

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN
DEVELOPMENT MECHANISM (CDM) PROJECT ACTIVITY AGAINST THE
REQUIREMENTS OF UNFCCC**

2013-11-20

R&D Division – Climate Change Unit
Version 03

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

INDEX

0	Introduction
1	Scope
2	Glossary of terms
3	Application
4	Proposing a new methodology
5	Validation procedure for a CDM project activity
6	Validation procedure for a small-scale CDM project activity
7	Verification and certification procedure for a CDM and small-scale CDM project activity
8	Crediting period of the reductions in emissions by sources of GHG
9	Issuance of certified emissions reductions
10	Commitments
11	Complaints, disputes and appeals
12	Confidentiality
13	Publicity
14	Financial conditions
15	Recognition agreements
16	Amendments

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

0 INTRODUCTION

The “Asociación Española de Normalización y Certificación (AENOR)” [Spanish Association for Standardisation and Certification] is a private, independent, non-profit making association.

The AENOR headquarters is located at nº 6, Calle Génova, 28004 Madrid, Spain.

1 SCOPE

The present General Rules establish the rules applied by AENOR for validation, verification and certification of a Clean Development Mechanism (CDM) Project Activity against the Requirements of United Nations Framework Convention on Climate Change (UNFCCC).

In the context of these General Rules, AENOR acts as a Designated Operational Entity accredited by UNFCCC.

2 GLOSSARY OF TERMS

Based on http://cdm.unfccc.int/Reference/Guidclarif/glos_CDM.pdf

Glossary of terms used in the CDM:

Clean development mechanism (CDM): Article 12 of the *Kyoto Protocol* defines the clean development mechanism. “The purpose of the clean development mechanism shall be to assist Parties ¹ not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention, and to assist Parties included in Annex I in achieving compliance with their quantified emission limitation and reduction commitments under article 3”.

At its seventh session, the Conference of the Parties (COP) adopted modalities and procedures for a clean development mechanism (*CDM modalities and procedures*, see annex to decision 17/CP.7, document FCCC/CP/2001/13/Add.2) and agreed on a prompt start of the CDM by establishing an Executive Board and agreeing that until the entry into force of the *Kyoto Protocol*:

- (a) this Board should act as the Executive Board of the CDM and
- (b) the Conference of the Parties (COP) should act as the Conference of the Parties serving as the meeting of the Parties to the *Kyoto Protocol* (COP/MOP) as required by the Protocol and the *CDM modalities and procedures*.

Terms in alphabetical order:

“Attributable”: See “measurable and attributable”.

Baseline: The baseline for a CDM project activity is the scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases (GHG) that would occur in the absence of the proposed project activity. A baseline shall cover emissions from all gases, sectors and source categories listed in Annex A (of the *Kyoto Protocol*)

¹ In this glossary, the term “Party” is used as defined in the *Kyoto Protocol*: “Party” means, unless the context otherwise indicates, a Party to the Protocol. “Party included in Annex I” means a Party included in Annex I to the Convention, as may be amended, or a Party which has made a notification under Article 4, paragraph 2(g), of the Convention.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

within the project boundary. A baseline shall be deemed to reasonably represent the anthropogenic emissions by sources that would occur in the absence of the proposed project activity if it is derived using a baseline methodology referred to in paragraphs 37 and 38 of the *CDM modalities and procedures*.

Baseline approach: A baseline approach is the basis for a baseline methodology. The Executive Board agreed that the three approaches identified in sub-paragraphs 48 (a) to (c) of the *CDM modalities and procedures* be the only ones applicable to CDM project activities. They are:

Existing actual or historical emissions, as applicable; or

- Emissions from a technology that represents an economically attractive course of action, taking into account barriers to investment; or
- The average emissions of similar project activities undertaken in the previous five years, in similar social, economic, environmental and technological circumstances, and whose performance is among the top 20 per cent of their category.

Baseline methodology: A methodology is an application of an approach as defined in paragraph 48 of the *CDM modalities and procedures*, to an individual project activity, reflecting aspects such as sector and region. No methodology is excluded a priori so that project participants have the opportunity to propose a methodology. In considering paragraph 48, the Executive Board agreed that, in the two cases below, the following applies:

- (a) Case of a new methodology: In developing a baseline methodology, the first step is to identify the most appropriate approach for the project activity and then an applicable methodology;
- (b) Case of an approved methodology: In opting for an approved methodology, project participants have implicitly chosen an approach.

Baseline - new methodology: Project participants may propose a new baseline methodology established in a transparent and conservative manner. In developing a new baseline methodology, the first step is to identify the most appropriate approach for the project activity and then an applicable methodology. Project participants shall submit a proposal for a new methodology to a designated operational entity by forwarding the proposed methodology in a draft project design document (CDMPDD), including the description of the project activity and the identification of the project participants.

The proposed new methodology will be treated as follows: If the designated operational entity determines that it is a new methodology, it will forward, without further analysis, the documentation to the Executive Board. The Executive Board shall expeditiously, if possible at its next meeting but not later than four months review the proposed methodology. Once approved by the Executive Board it shall make the approved methodology publicly available along with any relevant guidance and the designated operational entity may proceed with the validation of the project activity and submit the project design document for registration. In the event that the COP/MOP requests the revision of an approved methodology, no CDM project activity may use this methodology. The project participants shall revise the methodology, as appropriate, taking into consideration any guidance received.

