Annex 1

INFORMATION NOTE ON PRIORITY AREAS FOR CONSIDERATION FOR FURTHER GUIDANCE BY THE JOINT IMPLEMENTATION SUPERVISORY COMMITTEE

I. Introduction

1. At its nineteenth meeting, after considering inputs received from joint implementation (JI) stakeholders during 2009 in the development of the determination and verification manual (DVM), the Joint Implementation Supervisory Committee (JISC) discussed priority areas for further guidance for its work in 2010 and requested the secretariat to prepare a discussion paper on the following four issues, which are briefly summarized below:

(a) **Materiality.** The concept of materiality is used together with a level of assurance during the determination and/or verification regarding a JI project to help decide whether significant (or material) deficiencies, omissions, or errors have been identified by the entity performing the appraisal. The concept is used already by independent entities within JI but it is not addressed in existing JISC documents;

(b) **Standardization of the JI approach.** So far, no standardized approaches or methodologies have been developed by the JISC. Instead, the JI rules and guidelines **were** set up in 2006 with flexibility in mind, choosing not to standardize JI approaches but allowing the use of standardized clean development mechanism (CDM) methodologies if desired;

(c) **Multi-project emission factors.** Multi-project (i.e. standardized or default) emission factors can be used to set baselines or estimate emission reductions under existing JI rules. Numerous sources for emission factors that can be used in JI projects are available, such as the Intergovernmental Panel on Climate Change (IPCC), the European Union (EU), and the CDM;

(d) **Changes during implementation of a project from a previously determined project design document.** Existing JISC documents define rules pertaining to revisions to a project's monitoring plan, but offer no guidance with respect to other changes to the project design that could occur during project implementation. The CDM Executive Board (EB) has developed procedures to address the issue.

2. This paper provides an overview of these issues and offers a brief look at current practices outside JI, as well as potential initiatives that can be taken by the JISC with respect to these issues. Each topic is discussed separately below and the paper is concluded with a summary of findings.

II. Materiality

3. The concept of materiality is commonly used within financial auditing to help determine whether there are any significant (or material) misstatements, errors, or omissions in financial statements. However, materiality is also increasingly used in auditing of greenhouse gas (GHG) emission reports and is a required component in many procedures, such as the EU directives establishing guidelines for the monitoring and reporting of GHG emissions[1], and ISO 14064-3 which stipulates requirements for independent entities in certifying GHG emission reductions or removal enhancements in accordance with the standard.

[1] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2007:229:0001:0085:EN:PDF

4. The International Accounting Standards Board (IAASB) offers the following definition: "Materiality—Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cutoff point rather than being a primary qualitative characteristic which information must have if it is to be useful." [2]

5. In the context of GHG emissions, ISO 14064-3 defines materiality as a "concept that individual or the aggregation of errors, omissions and misrepresentations could affect the GHG assertion and could influence the intended users' decisions."[3]

B. Materiality in financial auditing

6. According to the IAASB, the auditor's determination of materiality in financial auditing "is a matter of professional judgment and is affected by the auditors perception of the information needs of the users of the…statements. Misstatements, including omissions, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the…decisions of users taken on the basis of the…statements."[4] Thus, detailed quantitative requirements or specifications for the appraisal and determination process may be difficult to define.

7. Audit risk is the risk that the auditor expresses an inappropriate audit opinion. The auditor obtains reasonable assurance by gathering sufficient evidence to reduce the audit risk to an acceptably low level. The higher the materiality level, the lower the audit risk and vice versa. The auditor takes the relationship between materiality and audit risk into account when determining the nature, timing and extent of audit procedures, in particular when:

(a) Identifying and assessing the risks of material misstatements;

(b) Determining the nature, timing and extent of further audit procedures; and

(c) Evaluating the effect of uncorrected misstatements, if any, in forming the opinion in the auditors report.

C. Materiality, greenhouse gas emission and joint implementation

8. The concept of materiality in the context of JI can be narrowed to the risk of over- or under-stating the emission reductions or enhancements of removals achieved by a project. Numerous qualitative and quantitative parameters could impact the validity of claimed emission reductions and materiality thresholds or guidelines could potentially be introduced at several levels and for several project cycle stakeholders, including the JISC itself:

(a) Accredited independent entity (AIE)'s determination;

(b) JISC member's appraisals (or review decisions) and expert inputs regarding determinations;

(c) AIE's verification;

(d) JISC member's appraisals (or review decisions) regarding verifications.

