced by these simplifications and we propose to adapt them to JI PoA Track 2 projects.

2. Specific Comments

Suggestions of improvement on some points of the guidance are provided as follows. All remarks refer to Annex 5, Vers.01, JISC 15.

2.1 Minor suggestions

Terminology

Section B, 'General principles', 10.

- The term 'project participants' might lead to confusion in this context. We propose, by experience with programmatic JI projects in Germany, to employ the term 'programme participants'. As project participants in principle are the managing entity and the entity acting as investor. The individual programme participants are no project participants in this sense.

SSC Meth for PoA

Section B, 'General principles', 12.

- We suggest to change the wording and precise the fact, that in case of JPAs which individually do not exceed the SSC threshold, small scale (SSC) methodologies may be used and applied for the JI PoA as a whole.

2.2 Methodology

Section B, 'Baseline setting and monitoring', 20.

The guidance stipulates in section B 'Baseline setting and monitoring', 20. that: "*All JPAs under a JI PoA shall apply the **same methodology or set of methodologies** for setting the baseline and monitoring emission reductions [...].*"

The programmatic approach is designed to tap the mitigation potential of small- and micro-scale activities. Activities that involve different technologies and use different baseline and monitoring methodologies should be combined under one Programme. We have good experience with a JI PoA in Germany that involves both efficiency increase and fuel switch at boilers. Therefore, we believe that it is useful to allow the combination of more than one methodology within one Programme of Activities (PoA) and to have the opportunity to choose the combination of methodologies as required by the project type.

2.3 Verification

Section B 'Determination referred to in paragraph 37 of the JI guidelines', 29./30.

In general, it would be appropriate to keep the complexity with regard to the verification procedure at reasonable levels. Otherwise project activities may be expensive in terms of effort and costs.

We suggest that there shall be no specifications about the frequency of verification turns and requesting issuance, for the following reason: One can not predict the emission reductions of a JI PoA per year. It highly depends on the number of JPAs that will join the programme. In case of a small quantity of emission reductions achieved, frequent verification turns will lead to high costs.

As this is likely to result in unnecessary transaction costs, we suggest that project proponents shall determine the frequency for verifying emission reductions by themselves.

2.4 Inclusion

Section B, 'General principles ', 13.

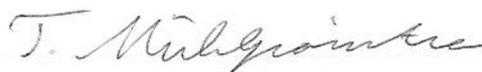
Simplification of the process of inclusion of a JI programme activity (JPA) would be helpful for programme participants. As specified in Section B, 'General principles', 13. : "*The coordinating entity shall inform the JISC of the addition of JPAs through an AIE [...].*" We believe that involvement of an AIE when including proposed JPA(s) in a registered Programme of Activities (PoA) is not essential, as this can be done in course of verification. Therefore, we suggest that the coordinating/managing entity should decide about inclusion of additional JPAs without involving the AIE. The AIE shall check the consistency of new participants during the verification process.

The process of checking and upload of new JPA-DDs by an AIE implies a very costly and time-consuming approach which could render the whole JI PoA unfeasible.

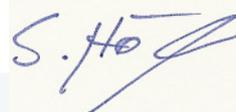
In addition to that, we suggest that associated fees for JPAs included subsequently shall be kept low (cf. Section B 'Fees', 31).

We strongly believe that it would be very useful for project developers to have the above aspects fully considered. Thank you for your kind consideration.

Yours Sincerely,



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