Baseline - approved methodology: A baseline methodology approved by the Executive Board is publicly available along with relevant guidance on the UNFCCC CDM website (<http://unfccc.int/cdm>) or through a written request sent to cdm-info@unfccc.int or Fax: 00 (49-228) 815-1999.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

Crediting period: The crediting period for a CDM project activity is the period for which reductions from the baseline are verified and certified by a designated operational entity for the purpose of issuance of certified emission reductions (CERs). Project participants shall choose the starting date of a crediting period to be after the date the first emission reductions are generated by the CDM project activity. A crediting period shall not extend beyond the operational lifetime of the project activity.

The project participants may choose between two options for the length of a crediting period:

- (i) Fixed crediting period or
- (ii) renewable crediting period, as defined in paragraph 49 (a) and (b) of the *CDM modalities and procedures*.

Crediting period - fixed (also fixed crediting period): "Fixed Crediting Period" is one of two options for determining the length of a crediting period. In the case of this option, the length and starting date of the period is determined once for a project activity with no possibility of renewal or extension once the project activity has been registered. The length of the period can be a maximum of ten years for a proposed CDM project activity. (paragraph 49 (b) of *CDM modalities and procedures*).

Crediting period - renewable (also renewable crediting period): "Renewable crediting period" is one of two options for determining the length of a crediting period. In the case of this option, a single crediting period may be of a maximum of seven years. The crediting period may be renewed at most two times (maximum 21 years), provided that, for each renewal, a designated operational entity determines that the original project baseline is still valid or has been updated taking account of new data, where applicable, and informs the Executive Board accordingly (paragraph 49 (a) of the *CDM modalities and procedures*). The starting date and length of the first crediting period has to be determined before registration.

Certification: Certification is the written assurance by the designated operational entity that, during a specified time period, a project activity achieved the reductions in anthropogenic emissions by sources of greenhouse gases (GHG) as verified.

Certified emission reductions (CERs): A certified emission reduction or CER is a unit issued pursuant to Article 12 and requirements there under, as well as the relevant provisions in the *CDM modalities and procedures*, and is equal to one metric tonne of carbon dioxide equivalent, calculated using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the *Kyoto Protocol*.

Conservative: See "Transparent and conservative".

Designated operational entity (DOE): An entity designated by the COP/MOP, based on the recommendation by the Executive Board, as qualified to validate proposed CDM project activities as well as verify and certify reductions in anthropogenic emissions by sources of greenhouse gases (GHG). A designated operational entity shall perform validation or verification and certification on the same CDM project activity. Upon request, the Executive Board may however allow a single DOE to perform all these functions within a single CDM project activity. COP at its eight session decided that the Executive Board may designate on a provisional basis operational entities (please refer to decision 21/CP.8).

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

Fixed Crediting Period: See crediting period - fixed.

Host Party: A Party not included in Annex I to the Convention on whose territory the CDM project activity is physically located. A project activity located in several countries has several host Parties. At the time of registration, a host Party shall meet the requirements for participation as defined in paragraphs 28 to 30 of the *CDM modalities and procedures*.

Issuance of certified emission reductions (CERs): Issuance of CERs refers to the instruction by the Executive Board to the CDM registry administrator to issue a specified quantity of CERs for a project activity into the pending account of the Executive Board in the CDM registry, in accordance with paragraph 66 and Appendix D of the CDM modalities and procedures. Upon issuance of CERs, the CDM registry administrator shall, in accordance with paragraph 66 of CDM modalities and procedures, promptly forward the CERs to the registry accounts of project participants involved, in accordance with their request, having deducted the quantity of CERs corresponding to the share of proceeds to cover administrative expenses for the Executive Board and to assist in meeting costs of adaptation for developing countries vulnerable to adverse impacts of climate change, respectively, in accordance with Article 12, paragraph 8, to the appropriate accounts in the CDM registry for the management of the share of proceeds.

Leakage: Leakage is defined as the net change of anthropogenic emissions by sources of greenhouse gases (GHG) which occurs outside the project boundary, and which is measurable and attributable to the CDM project activity.

Measurable and attributable: In an operational context, the terms measurable and attributable in paragraph 51 (project boundary) of the *CDM modalities and procedures* should be read as “which can be measured” and “directly attributable”, respectively.

Monitoring of a CDM project activity: Monitoring refers to the collection and archiving of all relevant data necessary for determining the baseline, measuring anthropogenic emissions by sources of greenhouse gases (GHG) within the project boundary of a CDM project activity and leakage, as applicable.

Monitoring methodology: A monitoring methodology refers to the method used by project participants for the collection and archiving of all relevant data necessary for the implementation of the monitoring plan.

Monitoring methodology - approved: A monitoring methodology approved by the Executive Board and made publicly available along with relevant guidance.

Monitoring methodology - new: Project participants may propose a new monitoring methodology. In developing a monitoring methodology, the first step is to identify the most appropriate methodology bearing in mind good monitoring practice in relevant sectors. Project participants shall submit a proposal for a new methodology to a designated operational entity by forwarding the proposed methodology described in a draft project design document (CDM-PDD), including a description of the project activity and identification of the project participants.

