

**Annex 9****DRAFT PROVISIONS FOR JOINT IMPLEMENTATION SMALL-SCALE PROJECTS****Note by the secretariat**

1. At its third meeting, the Joint Implementation Supervisory Committee (JISC) requested the secretariat to prepare, in consultation with selected JISC members (including alternate members), draft provisions for joint implementation small-scale (JI SSC) projects as well as a draft joint implementation project design document form for JI SSC projects (JI SSC PDD form).
2. The draft provisions for JI SSC projects contained in annex 9 of the annotations to the proposed agenda, the draft JI SSC PDD form contained in annex 10 of the annotations to the proposed agenda and the draft form for submission of bundled JI SSC projects contained in annex 11 of the annotations to the proposed agenda were developed by the secretariat:
 - (a) On the basis of the inputs provided by the JISC members (including alternate members) referred to in paragraph 1 above; and
 - (b) Taking into account the treatment of SSC project activities under the CDM.



**PROVISIONS FOR
JOINT IMPLEMENTATION SMALL-SCALE PROJECTS**

Version 01

A. Background

1. The annex to decision 9/CMP.1 (hereinafter referred to as JI guidelines) sets guidelines for the implementation of Article 6 of the Kyoto Protocol. Appendix B of the JI guidelines defines criteria for baseline setting and monitoring.
2. According to paragraph 2 (f) of decision 10/CMP.1, the Joint Implementation Supervisory Committee (JISC) shall develop, as soon as possible, guidance with regard to appendix B of the JI guidelines, including provisions for small-scale (SSC) projects as defined in paragraph 6 (c) of decision 17/CP.7, as appropriate.
3. The present document defines provisions for JI SSC projects implemented under the verification procedure under the JISC, defined in paragraphs 30-45 of the JI guidelines.
4. This document supplements the general guidance with regard to appendix B of the JI guidelines developed by the JISC in accordance with paragraph 2 above and shall be applied taking into account further relevant provisions and/or guidance elaborated by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) and/or the JISC, in particular those contained in the JI guidelines.
5. The JISC will review this document periodically.

B. Provisions for joint implementation small-scale projects

1. Definitions

6. In accordance with paragraph 2 (f) of decision 10/CMP.1, referring to paragraph 6 (c) of decision 17/CP.7, three types of JI SSC projects are defined:
 - (a) Renewable energy projects with a maximum output capacity equivalent of up to 15 megawatts (MW) (or an appropriate equivalent) (hereinafter referred to as type I JI SSC projects);
 - (b) Energy efficiency improvement projects which reduce energy consumption, on the supply and/or demand side, by up to the equivalent of 15 gigawatt hours (GWh) per year (hereinafter referred to as type II JI SSC projects);
 - (c) Other projects that both reduce anthropogenic emissions by sources and directly emit less than 15 kilotonnes (kt) of carbon dioxide (CO₂) equivalent annually (hereinafter referred to as type III JI SSC projects).



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7. In accordance with paragraphs 2, 3 (b) and (c), 4, 5 and 6 of annex II to decision 4/CMP.1, providing clarifications on paragraph 6 (c) of decision 17/CP.7¹, the following additional definitions and/or clarifications apply to the JI SSC project types listed in paragraph 6 above:

- (a) Type I JI SSC projects:
 - (i) “Maximum output capacity” is defined as installed/rated capacity, as indicated by the manufacturer of the equipment or plant, disregarding the actual load factor of the plant;
 - (ii) “15 megawatts” is defined as 15 MW(e).² “Appropriate equivalent” is defined as appropriate equivalent of 15 MW(e). Project proposals may also refer to MW(p) or MW(th). In these cases an appropriate conversion factor to MW(e) has to be applied;³
- (b) Type II JI SSC projects:
 - (i) “Energy efficiency improvement” is the improvement in the service provided per unit power, i.e. projects which increase unit output of traction, work, electricity, heat and/or light per MW input are energy efficiency improvement projects;
 - (ii) The reduction of energy consumption is measured in watt-hours with reference to a baseline. Lower consumption as a result of lower activity shall not be taken into consideration;
 - (iii) Demand side, as well as supply side, projects shall be taken into consideration, provided that a project results in a reduction of maximum 15 GWh per year;
- (c) Type III JI SSC projects:
 - (i) Type III JI SSC projects shall not exceed total direct emissions of 15 kt of CO₂ equivalent annually, and must reduce greenhouse gas (GHG) emissions;
 - (ii) They could include, inter alia, agricultural projects, fuel switching, industrial processes and waste management.

8. Appendix B of annex II to decision 4/CMP.1, inter alia, partitions the SSC project activity types defined in paragraph 6 (c) of decision 17/CP.7 into eligible project categories. This appendix B may be reviewed and amended as provided for in paragraphs 15-17 of annex II to decision 4/CMP.1.⁴

¹ In the future revisions of the present document the JISC will take into account the work of the COP/MOP and the Executive Board of the clean development mechanism (CDM) in this regard.

