

**Input From
The DOE/AIE Coordination Forum on JI Issues
To the JISC
“Background for
Development of DVM Examples”**

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1. Overview

- **In order to combat the climate change issues, it is inevitable that humanity move toward a low-carbon society.**
- **Significant GHG reduction is necessary in the near to mid term future, and JI scheme is definitely one measure in achieving that goal.**
- **It is desirable that much more JI projects will be implemented in an efficient manner to enhance GHG mitigation activities.**

2. Objective of DVM

- **To accelerate the efficient implementation of JI projects, it is essential that each players play their roles adequately.**
 - ✓ **PPs: Development and implementation of projects**
 - ✓ **AIEs: Ensure the creditability of GHG reduction of each projects**
 - ✓ **JISC: Supervise and govern the whole JI scheme**
- **DVM shall be used as a common manual for both AIEs and PPs to assist playing their roles.**
 - ✓ **For AIEs, it shall be a manual to carry out consistent determination/verification work.**
 - ✓ **For PPs, it shall be a manual to understand the necessary actions to be taken to meet the determination/verification requirements.**
- **In other words, DVM shall serve as a communication tool between PPs and AIEs during the determination/ verification process.**

3. Concept of DVM

- **DVM compiles requirements for projects under the JI Track 2 procedure in existing decisions by the CMP and the JISC as well as indicative modalities.**
- **In other words, DVM shows “what you should do”, but not “how”. This is important, since it retains the flexible nature of JI scheme.**
- **Still, it is desirable that there is a guidance to the requirements to enhance the understanding of PPs and AIEs, and maintain the quality of the JI projects.**

4. Suggestion of Attachment Document

- **In this sense, we'd like to suggest that “Explanation and Example / Reference” to be provided for each requirements (especially for JI specific approach), as an attachment of the main document.**
- **By putting it as an attachment, it will clearly distinguish the requirements written in the main document (what you shall do) from guidance (what you may do).**
- **Also, attachment can/shall be reviewed whenever necessary, without touching the main document.**

5. Example of “Attachment document”

No.	Requirements	Explanation and <i>Example / Reference</i>
7. Baseline setting		
26	For the JI specific approach with regard to the baseline setting, the AIE shall assess whether the baseline is established:	
26(a)	Taking into account relevant national and/or sectoral policies and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector. In this context, the AIE shall assess whether key factors that affect a baseline are taken into account, e.g.:	
26(a) (i)	Sectoral reform policies and legislation;	<ul style="list-style-type: none"> ➤ There are no policies/regulations obliging the PPs to conduct the proposed JI project. ➤ If there are any efficiency and/or emission regulations relating to the proposed JI project, the project efficiency/emission shall be better than the regulation standard. ➤ If there are any commitments by the industry sector relating to the proposed JI project, the project efficiency/emission shall be better than the commitments. <p>- <i>PFC reduction plan by the World Semiconductor Council</i> http://www.semiconductorcouncil.org/</p>
26(a)(ii)	Economic situation/growth and socio-demographic factors in the relevant sector as well as resulting predicted demand. Suppressed and/or increasing demand that will be met by the project can be considered in the baseline as appropriate (e.g. by assuming that the same level of service as in the project scenario would be offered in the baseline scenario);	
26(a) (iii)	Availability of capital (including investment barriers);	<ul style="list-style-type: none"> ➤ Share of industrial investment to GDP is low compared to other surrounding countries. <ul style="list-style-type: none"> - <i>Country data by The Economist Intelligence Unit</i> http://countrvanalysis.eiu.com/countrydata ➤ Country risk obtaining international financing is low compared to other surrounding countries. <ul style="list-style-type: none"> - <i>Sovereign Ratings (EIU)</i> http://www.eiu.com/site_info.asp?info_name=sovereign_ratings&rf=0 ➤ For alternatives undertaken and operated by private entities: Similar activities have only been implemented with grants or other non-commercial finance terms. ➤ Similar activities are defined as activities that rely on a broadly similar technology or practices, are of a similar scale, take place in a comparable environment with respect to regulatory framework and are undertaken in the relevant country/region; <ul style="list-style-type: none"> - <i>CDM Additionality Tool (Version05.2)</i> http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-01-v5.2.pdf

THANK YOU!

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