A new proposed methodology will be treated as follows: If the designated operational entity determines that it is a new methodology, it will forward, without further analysis, the documentation to the Executive Board. The Executive Board shall expeditiously, if possible at its next meeting but not later than four months review the proposed methodology. Once approved by the Executive Board it shall make the approved methodology publicly available along with any relevant guidance and the designated operational entity may proceed with the validation of the project activity and submit the project design document for registration. In the event that the COP/MOP requests the revision of an approved methodology, no CDM project activity may use this methodology. The project participants shall revise the methodology, as appropriate, taking into consideration any guidance received.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

Operational lifetime of a CDM project activity: It is defined as the period during which the CDM project activity is in operation. No crediting period shall end after the end of the operational lifetime (calculated as from starting date)

Project activity: A project activity is a measure, operation or an action that aims at reducing greenhouse gases (GHG) emissions. The *Kyoto Protocol* and the *CDM modalities and procedures* use the term “project activity” as opposed to “project”. A project activity could, therefore, be identical with or a component or aspect of a project undertaken or planned.

Project boundary: The project boundary shall encompass all anthropogenic emissions by sources of greenhouse gases (GHG) under the control of the project participants that are significant and reasonably attributable to the CDM project activity. The Panel on methodologies (Meth Panel) shall develop specific proposals for consideration by the Executive Board on how to operationalize the terms “under the control of”, “significant” and “reasonably attributable”, as contained in paragraph 52 and appendix C, paragraphs

(a) (iii) and (b) (vi) of the *CDM modalities and procedures*. Pending decisions by the Executive Board on these terms, project participants are invited to explain their interpretation of such terms when completing and submitting a project design document (CDM-PDD).

Project participants: In accordance with the use of the term project participant in the CDM modalities and procedures, a project participant is either a Party involved or, in accordance with paragraph 33 of the *CDM modalities and procedures*, a private and/or public entity authorized by a Party to participate, under the Party's responsibility, in CDM project activities.

Project participants are Parties or private and/or public entities that take decisions on the allocation of CERs from the project activity under consideration.

At registration, a statement signed by all project participants shall be provided clarifying the modalities of communicating with the Executive Board and the secretariat, in particular with regard to instructions regarding allocations of CERs at the point of issuance.

Renewable crediting period: See Crediting period - renewable

Stakeholders: Stakeholders mean the public, including individuals, groups or communities affected, or likely to be affected, by the proposed CDM project activity or actions leading to the implementation of such an activity.

Starting date of a CDM project activity: The starting date of a CDM project activity is the date at which the implementation or construction or real action of a project activity begins. Project activities starting as of the year 2000 (1 January 2000) and prior to the adoption of decision 17/CP.7 (10 November 2001) have to provide documentation, at the time of registration, showing that the starting date fell within this period.

Transparent and conservative: Establishing a baseline in a transparent and conservative manner (paragraph 45 (b) of the *CDM modalities and procedures*) means that assumptions are made explicitly and choices are substantiated.

In case of uncertainty regarding values of variables and parameters, the establishment of a baseline is considered conservative if the resulting projection of the baseline does not lead to an overestimation of emission reductions attributable to a CDM project activity (that is, in the case of doubt, values that generate a lower baseline projection shall be used).

GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM) PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC

Registration: Registration is the formal acceptance by the Executive Board of a validated project activity as a CDM project activity. Registration is the prerequisite for the verification, certification and issuance of CERs related to that project activity.

Validation: Validation is the process of independent evaluation of a project activity by a designated operational entity against the requirements of the CDM as set out in decision 17/CP.7 its annex and relevant decisions of the COP/MOP, on the basis of the project design document (CDM-PDD).

Verification: Verification is the periodic independent review and ex post determination by a designated operational entity of monitored reductions in anthropogenic emissions by sources of greenhouse gases (GHG) that have occurred as a result of a registered CDM project activity during the verification period. There is no prescribed length of the verification period. It shall, however, not be longer than the crediting period.

3 APPLICATION

Any project participant, a private and/or public entity authorized by a Party to participate, under the Party's responsibility, in CDM project activities, may apply to AENOR.

Any application for validation and proposing a new methodology, verification and certification of a CDM project activity shall follow the procedure below.

4 PROPOSING A NEW METHODOLOGY

Background

1. This procedure for the submission and consideration of proposed new methodologies which operationalize the provisions of paragraph 38 of the *CDM modalities and procedures*².
2. The *CDM modalities and procedures* stipulate that if a designated operational entity (DOE)³ determines that a proposed project activity intends to use a new baseline or monitoring methodology, it shall, prior to the submission for registration of this project activity, forward the proposed methodology to the Executive Board for review, i.e. consideration and approval, if appropriate.
3. The Executive Board shall expeditiously, if possible at its next meeting but not later than four months after the date of receipt of the proposed new methodology, review the proposed new methodology in accordance with the *CDM modalities and procedures*. Once approved by the Executive Board, it shall make the approved methodology publicly available and the designated operational entity may proceed with the validation of the project activity and submit the project design document (CDM-PDD) for registration.

Submission of a proposed new methodology

4. If project participants intend to propose a new baseline or monitoring methodology for consideration and approval by the Executive Board, they shall prepare a draft project design document (CDM-PDD) and as a minimum, complete sections A to E, including relevant annexes and send it to AENOR.
5. AENOR shall determine whether the draft project design document and relevant annexes have been completed in

² Paragraph 38 of the CDM modalities and procedures contained in the Annex to decision 17/CP.7 (please refer to document FCCC/CP/2001/13/Add.2).

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

accordance with relevant guidance by the Board and shall record in writing the conclusions. In case of accordance, AENOR shall forward, without further analysis, the proposed new methodology to the Executive Board for its consideration and approval, if appropriate. The draft CDM PDD shall be attached.