² (e) denominates electric, (p) peak and (th) thermal.

³ 45 MW(th) may be regarded as equal to 15 MW(e).

⁴ The most recent list of project categories contained in appendix B of annex II to decision 4/CMP.1 is available under <<http://cdm.unfccc.int/methodologies/SSCmethodologies/approved.html>>.



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9. Additional project categories under JI may be approved by the JISC either on its own initiative or based on submissions by project participants. Project participants may make a substantiated request in writing to the JISC providing information about the project/technology and a definition of the new project category proposed. In approving additional project categories the JISC may draw on expertise, as appropriate. The JISC shall expeditiously, if possible at its next meeting, make a decision.

10. JI SSC projects have to conform to one of the project categories defined in the most recent version of appendix B of annex II to decision 4/CMP.1 referred to in paragraph 8 above or an additional project category approved by the JISC in accordance with paragraph 9 above. Changes in the list of eligible project categories do not affect JI SSC projects whose determination has already been published in accordance with paragraph 34 of the JI guidelines.

11. In order to benefit from the provisions for JI SSC projects, a project, in addition to fulfilling the requirement defined in paragraph 10 above, has to meet the thresholds as defined in paragraphs 6 and 7 above.

12. Taking into account section 3. below, the three types of JI SSC projects referred to in paragraph 6 above are mutually exclusive. If a JI project includes more than one JI SSC project type component, it can benefit from the specific provisions for JI SSC projects, if each component meets the relevant threshold criterion defined in paragraphs 6 and 7 above, i.e. for a project with both a renewable energy and an energy efficiency component the thresholds for type I and type II JI SSC projects have to be met.

2. Debundling

13. Debundling is defined as the fragmentation of a large project into smaller parts. Taking into account paragraph 15 below, a debundled component of a large project is not eligible to benefit from the specific provisions for JI SSC projects.

14. A proposed JI SSC project shall be deemed to be a debundled component of a large project if there already exists a JI (SSC) project with a publicly available determination in accordance with paragraph 34 of the JI guidelines:

- (a) Which has the same project participants; and
- (b) Which applies the same technology/measure and pertains to the same project category⁵; and
- (c) Whose determination has been made publicly available in accordance with paragraph 34 of the JI guidelines within the previous 2 years; and
- (d) Whose project boundary is within 1 km of the project boundary of the proposed JI SSC project at the closest point.

15. If a proposed JI SSC project is deemed to be a debundled component of a large project in accordance with paragraph 14 above, but both together, the component and the other JI (SSC) project(s), do not exceed the thresholds for JI SSC projects as set in paragraphs 6 and 7 above, the component can be regarded as a JI SSC project and benefit from the relevant provisions.

⁵ The second part of this subparagraph applies if the already existing project is a JI SSC project.



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3. Bundling

16. Projects meeting the thresholds referred to in paragraphs 6 and 7 above and not being a debundled component of a large project according to section 2. above may be bundled at the following stages in the project cycle under the verification procedure under the JISC:
- (a) Project design document;
 - (b) Determination referred to in paragraph 33 of the JI guidelines;
 - (c) Monitoring;
 - (d) Determination referred to in paragraph 37 of the JI guidelines.
17. Bundled JI SSC projects may, but do not necessarily, pertain to the same project category.
18. All projects in the bundle shall:
- (a) Have the same crediting period; and
 - (b) Comply with the provisions for JI SSC projects defined in the present document, in particular the thresholds referred to in paragraphs 6 and 7 above; and
 - (c) Retain their distinctive characteristics (i.e. location, technology/measure etc.).
19. The composition of a bundle shall not change over time.
20. If proposed JI SSC projects are to be bundled, a form with information on the bundle (F-JI-SSC-BUNDLE)⁶ and a written statement signed by all project participants indicating that they agree that their individual projects are part of the bundle and nominating one project participant to represent all project participants in communicating with the JISC shall be sent to the accredited independent entity (AIE).
21. The Parties involved in the projects of the bundle shall indicate in their project approval in accordance with paragraph 31 (a) of the JI guidelines that they are aware of the bundle.
22. The AIE shall forward the documents referred to in paragraphs 20 and 21 above to the secretariat when making the determination referred to in paragraph 33 of the JI guidelines with regard to the projects in the bundle publicly available in accordance with paragraph 34 of the JI guidelines. All documents referring to a bundle shall be submitted to the secretariat at the same time.

⁶ This form can be found on the UNFCCC JI website under <<http://ji.unfccc.int/Ref/Forms.html>>.



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4. Joint implementation project design document form for small-scale projects

23. The most recent version of the joint implementation project design document form for small-scale projects (JI SSC PDD form) shall be used for all proposed JI SSC projects after 30 September 2006, taking into account paragraph 24 below.⁷

24. Projects with written approvals from Parties in accordance with paragraph 31 (a) of the JI guidelines dated before 1 October 2006 shall use either the most recent version of the JI SSC PDD form or the CDM simplified project design document for SSC project activities (SSC-CDM-PDD)⁸. In the latter case, the AIE selected by the project participants to perform the determination according to paragraph 33 of the JI guidelines shall confirm that the PDD submitted provides all the information covered by the most recent JI SSC PDD form and related JISC guidance.