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[2] International Auditing and Assurance Standards Board (IAASB) - http://www.ifac.org/.
[3] ISO 14064-3:2006(E).
[4] http://www.aicpa.org/download/auditstd/AU_312_final.pdf.

9. It is also important to consider how potential errors, omissions or misstatements in different parts of the project assessment are correlated, from the review of individual records to assessment of a project participant's management system, so as to capture the materiality of the estimated emission reductions from the project activities as a whole.

D. Guidance from existing joint implementation supervisory committee documents

10. Existing JISC documents offer very limited guidance regarding materiality. Within existing JISC documents, three references can be considered somewhat related to materiality and are all contained in the Guidance on criteria for baseline setting and monitoring:

(a) **Paragraph 14 (a) (iii):** "[In the case of a JI project aimed at reducing emissions, the project boundary shall encompass all anthropogenic emissions by sources of GHGs which are] significant, i.e., as a rule of thumb, would by each source account on average per year over the crediting period for more than 1 per cent of the annual average anthropogenic emissions by sources of GHGs, or exceed an amount of 2,000 tonnes of CO_2 equivalent, whichever is lower";

(b) **Appendix A - General guidance on estimations/calculations used in the baseline and the monitoring plan, paragraph 1 (h):** "[The project participant should] explain any parts of the algorithms or formulae that are not self-evident. It should be justified that the procedure is consistent with standard technical procedures in the relevant sector. References should be provided as necessary. Implicit and explicit key assumptions should be explained in a transparent manner. It should be clearly stated which assumptions and procedures have significant uncertainty associated with them, and how such uncertainty is to be addressed. The uncertainty of key parameters should be described and, where possible, an uncertainty range at 95% confidence level for key parameters for the calculation of emission reductions or enhancements of net removals should be provided. Project participants are also encouraged to refer to chapter 6 of the IPCC Good Practice Guidance and Uncertainty Management in National Greenhouse Gas Inventories for more guidance on analysis of uncertainty";

(c) **Appendix A - General guidance on estimations/calculations used in the baseline and the monitoring plan, paragraph 1 (l): "**Taking into account that a baseline should be established in a transparent manner and using conservative assumptions, explicitly explain the assumptions and substantiate choices. In case of uncertainty regarding values of variables and parameters, the establishment of a baseline is considered conservative if the resulting projection of the baseline does not lead to an overestimation of emission reductions or enhancements of net removals attributable to the JI project".

E. Current practice within independent entities - inputs from DOE/AIE coordination forum

11. Materiality is a well established concept and is used widely among independent entities today. As no guidance is offered from existing JISC/CDM EB rules regarding the level of assurance or the materiality level, entities apply reasonable assurance and a materiality level of between one and five percent.

12. In its presentation to the forty-seventh and forty-eighth meeting of the CDM EB , the DOE/AIE coordination forum also maintains that the concept of materiality should be applied to EB's project review decisions so as to avoid that "an unreasonable amount of resource is spent at UNFCCC Secretariat, EB, DOE and Project participant level in order to simply make a verification report more transparent (no correction of CERs) or correct CERs of a magnitude that is clearly immaterial and lost in the measurement error of installed equipment. i.e. corrections of less than 1% of CERs."

13. The DOE/AIE coordination forum also notes that 100 percent assurance of GHG emission reductions is impossible and proposed to the CDM EB that a five percent materiality level be used for verifications of less than 100,000 tonnes of CO_2 equivalent and a one percent materiality level be used if the amount of emission reductions verified exceeds 100,000 tonnes.

14. It should be noted that the EU also applies similar materiality concepts for verifications of greenhouse gas emissions under the emission trade scheme (ETS).. For facilities with annual emissions of less than 300,000 tonnes of CO2e per year, a materiality threshold of five percent is in effect. For facilities emitting more than 300,000 tonnes per year, the materiality level is two percent.

15. The DOE/AIE coordination forum also suggests that the use of a reasonable level of assurance be formally recognized.

F. Examples of statements on materiality

16. To put the concept of materiality into context, this section provides two sample verification statements from independent entities. The first example is taken from the verification report provided for an existing JI Track 2 project. The second example is taken from a verification statement for a landfill project in the United States certified under the California Climate Action Reserve (CCAR).