6. The secretariat shall forward the documentation to the Executive Board and the Meth Panel after having checked that the "CDM: Proposed new methodology form" has been duly filled by AENOR and documentation provided by AENOR is complete. The date of transmission to the Executive Board is to be considered as the date of receipt of a proposed new methodology by the Board.
7. At the same time, in accordance with the practice of the Executive Board to invite public input on technical documentation developed by the Executive Board and its panels, the secretariat shall make the proposed new methodology publicly available on the *UNFCCC CDM web site* and invite public inputs for a period of 15 working days. Public inputs on a proposed new methodology shall be made using the "Proposed new methodology - public comment form" (F-CDM-Nmpu). Comments shall be forwarded to the Meth Panel at the moment of receipt and made available to the public at the end of the 15 working day period.

Analysis/recommendation by the Meth Panel and consideration/approval by the Board

8. A proposed new methodology shall be available to the Meth Panel at least seven weeks prior to its next meeting. The secretariat shall make public, through the UNFCCC CDM web site, the date of a meeting and the corresponding deadline at least seven weeks prior to the meeting.
9. Whenever a proposed new methodology is submitted to the Meth Panel in accordance with paragraph 8 above, it shall analyze it and, if possible at its next meeting, make a recommendation regarding the approval of the proposed new methodology to the Executive Board.
10. The Meth Panel, taking into consideration public comments and the recommendations by the desk reviewers, shall prepare its preliminary recommendation regarding the approval of the proposed new methodology to the Executive Board.

Before preparing its preliminary recommendation, the Meth Panel may request, through the secretariat, and via AENOR, the project participants to make available additional technical information necessary to analyze the proposed new methodology within a deadline stipulated by the Chair of Meth Panel. Any additional technical information provided by project participants to the Meth Panel shall be made available to the Executive Board and to the public soon after its receipt by the secretariat.

The Meth Panel shall, through the secretariat, and via AENOR, forward its preliminary recommendation to project participants.

Within seven working days after the receipt of the preliminary recommendation of the Meth Panel by AENOR, the project participants may submit, via AENOR, clarifications to the Meth Panel, through the secretariat, on technical issues concerning the proposed new methodology raised in the preliminary recommendation by the Meth Panel.

Clarifications provided by the project participants shall be made available to the Executive Board and to the public soon after receipt by the secretariat.

If project participants do not provide any clarification related to the preliminary recommendation by the Meth Panel within the seven-day period or if the preliminary recommendation by the Meth Panel is in favour of

GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM) PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC

approving the proposed new methodology, it shall be considered as a final recommendation, be forwarded to the Executive Board and made publicly available.

If project participants provide clarifications related to the preliminary recommendation by the Meth Panel, the Meth Panel shall consider these clarifications at its next meeting and prepare its final recommendation to the Executive Board. The final recommendation shall be forwarded to the Executive Board and made publicly available.

11. The Executive Board shall consider a proposed new methodology at the next meeting following the receipt of the final recommendation regarding the approval of the proposed new methodology by the Meth Panel.

5 VALIDATION PROCEDURE FOR A CDM PROJECT ACTIVITY

Clarifications on validation requirements to be checked by a designated operational entity

1. Section G of the *CDM modalities and procedures* contains the provisions for validation and registration of CDM project activities. Paragraphs 37 to 40 provide, in particular, a list of requirements which a designated operational entity shall adhere to when validating a proposed project activity and submitting a request for registration to the Board. AENOR will apply the CDM Validation and Verification Standard in force as well as relevant requirement published in UNFCCC website. Paragraphs 53 and 54 of section H contains the provisions for the monitoring plan that shall be include in the PDD.
2. The Board agreed on the following additional clarifications on issues relating to validation requirements to be checked by a designated operational entity (DOE):
 - (a) Before entry into force of the *Kyoto Protocol*, all Parties to the Convention may participate in CDM project activities. In accordance with provisions of paragraphs 37 (a) and 40 (a) of the *CDM modalities and procedures*, the registration of a proposed CDM project activity can, however, only take place once approval letters are obtained from Parties to the Convention that have ratified the *Kyoto Protocol*;
 - (b) An invitation for comments by local stakeholders shall be made in an open and transparent manner, in a way that it facilitates comments to be received from local stakeholders and allows for a reasonable time for comments to be submitted. In this regard, project participants shall describe a project activity in a manner which allows the local stakeholders to understand the project activity, taking into account confidentiality provisions of the *CDM modalities and procedures*.

Validation procedure

3. The validation of a proposed CDM project activity shall follow the sequence of steps presented below:

Step 1³:AENOR is to check that validation requirements in paragraph 37 to 52 and monitoring requirements in paragraphs 53 and 54, of the CDM modalities and procedures, have been met. To carry out this duty, AENOR has to review the CDM project design document (CDM-PDD) and any supporting documentation (including ensuring that the baseline and monitoring methodologies used are approved by the EB).

³ (Note: the *CDM modalities and procedures* does not specify whether the written approval by designated national authorities (DNA) shall be obtained before or after steps 1 to 4 (see paragraphs 40 (a) and (f), 37 (a) and 28 to 30 of the *CDM modalities and procedures*).

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

Step 2: AENOR shall make publicly available the CDM-PDD and receive comments in accordance with *paragraphs 40 (b) and (c) of the CDM modalities and procedures*.

Step 3: After the deadline for receipt of comments, the project activity should be assessed by AENOR services and propose a resolution with respect to the validation.

On the basis of the validation report and the proposed resolution formulated by AENOR services, the Operational Director shall adopt one of the following decisions:

- To issue a positive validation opinion on the proposed project activity.
- To issue a negative validation opinion on the proposed project activity.

