

Re: Call for public inputs on the draft “Guidance on criteria for baseline setting and monitoring”

July 22, 2011

Dear Members of the Joint Implementation Supervisory Committee,

We would like to thank you for opening this call for public input and the opportunity to provide our comments on the raised issues regarding the draft “Guidelines on criteria for baseline setting and monitoring”. We would particularly like to concentrate on the following issue:

c) Whether the concept of prior consideration of JI should apply under the Track 2 procedure?

We believe that this question consists of two parts, namely whether prior consideration should apply under Track 2, and if so, how this should be applied.

The issue of prior consideration is closely related to determining the project additionality. The Marrakesh Accords state that each JI project should result into “reductions in anthropogenic emissions by sources or enhancement of anthropogenic removals by sinks ... **additional to any that would otherwise occur.**” This requirement refers both to Track 1 and Track 2 JI projects. If a project is implemented without the prior consideration of JI, i.e. the benefits from JI financing are considered only at a later stage, and then it can be easily argued that the project is developed for other reasons but the support from JI, and most probably the emission reductions would have occurred in any case.

Allowing projects that have not considered originally JI in their design and implementation will allow the approval of non-additional projects and thus will violate the founding principles set up in the Marrakesh Accords. Therefore, we are of the opinion that prior consideration should apply under JI Track 2, as well as JI Track 1.

The second issue is how to apply prior consideration to JI projects. The way prior consideration and its justification evolved under the CDM can be of good reference. In version 1 of the Additionality Tool, there was a requirement that there should be preferably official or publicly available documentation showing that the prior consideration of the CDM was seriously considered in the decision to proceed with the project. The next version of the Tool loosened these conditions, and the requirement for publicly available information was removed. Additionally, under that version, reference to the objective of climate change mitigation without even mentioning the CDM was considered sufficient.

Version 2 of the Tool was severely criticized for opening the way to non-additional projects, and in the next versions of the Tool and the subsequently issued guidance, the requirements for prior consideration became stricter, including the current requirements to submit a note for prior consideration of CDM to the DNA of the host country and the CDM EB.

We consider that there is no need for new JI projects to go as far as requesting the submission of note of prior consideration to the JISC. At the same time, in order to follow the principles of laid down in the Marrakesh Accords, it should be required from project developers to demonstrate that they seriously considered the benefits from JI prior in deciding to implement a particular JI project. The presented evidence should be validated by the AIE at the determination stage. The implementation of this condition is indispensable to guaranteeing the JI projects will result in emission reductions that would have not occurred otherwise.

We would like to thank you again for the opportunity to express our views under this public call and hope that our inputs will assist you in preparing the final recommendations to the CMP.

Sincerely yours,

Hajime Watanabe
Chairman
Clean Energy Finance Committee
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