(a) **Example 1: "**In summary, [the independent entity] confirms that the GHG emission reductions are calculated without material misstatements. Our opinion relates to the project's GHG emissions and resulting GHG emissions reductions reported and related to the valid and registered project baseline and monitoring, and its associated documents"[5];

(b) **Example 2: "**The purposes of this verification exercise are, by review of objective evidence, to establish that the project meets the following:

(i) **Criteria**: The GHG emission data conform to the requirements of the Climate Action Reserve Landfill Reporting Protocol V.2., the Landfill Verification Protocol V.2 and CCAR General Reporting and Verification Protocols V. 3.0 respectively;

(ii) **Materiality:** The data reviewed meets the principles of accuracy, completeness, transparency and is free of material error or emission. For this assessment, a materiality threshold of plus or minus 5% has been defined. Misstatements greater than 5 percent will be considered material;

(iii) **Level of Assurance:** Reasonable assurance [6] ".

17. While the statements above show similarities, there is a notable difference in that the JI project statement does not mention a materiality threshold or a level of assurance.

[5] See <http://ji.unfccc.int/JI_Projects/DeterAndVerif/Verif/FinVerif.html> for examples from JI.
[6] <http://tools.carbonneutral.com/cnregistry/uploaded/McKinney%20-%20Verification%20report.pdf>

G. Issues for consideration

18. Defining a required level of materiality may help the JISC, AIEs and project participants alike to better understand the criteria for project assessments throughout the verification process under the JI Track 2 procedure, and should thus bring about a more consistent handling of project assessments.

19. If the JISC is to introduce the concept of materiality and define its criteria, it will need to address three key questions:

(a) To which processes in the JISC verification procedure should the concept of materiality apply?

(b) What level of assurance is required?

(c) What materiality level should be used?

20. From an environmental integrity standpoint, the most important area of the verification process is the actual verification of emission reductions for a project. This may therefore be a natural starting point for introducing the concept of materiality in the verification procedures under the JISC.

III. Standardized approaches within joint implementation

21. Under the current JI Track 2 procedure, a project participant may choose to use either a JI-specific approach following the guidance developed by the JISC for this purpose, or to use an existing approved (and standardized) CDM methodology.

22. There are no standardized methodologies for the JI-specific approach. Instead, project participants may define their own methodology for the project, subject to meeting criteria specified in "Guidance on criteria for baseline setting and monitoring" [7], which elaborates appendix B to the JI guidelines. General requirements in this document can be applied towards a wide range of projects and thus offer flexibility. The drawback of this flexibility is that defining a methodology that is acceptable according to the guidance may require a more significant effort and higher costs, compared to applying a standardized methodology.

23. Within existing JISC documents, there are three references offering guidance on what approaches or methodologies can be used for JI track 2 projects:

(a) **JI guidelines and Guidance on criteria for baseline setting and monitoring :** use of CDM methodologies, as discussed above;

(b) **Guidance on criteria for baseline setting and monitoring, paragraph 28:** "If the baseline approach chosen differs from approaches already taken in comparable cases (same GHG mitigation measure, same country, similar technology, similar scale) that an AIE has positively determined, the differences shall be explained and justified";

[7] <http://ji.unfccc.int/Ref/Documents/Baseline_setting_and_monitoring.pdf>

(c) **Guidance on criteria for baseline setting and monitoring, annex 1, paragraph 2 (b):** "[Additionality can be demonstrated by] Provision of traceable and transparent information that an accredited independent entity has already positively determined that a comparable project (to be) implemented under comparable circumstances (same GHG mitigation measure, same country, similar technology, similar scale) would result in a reduction of anthropogenic emissions by sources or an enhancement of net anthropogenic removals by sinks that is additional to any that would otherwise occur and a justification why this determination is relevant for the project at hand".

24. As can be seen from the above, current rules do not explicitly endorse a case-based (or common-law) approach but rnevertheless suggest that previously determined projects can be used as guidance.

B. Use of standardized approaches outside the Kyoto Protocol

25. Standardized approaches/methodologies and parameters for monitoring emissions of CO_2 (as well as traditional pollutants) are commonly utilized in numerous countries. These methodologies may include standardized emission factors, monitoring intervals, equipment specifications and materiality thresholds (see also discussion below under multi-project emission factors). Standardized approaches/methodologies for defining abatement methodologies and for addressing additionality are less common outside the project-based mechanisms of the Kyoto Protocol. The reason for this is that similar to the capped environment of JI other existing carbon markets such as the EU ETS are based on a cap and trade system in which there is no need to specify allowable reduction methodologies.

