

Re: Call for public inputs on the draft recommendations to be forwarded to the CMP

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 draft recommendations to be forwarded to the CMP. We would particularly like to express our opinion on the following issues:

- a) JI approach under the new operation model
- b) Establishment of a single unified verification process

JI approach under the new operation model

We are of the opinion that even under a new operation model, JI should remain a project based offset scheme. Projects can be implemented either individually or as part of a program under which identical activities are promoted. This will allow ensuring continuity through building upon the existing JI rules and the accumulated JI experience, while making JI more functional and easy to implement.

Introduction of sectoral or other approaches should not be considered part of the JI reform, as such approaches are deemed to be more appropriate to become the foundations of new market mechanisms for the post-Kyoto period, as already referred to in the Copenhagen Accords.

Establishment of a single unified verification process

We completely share the view that despite the original intention to offer more flexibility by creating the current two-track JI, in reality JI became more complicated and uncertain than its peer, the CDM. Although the Track 2 procedure under JISC is well organized and establishes an international scheme for recognition of high quality carbon offsets, it is less popular than Track 1 due to its stringent requirements. At the same time, the Track 1 procedures vary so significantly from country to country, that they leave the impression that JI is not a single emission reduction mechanism, but a loose compilation of often contradicting approaches. All these result in a more uncertain investment environment compared to the CDM, which can be currently observed, for example, in the price differentials of ERUs and CERs.

The merger of the two JI tracks is welcomed, as it will allow all stakeholders to focus on improving the integrated concept of the JI mechanism and provide uniform rules and procedures for all participants.

The project cycle under the single verification process should build on the existing JI Track 2 cycle. Similar project cycles are already used in other offset mechanisms, both in compliance and voluntary markets, and guarantee successful screening of projects at the design stage, as well as transparent and traceable monitoring, reporting and verification of the achieved emission reductions.

Unfortunately, under the current procedure not all host countries have the sufficient capacity to smoothly and efficiently perform registration and issuance. Therefore, it is considered that under unified verification process the transfer of the responsibilities for registration of projects as well as issuance of carbon offsets to the new government body will reduce the burden on host countries and, at the same time, lead to a more straightforward and transparent carbon offsetting process.

The provisions regarding the establishment of standardized baselines, demonstration of additionality and monitoring should be designed by the new governing body, while the CMP should provide some general guidance regarding the minimum standards that are to be applied. In this way the new governing body, while taking into consideration the specific conditions in the host countries, can develop guidelines that will follow internationally established standards.

We further believe that in designing the new verification process, accent should be put on the monitoring, reporting and verification (MRV) approach, so that the generated offset credits will be internationally recognized. Attempts to tailor the process to meet one or another domestic trading scheme in a still fragmented market environment, will, on the opposite, limit the access and recognition of JI, which should be by all means avoided.

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,

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