25. In the case of project bundling referred to in section 3. above, taking into account paragraphs 28 and 29 below, a single SSC PDD may be used for the whole bundle provided that all the projects pertain to the same JI SSC project category, apply the same technology or measure and are located in the territory of the same host Party. Otherwise, separate SSC PDDs have to be submitted for each project in the bundle. All SSC PDDs pertaining to a particular bundle shall be published at the same time, whenever the publication of PDDs is required under the verification procedure under the JISC.

5. Baseline setting and monitoring

26. In baseline setting and monitoring appendix B of the JI guidelines and guidance of the JISC, specifically that referred to in paragraph 2 above, shall be taken into account. In particular, project participants, in accordance with paragraph 4 (a) of decision 10/CMP.1, may, but are not obliged to, use the most recent versions of the simplified baseline and monitoring methodologies for SSC project activities approved by the Executive Board of the CDM, as appropriate.⁹ In this case, all explanations, descriptions and analyses shall be made in accordance with the selected methodology.

27. Leakage only has to be considered within the boundaries of non-Annex I Parties, if applicable.

28. If projects in a bundle referred to in section 3. above use the same baseline, this has to be justified by considering the particular situation of each project in the bundle.

29. If projects are bundled in accordance with section 3. above, a separate monitoring plan shall apply for each of the constituent projects or an overall monitoring plan, which, inter alia, may also propose to monitor performance of the constituent projects on a sample basis, shall apply for the bundled projects. In the latter case the projects have to be located in the territory of the same host Party, have to pertain to the same project category and have to apply the same technology or measure, and the AIE shall determine, in accordance with paragraph 31 below, that the overall monitoring plan reflects good monitoring practice appropriate to the bundled projects and provides for collection and archiving of the data needed to calculate the emission reductions achieved by the bundled projects.

⁷ The most recent version of the JI SSC PDD form can be found under <<http://ji.unfccc.int/Ref/Forms.html>>. In the case of revisions of the JI SSC PDD form transition periods agreed on by the JISC apply.

⁸ The most recent version of the SSC-CDM-PDD can be found under <<http://cdm.unfccc.int/Projects/Reference/Documents/index.html>>.

⁹ Revisions of simplified CDM baseline and monitoring methodologies do not affect projects whose determination has already been published in accordance with paragraph 34 of the JI guidelines.



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6. Determination referred to in paragraph 33 of the JI guidelines

30. When making a determination referred to in paragraph 33 of the JI guidelines, the AIE shall also determine whether the proposed JI SCC project, bundled or not:

- (a) Meets the thresholds defined in paragraphs 6 and 7 above;¹⁰
- (b) Conforms to one of the project categories referred to in paragraph 10 above; and
- (c) Is not a debundled component of a large project.

31. In the case of project bundling in accordance with section 3. above the AIE shall also determine that the conditions for bundling are satisfied, including that the overall monitoring plan for the bundled SSC projects is appropriate, if applicable. The determination by the AIE takes into account and concerns all the projects in the bundle. If the determination is conducted on the basis of an overall monitoring plan, a common monitoring report shall be provided in accordance with paragraph 36 of the JI guidelines and the determination referred to in paragraph 37 of the JI guidelines shall cover all of the bundled projects.

32. If a review is requested in accordance with paragraph 35 of the JI guidelines with regard to a bundled project, the determination of all projects in the bundle is concerned.

7. Determination referred to in paragraph 37 of the JI guidelines

33. If during any monitoring period the thresholds referred to in paragraphs 6 and 7 above are exceeded on an annual average basis, this shall be determined by the AIE and ERUs shall only be issued up to the maximum emission reduction level estimated for the JI SSC project for that period in the SSC PDD, or, in the case of a bundle, estimated for the bundle for that period in the F-JI-SSC-BUNDLE.

34. If JI SSC projects are bundled, a single report by the AIE on the determination referred to in paragraph 37 of the JI guidelines:

- (a) Shall be provided in the case of usage of a single SSC PDD as referred to in paragraph 25 above and an overall monitoring plan as referred to in paragraph 29 above;
- (b) May be provided in all other cases if it appraises each bundled project separately and covers the same monitoring period.

8. Fees

35. In setting provisions for the charging of fees to cover administrative costs relating to the activities of the JISC, in accordance with paragraph 2 (h) of decision 10/CMP.1, the JISC takes into account the option of preferential treatment of JI SSC projects.

¹⁰ In the SSC PDD it has to be shown that the proposed JI SSC project meets the thresholds referred to in paragraphs 6 and 7 during the whole crediting period. The same applies to all JI SSC projects which are bundled in accordance with section 3.