C. Issues for consideration

26. As of January 2010, about 220 JI project design documents (PDDs) have been published across 13 sectoral scopes. About two thirds of the projects utilize approved CDM methodologies in whole or in part. Based on the discussion above, three options may be of interest for the JISC to consider:

(a) **Maintain current practices:** This option will still allow the use of existing approved CDM methodologies [Currently about 160 methodologies available];

(b) **Clarify the use of "positively determined" JI projects as precedence for new projects:** The concept of precedence is present already in JI but could be clarified. Adopting language that more explicitly defines whether and how previously positively determined projects may be used as justification for a chosen JI approach could therefore be considered.

IV. Multi-project emission factors

27. An emission factor can be defined as the rate of emission per unit of activity, output or input. For example, a particular fossil fuel power plant has a CO_2 emission factor of 0.765 kg/kWh.[8] A multi-project emission factor is an emission factor that can be used for two or more projects for the purpose of defining a baseline or for estimating emission reductions associated with the project(s).

28. The use of multi-project emission factors is allowed under JI. However, sectoral scopes to which these apply or specific emission factors have not been developed under the JISC. The language of the current documents pertaining to the use of emission factors was finalized only three years ago and included public consultations – limited additional experience has been gained since.

[8] Source: IPCC.

29. Within existing JISC documents, there are three references to multi-project emission factors:

(a) **Appendix B of the JI guidelines,[9] paragraph 2 (a):** "[A baseline shall be established] on a project-specific basis and/or using a multi-project emission factor";

(b) **Guidance on criteria for baseline setting and monitoring, paragraph 22: "**A multi-project emission factor may be used and its application shall be justified. Sector-wide baselines may e.g. be used if:

(i) 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

(ii) 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)";

(c) **Guidance on criteria for baseline setting and monitoring, paragraph 6 of annex 2:** "In the estimations/calculations referred to in paragraph 2 above [calculation of emission reductions] emission factors, including default emission factors, may be used, as appropriate. In the selection of emission factors, accuracy and reasonableness shall be carefully balanced. The choice of emission factors shall be justified".

B. Multi-project emission factors in practice

30. Emission factors are commonly used within several regulatory frameworks to help guide users where limited data is a problem or common definitions are needed, including areas such as GHG emissions inventories and baselines, regulatory minimum performance requirements and defining abatement methodologies:

(a) **GHG emissions inventories and baselines:** The IPCC maintains a very large database of emission factors for different industries and processes. These factors can be used to calculate national GHG emission inventories or to establish industry or project baselines but can also be applied for calculating GHG emission reductions for JI Track 2 projects. Within the EU ETS, emission factors have also been used extensively to allocate emissions allowances to new emission sources. Some EU member states also used emission factors (rather than measured historical emissions) to allocate allowances among existing sources. Benchmark values were developed using the Best Available Techniques Reference documents (BREFs) developed under the Integrated Pollution Prevention Control (IPPC) directive of the EU. For each JI host country in Central and Eastern Europe, national baseline emission factors for the electricity sector were developed under the Dutch Emission Reduction Unit Procurement Tender (ERUPT) programme in 2001;

[9] Also in paragraph 13 (b) (i) and paragraph 21 of Guidance on criteria for baseline setting and monitoring.

(b) **Emission factors as regulatory thresholds:** In many countries, emission factors have long been used for pollutants other than GHG, to define minimum performance required for new emission sources, for example Best Available Control Technologies (BACT) or Best Available Retrofit Technologies (BART);

(c) **Emission factors within the CDM:** The close to 160 standardized methodologies for baseline setting and monitoring within the CDM provides a library of standardized approaches that can be used within JI and often include multi-project emission factors. About half of all PDDs that have been published on the UNFCCC website use approved CDM methodologies, in full or in part. Moreover, national emission factors are used in defining baselines in many host countries of CDM project activities, such as China, India and Brazil.

C. Issues for consideration

31. As per existing JISC documents, multi-project emission factors can be used within the JI Track 2 procedure in baseline setting and in estimating project emission reductions, as long as their use is justified. It is, in other words, up to the project participant to propose how multi-project emission factors are to be used and to justify the use of them. To date, 11 of the PDDs published on the UNFCCC JI website use multi-project emission factors in some form.

