

**JI-JISC31**

## Meeting report

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# Joint Implementation Supervisory Committee thirty-first meeting

Version 01.1

Date of meeting: 21 and 22 March 2013

Place of meeting: Bonn, Germany



**United Nations**  
Framework Convention on  
Climate Change

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## Agenda item 1. Agenda and meeting organization

1. The Secretary of the Joint Implementation Supervisory Committee (JISC) opened the meeting and asserted that the quorum requirement was met, before proceeding to conduct the election of Chair and Vice-Chair of the JISC covered under agenda item 2 “Membership issues”, as referred to in paragraph 5 below.
2. The JISC noted that Ms. Carola Borja, Mr. Benoît Leguet, Mr. Evans Njewa, Mr. Oleg Pluzhnikov and Mr. Andrew Yatilman were unable to attend the meeting. The member and alternate members have provided proper justification.
3. Table 1 below represents the attendance of members and alternate members at the meeting. The names of members and alternate members present at the meeting are in bold print below. Where only the name of an alternate member is in bold print, the alternate participated as a member.

**Table 1. Attendance**

<b>Members</b>	<b>Alternates</b>
Ms. Carola Borja <sup>a</sup>	<b>Mr. Carlos Fuller</b> <sup>a</sup>
<b>Mr. Mykhailo Chyzenko</b> <sup>b</sup>	<b>Ms. Milya Dimitrova</b> <sup>b</sup>
<b>Mr. Piotr Dombrowicki</b> <sup>a</sup>	Mr. Oleg Pluzhnikov <sup>a</sup>
<b>Mr. Chebet Maikut</b> <sup>a</sup>	<b>Ms. Hlobsile Sikhosana</b> <sup>a</sup>
<b>Mr. Derrick Oderson</b> <sup>a</sup>	Mr. Andrew Yatilman <sup>a</sup>
<b>Mr. Wolfgang Seidel</b> <sup>a</sup>	<b>Mr. Marko Berglund</b> <sup>a</sup>
<b>Mr. Evgeny Sokolov</b> <sup>b</sup>	<b>Mr. Hiroki Kudo</b> <sup>b</sup>
<b>Ms. Julia Justo Soto</b> <sup>b</sup>	Mr. Evans Njewa <sup>b</sup>
<b>Ms. Irina Voitekhovitch</b> <sup>b</sup>	<b>Ms. Mihaela Smarandache</b> <sup>b</sup>
<b>Ms. Gertraud Wollansky</b> <sup>b</sup>	Mr. Benoît Leguet <sup>b</sup>

<sup>(a)</sup> Term: Two years (term of service ends immediately before the first meeting in 2014)

<sup>(b)</sup> Term: Two years (term of service ends immediately before the first meeting in 2015)

4. The JISC adopted the agenda of the meeting.

## Agenda item 2. Membership issues

5. The JISC elected Mr. Derrick Oderson and Mr. Piotr Dombrowicki as Chair and Vice-Chair of the JISC, respectively, until immediately before the first meeting of the JISC in 2014. The Vice-Chair acted as Chair during the first day of the meeting.
6. Members and alternate members of the JISC stated whether they had a conflict of interest relating to any item on the meeting agenda. Ms. Mihaela Smarandache declared a conflict of interest with respect to the review of a verification referred to in paragraph 17 below and acted according to the JISC code of conduct.
7. The JISC appointed Mr. Wolfgang Seidel and Mr. Chebet Maikut to serve as the Chair and Vice-Chair, respectively, of the JI Accreditation Panel (JI-AP).

## **Agenda item 3. Workplan**

### **Agenda item 3.1. Accreditation of independent entities**

8. The JISC took note that the 29<sup>th</sup> meeting of the JI-AP was postponed to August 2013 due to the status of ongoing accreditation assessment activities and for reasons of cost effectiveness.
9. The JISC agreed to extend the term for the current members of the JI-AP for one year.
10. The JISC took note of the ongoing work by the Executive Board of the clean development mechanism (CDM) on the revision of the CDM accreditation standard and procedure, as well as the DOE performance monitoring procedure. In light of the potential for synergy between the two systems, the JISC requested the secretariat to prepare a concept note for its next meeting regarding broad options for the appropriate strategic direction for how the JI accreditation system should develop over time in relation to the CDM accreditation system and, as appropriate, possible revisions of the JI accreditation standard and procedure. The JISC agreed to revisit this issue at its subsequent meeting and provide, as appropriate, recommendations to the ninth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) on the possible alignment or integration of the two systems.
11. The JISC agreed to explore possibilities for coordination between the JISC and the CDM Executive Board in their consideration of the two accreditation systems. As a first step, the JISC requested that the Chair of the JI-AP participate in the upcoming CDM Round Table on 20 April 2013.
12. To enable the selection and improved planning of performance assessments for the verification function of accredited independent entities (AIEs), the JISC agreed to request AIEs to publish monitoring reports on the UNFCCC JI website, in accordance with the "Procedures on public availability of documents under the verification procedure under the Joint Implementation Supervisory Committee", no later than 14 days before undertaking the site visit for the verification by the AIEs.