Step 4: AENOR shall inform project participants in writing of the decision adopted about the project activity. In the event that the validation opinion is negative, the reasons for such decision shall be specified.

Registration procedure

Step 5: Before submitting the request for registration, AENOR has to have received the written approval (s) referred to in paragraph 40 (a).

1. In accordance with paragraph 40 (f) of the *CDM modalities and procedures*, AENOR shall submit to the EB, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report. This shall include the project design document, the written approval of the host Party, and an explanation of how AENOR has taken due account of public comments received on the CDM-PDD.
2. AENOR shall submit its validation report to request for registration of a proposed project activity.
3. In order to ensure transparency and efficiency of the registration process:
 - (a) A request for registration will only be processed after the secretariat has determined that all information and documentation requested in the registration form has been provided by AENOR and it is complete (after completeness check and reporting and information check);
 - (b) The date of receipt of a request for registration is the date when the deposit of the registration fee indicated in the registration form has been received by the secretariat;
 - (d) Unless there is a request for review, the project activity will be registered by the EB and the corresponding proposed CDM project activity and related public documents recorded/displayed as registered.

6 VALIDATION PROCEDURE FOR A SMALL-SCALE CDM PROJECT ACTIVITY

Clarifications on additional and specific validation requirements to be checked by a designated operational entity

1. The procedure for validating small-scale CDM project activities follows the same five steps as the *validation procedure* described above, with the particularities and exceptions described in the following paragraphs.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

2. Section C of the *Simplified modalities and procedures for small-scale CDM project activities*, contains the provisions for Validation and registration of small-scale CDM project activities. Paragraphs 22 and 23 provide, in particular, a list of requirements which a DOE shall adhere to when validating a proposed small-scale project activity and submitting a request for registration to the board.
3. Small-scale CDM project activities shall follow the stages of the project cycle specified in the modalities and procedures for a clean development mechanism contained in the annex to *CDM modalities and procedures*. In order to reduce transaction costs modalities and procedures are simplified for small-scale CDM project activities, as follows:
 - (a) Project activities may be bundled or portfolio bundled at the following stages in the project cycle: the project design document, validation, registration, monitoring, verification and certification. The size of the total bundle should not exceed the limits stipulated in paragraph 6 (c) of *CDM modalities and procedures*;
 - (b) The requirements for the project design document are reduced;
 - (c) Baselines methodologies by project category are simplified to reduce the cost of developing a project baseline;
 - (d) Monitoring plans are simplified, including simplified monitoring requirements, to reduce monitoring costs;
 - (e) The same operational entity may undertake validation, and verification and certification.
4. Simplified baseline and monitoring methodologies have been developed for 14 small-scale CDM project activity categories related to types (i) to (iii)⁴. They are presented in *appendix B*. This list shall not preclude other types of small-scale CDM project activities. If a proposed small-scale CDM project activity does not fall into any of the categories in *appendix B*, the project participants may submit a request to the Executive Board for approval of a simplified baseline and/or monitoring plan developed bearing in mind provisions in paragraph 16 of the *Simplified modalities and procedures for small-scale CDM project activities*.
5. The *CDM modalities and procedures* shall apply to small-scale CDM project activities except for its paragraphs 37 to 60. Paragraphs 12 to 39 of the *Simplified modalities and procedures for small-scale CDM project activities*, apply instead.

7 VERIFICATION AND CERTIFICATION PROCEDURE FOR A CDM AND SMALL-SCALE CDM PROJECT ACTIVITY

Based on Section I of the *CDM modalities and procedures* and on Section D of the *Simplified modalities and procedures for small-scale CDM project activities*.

Clarifications on verification and certification requirements to be checked by a designated operational entity.

- 1 Section I of the *CDM modalities and procedures*, contains the provisions for verification and certification of CDM and small-scale CDM project activities. This section provides a list of requirements, which a DOE shall adhere to when verifying a registered project activity and certifying its anthropogenic emissions reduction.

⁴ Type (i): Renewable energy project activities with a maximum output capacity equivalent of up to 15 megawatts (or an appropriate equivalent); Type (ii): Energy efficiency improvement project activities which reduce energy consumption, on the supply and/or demand side, by up to the equivalent of 15 gigawatthours per year; and Type (iii): Other project activities that both reduce anthropogenic emissions by sources and directly emit less than 15 kilotonnes of carbon dioxide equivalent annually.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

- 2 Section H of the *CDM modalities and procedures*, contains the provisions for monitoring a CDM project activity. Section D of the *Simplified modalities and procedures for small-scale CDM project activities*, contains the provisions for monitoring a small-scale CDM project activity. The monitoring plan, included in the registered PDD or SSC-PDD, shall be implemented and revised prior to the application for verification and certification.
- 3 The project participants shall provide AENOR with a monitoring report in accordance with the registered monitoring plan set out in paragraph 53 of the *CDM modalities and procedures*, or in paragraphs 32, 33 and 34 of the *Simplified modalities and procedures for small-scale CDM project activities*.

