

CDM Overview: Principles and Rules  
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National Workshop on KP: Challenges  
and Opportunities for Sustainable  
Development of I.R. Iran  
Tehran/25-26 October 2003



# CDM Overview: Principles and Rules

## Acronyms for CDM

- CDM: Clean Development Mechanism
- EB: Executive Board of CDM
- PP: Project Participants
- DOE: Designated Operational Entity
- DNA: Designated National Authority
- M & P: Modalities and Procedures of CDM
- CER: Certified Emissions Reduction



# CDM Overview: Principles and Rules

The Origins of CDM:

Kyoto Protocol: Three Market-based Mechanisms

1. Clean Development Mechanism (CDM)
2. Joint Implementation (JI)
3. Emissions Trading (ET)



# CDM Overview: Principles and Rules

What is CDM?

- An Innovative Market-based Partnership Mechanism Under the Kyoto Protocol
- Project-based
- Partners: Industrial Countries (AI) and Developing Countries (NAI)



# CDM Overview: Principles and Rules

What is *Innovative* in CDM?

- A Market-oriented means to achieve Sustainable Development and reduce GHG emissions
- Meant to promote “Private Sector” investment and involvement
- Not about traditional North-South ODA
- Bottom-up approach
- Public Participation



# CDM Overview: Principles and Rules

CDM has three objectives:

1. To assist Annex-I Parties to comply with their mitigation commitments
2. To assist Developing Countries to achieve “Sustainable Development”
3. To contribute to the ultimate objective of the UNFCCC



# CDM Overview: Principles and Rules


Players of the CDM :

1. CDM Executive Board
2. COP/MOP
3. Designated Operational Entities (DOE)
4. Project Participants (including “Investor” and “project proponents”)
5. Designated National Authorities (DNA)



# CDM Overview: Principles and Rules

## CDM Project Cycle:

1. Design (PDD) by PP
  2. Validation by DOE
  3. Registration by EB
  4. Monitoring by PP
  5. Verification/Certification by DOE
  6. Issuance of CERs by EB
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# CDM; Principles, Rules and Structure

## Design of a CDM project activity

- Additionally/Baseline and Monitoring Methodology (new or approved)
- Information to be provided (CDM-PDD)
- Designated Operational Entity (Validation)
- DNA of Host Party:
  - Approval of voluntary participation
  - Contribution to Sustainable Development

# CDM; Principles, Rules and Structure

Information to be provided

1. Appendix B/Project Design Document (PDD)
  - Summary of comments by *local stakeholders*
  - Documentation on analysis of *environmental impacts (conforming with M&P)*
  - Additionally and Baseline and Monitoring methodologies (conforming with M&P)
2. Letter of approval by Parties involved  
(SD confirmation by Host party)

# CDM; Principles, Rules and Structure

## Requirements for participation in CDM projects

- A. Participation requirements for *Annex-1* Countries:
  1. **Party** to the KP
  2. Subject to **Compliance** Procedures and Mechanisms
  3. Established its **Assigned Amount** (Articles 3.7 and 3.7 of the KP)

# CDM; Principles, Rules and Structure

4. A **National System** for the estimation of anthropogenic emissions by sources and anthropogenic removals by sinks
5. A **National Registry** (Article 7.4 of KP)
6. Submits the **Supplementary Information** on Assigned Amount (Articles 7.1 and 3.8 of KP)



# CDM; Principles, Rules and Structure

## B. Participation requirements for *Non-Annex-I* Countries:

1. **Party** to the KP
2. **Voluntary**
3. **A Designated National Authority** for the CDM (DNA)
4. **Non-Annex-I Country**



# CDM and Energy For Sustainable Development

## CDM Small-Scale projects

Key features:

1. Small-Scale
2. Simplified modalities and procedures
3. Lower transaction costs



# CDM and Energy For Sustainable Development

## CDM Small-Scale projects (cont.)

Lower Transaction Costs, due to:

- Simplified methodologies for baselines and monitoring plans
- Simplified Project Design Document (PDD)
- Several small-scale CDM projects may be bundled for the purpose of “validation”
- A single Designated Operational Entity may perform “validation” as well as “certification”



# CDM and Energy For Sustainable Development

## CDM Small-Scale projects (cont.)

CDM SSC projects will focus on:

Type I-Renewable Energies with maximum output capacity of up to 15 Megawatts

Type II-Energy Efficiency improvements which will reduce energy consumption by up to the equivalent of 15 Gigawatt hours per year

Type III-Other projects, which directly emit less than 15 kilotones of CO<sub>2</sub> equivalent annually



# CDM and Energy For Sustainable Development

## CDM Small-Scale projects (cont.)

### Type I-Renewable Energy projects:

1. Electricity generation by the User
2. Mechanical Energy for the User
3. Thermal Energy for the User
4. Electricity Generation for a grid



# CDM and Energy For Sustainable Development

## CDM Small-Scale projects (cont.)

### Type II-Energy Efficiency Improvements projects

#### A. Supply Side Energy Efficiency:

- Transmission and Distribution
- Generation



# CDM and Energy For Sustainable Development

## CDM Small-Scale projects (cont.)

### Type II-Energy Efficiency Improvements projects (cont.)

#### B. Demand Side Energy Efficiency:

\* Programmes for Specific Technologies which encourage the adoption of:

energy-efficient equipment, lamps, ballasts, refrigerators, motors, fans, air-conditioners, appliances



# CDM and Energy For Sustainable Development

## CDM Small-Scale projects (cont.)

### Type II-Energy Efficiency Improvements projects (cont.)

#### C. Energy Efficiency and Fuel Switching for :

- Industrial Facilities
- buildings



# CDM and Energy For Sustainable Development

## CDM Small-Scale projects (cont.)

### Type III-Other projects:

- A. Agriculture
- B. Switching Fossil Fuels
- C. Emission reductions by low-greenhouse emission Vehicles
- D. Methane Recovery