32. There are numerous public sources of data for emission factors that can be used for JI projects, such as the IPCC, CDM, EU, and the World Business Council for Sustainable Development. At the time this report was prepared, it was not clear whether additional improvements regarding multi-project emission factors under the JI Track 2 procedure are needed or desirable, especially considering potential costs and the substantial progress that has already been made others in this area

V. Deviation during project implementation from a determined project design document and/or monitoring plan

33. The design of a JI Track 2 project may change during the course of its implementation. These changes may affect the project's design document and/or its monitoring plan. If the changes occur prior to the project's determination according to paragraph 33 of the JI guidelines, there is an opportunity for the JISC to identify and address these changes as appropriate within its mandate. However, if changes occur after the determination is deemed final, existing JISC documents offer only limited guidance.

B. Key components of a joint implementation project

34. A project design (described in the PDD) for a JI Track 2 project includes information on the following key elements:

(a) **Baseline:** The baseline establishes what would be the most likely scenario in the absence of the proposed JI project. The baseline is approved at the time of determination and should not change during implementation;

(b) **Project description:** Describes the technology to be employed to reduce emissions or enhance removals of GHGs as well as the expected emission reductions from the project. If components of the project were to change during its implementation, such as technology, equipment, fuels, construction approach, etc, the project description, as defined in the PDD, risk to no longer be valid;

(c) **Additionality:** Related to the baseline and the project description is the question of whether the project results in GHG emission reductions or removal enhancements that are additional to what would otherwise occur. Additionality is established at the time the project design is determined in accordance with paragraph 33 of the JI guidelines. The analysis should be exhaustive. Since the additionality is established at a given point in time (determination), for a given project design, the conclusion should not change unless the project design changes, even if market conditions or other external factors change;

(d) **Monitoring:** As part of the PDD, a detailed monitoring plan has to be submitted. It may change on certain condition referred to in paragraph 37 below during the course of implementation and operation of the project. If the monitoring process changes, a revised monitoring plan must be submitted in conjunction with the verification report. The revised monitoring plan must be justified.

C. Existing joint implementation guidance

35. The JI guidelines and the Guidance on criteria for baseline setting and monitoring provide information on how to handle changes to the monitoring plan but offer limited guidance when it comes to changes to the project design document. Applicable JISC guidance is summarized below.

36. For general considerations in verifying emission reductions, paragraph 37 of the JI guidelines specifies the AIE's role: "The accredited independent entity shall, upon receipt of a [monitoring report], make a determination of the reductions in anthropogenic emissions by sources or enhancements of anthropogenic removals by sinks reported by project participants in accordance with appendix B below, provided that they were monitored and calculated in accordance with paragraph 33 [of the JI guidelines]."

37. For monitoring plan, guidance is available in appendix B to the JI guidelines[10]:

(a) **Paragraph 5: "**Revisions, if any, to the monitoring plan to improve its accuracy and/or completeness of information shall be justified by project participants and shall be submitted for the determination referred to in paragraph 37 of the present annex on guidelines for the implementation of Article 6 of the Kyoto Protocol by the accredited independent entity";

(b) **Paragraph 6: "**The implementation of the monitoring plan and its revisions, as applicable, shall be a condition for verification".

D. Available guidance under the clean development mechanism and voluntary carbon standards

1. CDM

38. The CDM EB has developed procedures to address changes to the original project design document. Two procedures may be relevant for JI in this context, and are briefly summarized below.

[10] Also in paragraph 30 (b) and (c) of Guidance on criteria for baseline setting and monitoring.

(a) **Procedures for notifying and requesting approval of changes from the project activity as described in the registered project design document:** This short procedure contains the following language regarding changes during project implementation: "If at verification a DOE identifies that the implementation or operation of a CDM project activity does not conform with the description contained in the registered Project Design Document (PDD), and the DOE determines that the changes do not raise concerns with respect [to additionality of the project activity; scale of CDM project activity; applicability and application of approved baseline methodology under which the project activity has been registered.] and the relevant guidelines established by the Executive Board, the DOE shall submit a notification of the changes with relevant documentation in accordance with Section C of this procedure, and the notification will be processed in accordance with Section D of this procedure";