Verification and certification procedure

- 4 In accordance with the provisions on confidentiality in paragraph 27(h) of the *CDM modalities and procedures*, AENOR shall make the monitoring report publicly available, and shall:
 - a) Determine whether the project documentation provided is in accordance with the requirements of the registered project design document and relevant provisions of the *CDM modalities and procedures* or the *Simplified modalities and procedures for small-scale CDM project activities*, and relevant decisions of the COP/MOP;
 - b) Conduct on-site inspections, as appropriate, that may comprise, inter alia, a review of performance records, interviews with project participants and local stakeholders, collection of measurements, observation of established practices and testing of the accuracy of monitoring equipment;
 - c) If appropriate, use additional data from other sources;
 - d) Review monitoring results and verify that the monitoring methodologies for the estimation of reductions in anthropogenic emissions by sources have been applied correctly and their documentation is complete and transparent;
 - f) Determine the reductions in anthropogenic emissions by sources of greenhouse gases that would not have occurred in the absence of the CDM project activity, based on the data and information derived under subparagraph (a) above and obtained under subparagraph (b) and/or (c) above, as appropriate, using calculation procedures consistent with those contained in the registered PDD and in the monitoring plan;
 - g) Identify and inform the project participants of any concerns related to the conformity of the project activity and its operation with the registered PDD.

Project participants shall address the concerns and supply relevant additional information;
 - h) Provide a verification report to the project participants, the Parties involved and the executive board. The report shall be made publicly available.
- 5 AENOR shall, based on its verification report, certify in writing that during the specified time period, the project activity achieved the verified amount of reductions in anthropogenic emissions by sources of greenhouse gases that would not have occurred in the absence of the CDM or small-scale CDM project activity. It shall inform the project participants, Parties involved and the executive board of its certification decision in writing immediately upon completion of the certification process and make the certification report publicly available.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

8 CREDITING PERIOD THE REDUCTIONS IN EMISSIONS BY SOURCES OF GHG

Based on Sections G, H and I of the *CDM modalities and procedures* and on Section C of the *Simplified modalities and procedures for small-scale CDM project activities*.

1. Project participants shall select a crediting period for a proposed project activity from one of the following alternative approaches:
 - a) A maximum of seven years which may be renewed at most two times, provided that, for each renewal, AENOR shall determine and inform the executive board that the original project baseline is still valid or has been updated taking account of new data where applicable; or
 - b) A maximum of ten years with no option of renewal.
2. Periodic verifications of the monitored reductions in anthropogenic emissions by sources of GHG that have occurred as a result of the registered CDM project activity certified, must be conducted on a yearly basis.
3. The procedure for these periodic verifications is the same as the verification and certification procedure, described above.

9 ISSUANCE OF CERTIFIED EMISSIONS REDUCTIONS

Based on Sections J of the *CDM modalities and procedures*.

The certification report shall constitute a request for issuance to the Executive Board (EB) of CERs equal to the verified amount of reductions of anthropogenic emissions by sources of GHG, determined in a yearly basis. Procedure for the issuance of certified emissions reductions is described in section J of the *CDM modalities and procedures*.

10 COMMITMENTS

The Project participants in the CDM project activity are hereby committed to:

1. Maintain the monitoring system while the Crediting period.
2. Provide AENOR's verification team access to the documents relating to the project activity and the monitoring System and to the facilities where the activities covered by the project are carried out. The company management and any persons co-operating directly therewith must be approachable by AENOR's verification team during verification.
3. Inform AENOR's verification team of any events considered being relevant to the monitoring System assessment and to facilitate their work at all times.
4. To make all payments corresponding to the expenses derived from validation, or verification and certification
5. During the validation or verification process, notify AENOR in writing of:
 - a) Any CDM project activity modifications.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

- b) Changes in the company's legal status or corporate name.
- c) Relocation of the facilities where activities related to the CDM project activity are carried out.

11 COMPLAINTS, DISPUTES AND APPEALS

Complaints handling

A complaint is the formal (written) and/or informal (verbal) expressions of dissatisfaction regarding the performance of a DOE in relation to its CDM function(s), from any source, such as the CDM client's organization (CDM PP), the general public or its representatives, government bodies, NGOs, etc.

AENOR has made available a specific e-mail address in its website to make the procedure of sending complaints easier. It can be accessed in AENOR website in section "Certification-Environment" through the following link:

http://www.en.aenor.es/aenor/certificacion/mambiente/medio_ambiente.asp

The procedure to send complaints is included in option "Clean Development Mechanism projects" in the section "Contact us".

CDM PPs, general public or its representatives, government bodies, NGOs, etc. may send complaints through the following communication channels:

- e-mail address: cdm.kyoto@aeon.es,
- fax number +34913190581,
- address: AENOR, Génova 6, 28004 Madrid (Spain).

Verbal complaints shall be communicated to any member of the Climate Change Unit. In this case the complainant will be requested to provide a written authorization in advance, using any of the channels mentioned above, for recording the conversation.

Verbal and written complaints will be communicated to the CDM Quality Manager by any member of the Climate Change Unit who may have received it.

The CDM Quality Manager will check the mailbox cdm.kyoto@aeon.es daily in order to identify any complaint that may have been received. The CDM Quality Technician will assist the CDM Quality Manager in this task.

Any complaint that is received through these communication channels shall be acknowledged by the CDM Quality Manager in a period of ten working days according to the laboral calendar in Madrid. In the absence of the CDM Quality Manager, the Technology coordinator shall acknowledge its reception.

A reasoned answer shall be sent to the complainant within twenty working days after the date of the acknowledge of its reception, according to the following provisions.