### **Agenda item 3.2. Matters relating determination and verification reports**

13. The JISC took note of an update by the secretariat regarding the status of project submissions, determinations and verifications under the JISC (hereinafter referred to as the JI Track 2 procedure). Since the launch of the JI Track 2 procedure, 330 project design documents (PDDs) and one programme of activities design document (PoA-DD) have been submitted and made publicly available on the UNFCCC JI website, in accordance with paragraph 32 of the annex to decision 9/CMP.1 (JI guidelines). A total of 52 determinations regarding PDDs have been published on the UNFCCC JI website in accordance with paragraph 34 of the JI guidelines, of which 51 have been deemed final in accordance with paragraph 35 of the JI guidelines, and one has been rejected.
14. The JISC also took note that 111 verifications have been published on the UNFCCC JI website in accordance with paragraph 38 of the JI guidelines, of which 109 have been deemed final in accordance with paragraph 39 of the JI guidelines, one is open for request for review and one is under review.

15. The JISC took note of the report on the status of information from Parties regarding their designated focal points (DFPs) and national guidelines and procedures for approving JI projects, in accordance with paragraph 20(a) and (b) of the JI guidelines. A total of 37 Annex I Parties have so far informed the secretariat of their DFPs. Of these Parties, 32 have also submitted their national guidelines and procedures for approving JI projects. The JISC also took note of the status of implementation of the request contained in decision 6/CMP.8, on the availability of documentation by DFPs.
16. The JISC further noted that 591 JI Track 1 projects have been published on the UNFCCC JI website, of which 535 have received unique project identifiers and have been submitted to the International Transaction Log.
17. In accordance with paragraphs 34 and 35 of the procedures for reviews under the verification procedure under the JISC, if a Party involved in the project or three members of the JISC request a review of a verification, the JISC shall consider the review at its next meeting or through an electronic decision-making process. At least three members of the JISC have requested a review of the third verification pertaining to project 0137 “Joint Implementation project aimed at N<sub>2</sub>O emissions reduction by installation of secondary catalyst inside ammonia oxidation reactors at 3 nitric acid production plants NA2, NA3 and NA4 of Azomures SA company, situated at Tirgu Mures, Romania”. Taking into account the requests for review and the initial comments received from the AIE and the project participants, the JISC decided to accept the verification subject to the condition that the AIE and project participants make the corrections contained in annex 1 to this report. The revised documentation will then be assessed by the secretariat, in consultation with the Chair of the JISC, if needed, before the verification is finally accepted.
18. The JISC requested the secretariat to propose options to streamline the process for electronic decision-making covered in the procedures for reviews under the verification procedure.
19. In the context of the discussions referred to in paragraph 17 above, the JISC agreed to reconsider at a future meeting the guidance on criteria for baseline setting and monitoring with regard to changes in baselines.

### **Agenda item 3.3. Management plan and resources for the work on joint implementation**

20. The JISC took note of the report on the projection of future income in JI, with a view to taking it into account while considering the draft business plan and the management plan (JI-MAP) for 2013–2014. The JISC requested that, considering the uncertainties about the level of new submissions in the next few years, a more conservative estimate of future incomes be used in the JI-MAP.
21. The JISC adopted its business plan and the management plan (JI-MAP) for 2013–2014, as contained in annex 2 to this report. In adopting these plans, the JISC emphasized the need to focus its work on measures to further develop JI and help secure its place as an effective tool for Parties in their collective efforts to mitigate climate change.
22. The secretariat informed the JISC that, based on the approved 2013 JI-MAP, it will prepare a JISC workplan providing information on the work set for each meeting of the JISC in 2013. This workplan is to be shared with the JISC prior to its next meeting.

## **Agenda item 4. Other matters**

### **Agenda item 4.1. Guidance by the CMP**

23. The JISC took note of the relevant outcomes of the Conference of the Parties and CMP, which took place in Doha, Qatar, in December 2012. The JISC also took note of the mandates from decision 6/CMP.8 relating to JI and the request from the eighth session of the CMP to take all necessary measures to facilitate the implementation of decision 1/CMP.8.
24. The JISC took note of the status of the review of the JI guidelines under the CMP and the submissions from Parties and admitted observer organizations on this subject. The JISC agreed to provide recommendations to the ninth session of the CMP on specific substantive matters, where it considers these would add value to the CMP process, while ensuring that it does not overlap with the work of the Subsidiary Body for Implementation. The JISC requested the secretariat to prepare preliminary options, for consideration at its next meeting, on the following matters:
  - (a) The alignment or integration of the JI and CDM accreditation processes;
  - (b) A minimum set of national guidance for host Parties;
  - (c) Innovative measures relating to baseline-setting and additionality, such as standardized baselines and positive lists;
  - (d) The elaboration of specific steps of the JI project cycle;
  - (e) Specific measures to address the transition to the revised JI guidelines.