(b) **Requests for deviation:** Requests for deviation from relevant provisions of registered project documentation including the PDD may occur at the verification stage of a CDM project activity. Such requests must be made before submitting the request for issuance [of the CER]: "Stressing that project participants are to strictly apply the approved methodologies, monitoring plan and other provisions referred to in the registered CDM-PDD, and noting that the CDM is still in a learning-by-doing phase, the Board agreed to the following clarification: "A DOE shall, prior to requesting registration of a project activity or issuance of CERs, notify the Board of deviations from approved methodologies and/or provisions of registered project documentation and explain how it intends to address such deviations. The DOE shall only proceed with further actions after receipt of guidance from the Board. The Chairs of the panels shall provide an input as to whether the issue should be considered or not by the panels. The Board shall, if needed, address these issues by electronic decision. When providing such guidance, the Board shall consider issuing general clarifications to all DOEs and project participants, as appropriate" (EB 49, annex 26)".

39. Besides these procedures the CDM EB also developed procedures for requests for deviation of an approved methodology and procedures for revising monitoring plan.

2. Voluntary Carbon Standard

40. The Voluntary Carbon Standard (VCS) is a voluntary global standard and programme for approval of voluntary GHG offsets. Under the VCS, a project participant may request a methodology revision or a methodology deviation. A methodology revision is a global change to an existing VCS-approved methodology due to general developments in knowledge regarding changes in the conditions, circumstances or nature of projects. Methodology revisions are subjected to existing VCS procedures for new methodologies and tools, whereas methodology deviations can be validated as part of the project validation process and are not subject to the more rigorous procedures for new methodologies.

3. Gold Standard Carbon

41. The Gold Standard Carbon (GSC) is a voluntary standard and certification programme for GHG emission reductions and removal enhancements that can be applied to voluntary reductions or offsets as well as to the Kyoto mechanisms. Changes or deviations to a GSC-certified project that affect key items such as addtionality, baseline and monitoring are not discussed in any GSC documents. However, GSC has developed guidelines regarding conservativeness of values pertaining to baseline and additionality in case these were not developed following the GSC guidance.

E. Issues for consideration

42. If the JISC wishes to develop further guidance regarding changes to the project design subsequent to its determination in accordance with paragraph 33 of the JI guidelines, likely key questions to address include:

(a) What are the specific responsibilities of the AIE with respect to verifying that the project was implemented according to plan?

(b) If the AIE finds that changes were made relative to the original project design document, what changes (and magnitude of changes) should be considered significant?

(c) If significant changes are found, how should the AIE proceed?

43. Under the existing rules, (post-determination) changes to the project design document need to be reflected in a revised monitoring plan for the project. This revised monitoring plan would include not only a justification for changes in the monitoring but would include a justification of the changes to the project design document as well. Based on this information, the JISC may choose to accept the changes (deeming the verification final) or request a review for the project, following which the changes may be accepted or rejected. If rejected, and if the rejection was due to a change to the project design document, the project participant could opt to submit a new PDD for the project and start the process from the beginning.

44. As of mid-January 2010, 17 determinations have been published on the UNFCCC JI website, 16 of which have been deemed final and one rejected. None of these has requested any type of deviation after the determination was finalized. Of the eight verification reports received to date, only one contains a revised monitoring plan while the rest confirm that the project was implemented as specified in the PDD. In other words, there is so far no data suggesting that deviations from the project design of a determined project during implementation is a significant problem.

45. It should be noted that the public inputs received on this topic during the development of the DVM has been mixed - while some inputs describe a need to further define the role of AIEs and the nature of acceptable changes during verification, others have emphasized their satisfaction with the flexibility of the current rules.

VI. Summary of findings

46. This paper discusses four areas in which the JISC could consider to provide further guidance in 2010.

47. The concept of materiality has so far not been addressed in existing JISC documents. If the JISC decides to develop guidance regarding materiality, the key decisions may include to what processes materiality should apply and what the required level of materiality should be.

48. Regarding the issues of standardization of the JI approach and multi-project emission factors, some guidance is already available in existing JISC documents. These rules were developed in 2006 based in part on public consultations to help inform the development. Since then, limited experience has been gained as the number of projects completing the project cycle is relatively small. It may therefore be premature to introduce changes

49. Several inputs received during the development of the DVM in 2009 commented on the fact that many projects change during implementation, relative to the original (and determined) project design. The JISC may wish to consider whether additional guidance is needed to help project participants and AIEs better understand what changes are acceptable during implementation and how these should be handled.