Nevertheless the complaint has a technical nature or not, it will be analysed by members of the Climate Change Unit. A team shall be appointed by the Technology Coordinator or the Operational Director in order to gather and analyse all necessary information to answer and solve the complaint. Members appointed to handle the complaint shall be different from those who carried out the validation or verification/certification activities. Validators, Verifiers, Team leaders, the CDM Quality Manager and the Technology Coordinator may be part of the team that analyses the

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

complaint. The team will collect all the information necessary and will prepare a reasoned answer. The Technology Coordinator or the CDM Quality Manager will send the reasoned answer to the complainant. The motives or causes will be analysed and it will be evaluated if the complaint is valid and related to work for which AENOR is responsible, as well as the actions to be taken.

If the result of the analysis is a non-compliance with the requirements, a corrective action related to the Quality Management System of AENOR shall be raised and managed by the CDM Quality Manager or the Technology Coordinator.

During the complete process the identity of the complainant and details of the complaint are to be kept confidential.

The CDM Quality Manager will inform the Quality and Social Responsibility Department to record the complaint in the Quality Management database. This record will be coded as follows:

DD / XXX – YY

Where XXX is a correlative number

YY are the two last numbers of the current year

This record will adjust to the format RG-CA/003 "General record for incidents".

The format shall include the following information:

- Person and entity that has received or detected the complaint (incident) and date.
- External entity affected
- Type of complaint: on writing or verbally communicated.
- Analysis of what happened.
- Activity that has been affected.
- Identification of causes, (why it had happened?)
- Actions to be taken, responsible person and proposed date:
 - Immediate actions carried out to manage non conformities (if applicable)
 - Corrective actions carried out to avoid recurrence of non conformities (if applicable)

If a corrective/preventive action is necessary it will be managed and recorded. The root cause analysis shall be done in order to define the adequate corrective/preventive action.

The Technology coordinator is responsible for monitoring the correct implementation of the actions taken and its effectiveness.

The Quality and Social Responsibility Department is the final responsible for the monitoring of the correct handling of complaints.

The records shall be kept by the Quality and Social Responsibility Department for 5 years.

. The confidentiality of the complainant and the subject of the complaint shall be safeguarded during the whole process.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

Disputes handling.

A dispute is defined as a disagreement between a DOE and the project participant (PP) regarding the DOE's recommendation and/or opinions/decisions made at various stages during the validation and/or verification/certification functions.

AENOR has made available a specific e-mail address in its website to make the communication easier to send information about disputes. It can be accessed in AENOR website in section "Certification-Environment" through the following link:

http://www.en.aenor.es/aenor/certificacion/mambiente/medio_ambiente.asp

The procedure for handling disputes is included in option "Clean Development Mechanism projects" in the section "Contact us".

PPs may send disputes through the following communication channels:

- e-mail address: cdm.kyoto@aeon.es,
- fax number +34913190581,
- address: AENOR, Génova 6, 28004 Madrid (Spain).

The CDM Quality Manager will check the mailbox cdm.kyoto@aeon.es daily in order to identify any dispute that may have been received. The CDM Quality Technician will assist the CDM Quality Manager in this task.

Any dispute will be communicated to the CDM Quality Manager by any member of the Climate Change Unit who may have received it.

Any dispute shall be acknowledged by the CDM Quality Manager or the Technology Coordinator in a period of ten working days according to the laboral calendar in Madrid. In the absence of the CDM Quality Manager, the Technology coordinator shall acknowledge its reception.

A reasoned answer shall be sent to the disputant within twenty working days after the date of the acknowledge of its reception according to the following provisions.

A team shall be appointed by the Technology Coordinator or the Operational Director in order to gather and analyse all necessary information to answer and solve the dispute. Members from the Climate Change Unit appointed to handle the dispute shall be different from those who carried out the validation or verification/certification activities. Validators, Verifiers, Team leaders, the CDM Quality Manager and the Technology Coordinator may be part of the team that analyses the dispute. The team will collect all the information necessary and prepare a reasoned answer. The Technology Coordinator or the CDM Quality Manager will send the reasoned answer to the disputant. The motives or causes will be analysed and it will be evaluated if the dispute is valid and related to work for which AENOR is responsible, as well as the actions to be taken.

If the result of the analysis is a non-compliance with the requirements, a corrective action related to the Quality Management System of AENOR shall be raised and managed by the CDM Quality Manager or the Technology Coordinator.

The CDM Quality Manager will inform the Quality and Environmental Department to record the dispute in the Quality Management database. This record will be coded as follows:

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

DD / XXX – YY

Where XXX is a correlative number

YY are the two last numbers of the current year

This record will adjust to the format RG-CA/003 “General record for incidents”.

The format shall include the following information:

- Person and entity that has received or detected the dispute (incident) and date.
- External entity affected (project participant)
- Type of dispute: on writing or verbally communicated.
- Analysis of what happened.
- Activity that has been affected.
- Identification of causes, (why it had happened?)
- Actions to be taken, responsible person and proposed date:
 - Immediate actions carried out to manage and solve the dispute (if applicable)
 - Corrective actions carried out to avoid recurrence of a non conformity detected (if applicable)

If a corrective/preventive action is necessary it will be managed and recorded. The root cause analysis shall be done in order to define the adequate corrective/preventive action.

The Technology coordinator is responsible for monitoring the correct implementation of the actions taken and its effectiveness.

The Quality and Social Responsibility Department is the final responsible for the monitoring of the correct handling of disputes.

The records shall be kept by the Quality and Social Responsibility Department for 5 years.

The confidentiality of disputes and the subject of the dispute shall be safeguarded during the whole process.

Appeals handling.

An appeal is defined as follows: A CDM client organization’s (CDM PP) request for a review by an independent appeal panel of various decisions taken by a DOE in respect of validation and/or verification/certification functions.