### **Agenda item 4.2. Relations with stakeholders, intergovernmental and non-governmental organizations**

25. The JISC took note of the informal meetings of the Designated Focal Point Forum (DFP Forum), which were held in May 2012 in Bonn, Germany and in November 2012 in Doha, Qatar. During these meetings, the DFP Forum discussed the revision of the JI guidelines and the activities of the forum. The JISC took note that the DFP Forum will continue to hold informal meetings, as required.
26. The JISC took note of the input of the DOE/AIE Coordination Forum, as reported by its Co-Chair Mr. Martin Enderlin. The Co-Chair of the forum elaborated on the uncertainties for the carbon market for 2013 and on the price pressure for investment. Mr. Enderlin also gave recommendations on the revision of the accreditation regulatory documents, on the CDM accreditation standard and procedure, and informed the JISC of the advantages of merging the CDM and JI accreditation processes. He informed the JISC of the possibility that some independent entities may not be able to renew JI accreditation under the present uncertainties. He stressed the importance of early consultation with AIEs on these documents through a workshop.
27. The JISC thanked Mr. Enderlin for his interaction and noted the usefulness of the inputs.
28. The JISC took note of the input of the JI Action Group (JIAG), as reported by its representative Mr. Lennard de Klerk, on:

- (a) The developments and uncertainty in the JI market in 2013 and outcomes of the CMP in Doha:
    - (i) No agreement on the transitional measures for JI in Doha, which may pose uncertainty on issuance of emission reduction units (ERUs) from the second commitment period;
    - (ii) Regulatory uncertainty for ERUs in the European Union Emissions Trading System as being a barrier for JI projects;
    - (iii) Issuance of a large number of JI Track 1 ERUs adding to the surplus and reduced demand in the market;
    - (iv) Crash of the ERU price due to economic recession and limited demand.
  - (b) The key lessons learned since the operationalization of JI:
    - (i) The need to ensure the environmental integrity of JI Track 1 projects;
    - (ii) The need for long-term regulatory certainty, particularly in view of the reduced demand of ERUs;
    - (iii) The need for deep and comprehensive targets by countries.
29. The representative of JIAG also announced that JIAG is formally withdrawing as a communication channel to the JISC on behalf of project developers and investors and that JIAG will cease to exist with immediate effect.
30. The JISC thanked Mr. de Klerk for his interaction and inputs. The JISC further thanked JIAG for its hard work and dedication in building up the JI mechanism and stressed the importance that the group has had as a communication channel between the project developers and the JISC.
31. The JISC met with a registered observer for an informal interaction. The observer provided suggestions related to:
- (a) Enhancing participation in JI, particularly during the uncertain times in 2013;
  - (b) Enhancing the communication and outreach strategy.
32. The JISC thanked the observer for attending and expressed appreciation for the inputs provided and the interaction.
33. The JISC further agreed to continue its practice to meet with registered observers at the end of the meeting and to reconsider this arrangement when necessary. Observers to the thirty-second meeting of the JISC shall have registered with the secretariat by **27 May 2013**. The JISC emphasized that this deadline will be strictly enforced by the secretariat.

#### **Agenda item 4.3. Other business**

34. The JISC considered an update on recent developments and prospects in the carbon market and related governmental policies, including with regard to supply and demand, prices, domestic trading systems and new mechanisms.

35. The JISC agreed on the calendar of meetings of the JISC and the JI-AP for 2013, as contained in annex 3 to this report.
36. The JISC further requested the secretariat, in consultation with the Chairs of the JI-AP and the JISC, to make best use of electronic means to facilitate interaction between panel members outside of the context of physical meetings, including through electronic decisions and scheduling electronic meetings on an as-needed basis. The JISC also agreed to compensate panel members for their work undertaken through such electronic meetings.
37. The JISC agreed to the provisional agenda of its thirty-second meeting, to be held in Bonn, Germany, on 17 and 18 June 2013, as contained in annex 4 to this report.

## **Agenda item 5. Conclusion of the meeting**

38. The Chair summarized the main conclusions and closed the thirty-first meeting of the JISC.



## Annexes to the report

- Annex 1 - Ruling note on verification pertaining to "Joint Implementation project aimed at N<sub>2</sub>O emissions reduction by installation of secondary catalyst inside ammonia oxidation reactors at 3 nitric acid production plants NA2, NA3 and NA4 of Azomures SA company, situated at Targu Mures, Romania" (version 01.0)
- Annex 2 - Joint implementation two-year business plan and management plan for 2013–2014 (version 01.0)
- Annex 3 - Calendar of meetings for 2013 (version 01.0)
- Annex 4 - Provisional agenda of the thirty-second meeting of the Joint Implementation Supervisory Committee (version 01.0)

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### Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.1	2 April 2013	This revised document (version 01.1) has been issued to make an editorial revision in paragraph 21.
01.0	22 March 2013	JISC31 meeting report. Initial publication.

Decision Class: Operational  
Document Type: Meeting report  
Business Function: Governance  
Keywords: reporting procedures, JISC

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