AENOR has made available a specific e-mail address in its website to make the communication easier to send information about appeals. It can be accessed in AENOR website in section “Certification-Environment” through the following link:

http://www.en.aenor.es/aenor/certificacion/mambiente/medio_ambiente.asp

The procedure for handling appeals is included in option “Clean Development Mechanism projects” in the section “Contact us”.

PPs may send appeals through the following communication channels:

- e-mail address: cdm.kyoto@aeonr.es

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

- fax number +34913190581,
- address: AENOR, Génova 6, 28004 Madrid (Spain).

The CDM Quality Manager will check the mailbox cdm.kyoto@aenor.es daily in order to identify any appeal that may have been received. The CDM Quality Technician will assist the CDM Quality Manager in this task.

Any communication related to appeals shall be acknowledged in a period of ten working days according to the labor calendar in Madrid, by the CDM Quality Manager or the Technology Coordinator

Any member of the Climate Change Unit that receives a communication related to an appeal shall communicate it to the CDM Quality Manager and/or the Technology Coordinator and they will inform the Legal Department and the Quality and Social Responsibility Department. . They will assess the validity of the appeal. Subsequently it will be sent to the General Director and the Appeals Committee by the Quality Management Director.

The Appeals Committee is composed of Vice President of AENOR, four elected members from the Board of Directors, and the General Manager of AENOR.

The members of the Appeals Committee are not involved in any CDM activity including taking decisions regarding validation and verification of CDM project activities, so they have no conflict of interest with the appeal in any way. All members of the Appeals Committee shall sign an impartiality agreement. In the case a member of the Committee has a conflict of interest with the appeal, he/she will not participate in the process.

The Appeals Committee will gather all necessary information or will require it to the staff involved in validation/verification/certification work. The Committee has the right to hear the explanations from a witness and/or consult with external technical experts and/or take any measure and/or any actions, including arranging meetings as necessary to make right decision. The appellant shall be notified of the date of the meeting that will be held within 30 working days of the date of the appeal receipt.

Taking into account all the relevant information, the Appeals Committee shall judge the appeal with fairness by using a simple majority rule voting process. The submission, investigation and decision on appeals shall not result in any discriminatory actions against the appellant.

If feasible, the appellant shall be informed about the progress on appeal investigation before the process is finished.

Once the Committee has taken a decision, it will prepare a report to be sent to the Board of Directors final approval in their next meeting. The General Manager shall notify the final decision to the appellant within 10 working days from the date of final decision by the Board of Directors.

The members of the Appeal Panel shall hold in confidentiality all information generated during the appeal process related to the appellant's business/organization and the subject of the appeal.

In case the appellant is not satisfied with the decision of the Appeals Committee, the CDM Quality Manager shall inform the appellant that it has an option of complaining to the CDM EB.

If the result of the analysis is a non-compliance with the requirements, a corrective action related to the Quality Management System of AENOR shall be raised by the CDM Quality Manager or the Technology Coordinator.

The CDM Quality Manager will inform the Quality and Social Responsibility Department for recording the appeal in the Quality Management database. This record will be coded as follows:

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

DD / XXX – YY

Where XXX is a correlative number

YY are the two last numbers of the current year

This record will adjust to the format RG-CA/003 “General record for incidents”.

The format shall include the following information:

- Person and entity that has received the appeal (incident) and date.
- External entity affected (project participant)
- Communication channel used to send the appeal.
- Analysis of what happened.
- Activity that has been affected.
- Identification of causes, (why it had happened?)
- Actions to be taken, responsible person and proposed date:
 - Immediate actions carried out to manage and solve the appeal (if applicable)
 - Corrective actions carried out to avoid recurrence of a non conformity detected (if applicable)

If a corrective/preventive action is necessary it will be managed and recorded. The root cause analysis shall be done in order to define the adequate corrective/preventive action.

The Technology coordinator is responsible for monitoring the correct implementation of the actions taken and its effectiveness.

The Quality and Social Responsibility Department is the final responsible for the monitoring of the correct handling of corrective actions related to appeals.

The records shall be kept by the Quality and Social Responsibility Department for 5 years.

12 CONFIDENTIALITY

- 1 All companies' information, data and documents to which AENOR may have access during the validation or verification and certification of the CDM project activity, is treated confidentially and such information, data or documents are used exclusively for the validation or verification and certification purposes stipulated in these Regulations.
- 2 AENOR may show the contents of its files to comply mandating 27 (h) of the *CDM modalities and procedures*. AENOR may, also, show it to UNFCCC for accreditation purposes for producing documentary evidence of compliance with these Regulations.

13 PUBLICITY

AENOR shall publish the list of project activities validated or verified and certified

14 FINANCIAL CONDITIONS

- 1 AENOR will inform about its prices for validation, verification and/or any other related activity to any project proponent/project participant that submits the adequate request and information.

**GENERAL RULES FOR VALIDATION, VERIFICATION AND CERTIFICATION OF A CLEAN DEVELOPMENT MECHANISM (CDM)
PROJECT ACTIVITY AGAINST THE REQUIREMENTS OF UNFCCC**

- 2 The price of the service does not include any cost generated from any extraordinary activity necessary for the validation or verification, unless a particular agreement is reached.

15 RECOGNITION AGREEMENTS

According to the “procedure for accrediting operational entities by the CDM Executive Board recognition agreements with other bodies (organizations) is not applicable to this activity.

16 AMENDMENTS

Any revision of this document shall be made publicly available on AENOR website.