Small-Scale CDM & Bundling: Criteria, Advantages & Status
Need for Small-Scale CDM

- introduced by CDM EB to encourage the development of smaller CDM projects
- typically would have been less attractive in terms of the volume of CERs generated relative to transaction costs
- can utilise simplified modalities and procedures
- do not require the rigorous and expensive approval and assessment processes as required for larger scale projects
Types & Criteria for Small scale CDM (SSC) projects

- **Type I**: Renewable energy project activities with a maximum output capacity of 15 MW (or an appropriate equivalent)

- **Type II**: Energy efficiency improvement project activities which reduce energy consumption, on the supply and/or demand side, limited to those with a maximum output of 60 GWh per year

- **Type III**: Other project activities limited to those that result in emission reductions of less than or equal to 60 kt CO2 equivalent annually
<table>
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<th>Project types</th>
<th>Project categories</th>
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<tr>
<td><strong>Type (i): Renewable energy projects</strong></td>
<td>A. Electricity generation by the user/household</td>
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<td>B. Mechanical energy for the user/enterprise</td>
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<td>C. Thermal energy for the user</td>
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<td>D. Electricity generation for a system</td>
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<td><strong>Type (ii): Energy efficiency</strong></td>
<td>E. Supply-side energy efficiency improvements - transmission and distribution activities</td>
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<td>improvement projects</td>
<td>F. Supply-side energy efficiency improvements - generation</td>
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<td>G. Demand-side energy efficiency programmes for specific technologies</td>
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<td>H. Energy efficiency and fuel switching measures for industrial facilities</td>
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<td>I. Energy efficiency and fuel switching measures for buildings</td>
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<td><strong>Type (iii): Other project activities</strong></td>
<td>J. Agriculture</td>
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<td>K. Switching fossil fuels</td>
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<td>L. Emission reductions in the transport sector</td>
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<td>M. Methane recovery</td>
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Advantages of SSC Projects

- Simplified modalities and procedures. The SSC projects:
  - Be bundled or portfolio bundled
  - Use a simplified project design document (CDM-SSC-PDD)
  - Use simplified baseline methodologies
  - Use simplified monitoring plans with reduced monitoring requirements
  - Engage the same designated operational entity (DOE) to undertake validation, verification and certification
Additionality for SSC Projects

- Small-scale projects must demonstrate that they would not be implemented in the absence of CDM registration because of one or more barriers.

- The attachment A to Appendix B of the SSC modalities and procedures corresponds to the list of barriers to be used in order to demonstrate that a small scale project activity would not have occurred otherwise (i.e. is additional).
What is Bundling?

- Bringing together of several SSC project activities, to form a single CDM project activity or portfolio without the loss of distinctive characteristics of each project activity.

- Project activities in a bundle can be divided into a series of sub-bundles.

- Project activities within a sub-bundle belong to the same type.

- Has limits: 15MW for power (small scale project activity limits), same technology etc.
Role of Bundling Organisation

Simply an intermediary between project developer/owner and the CER buyer
Functions of Bundling Organisation

Bundling Projects

- GHG offsets (tCO₂)
- Payment

Validation, verification, PDD

Bundling organisation

Payment

CER buyers

Grant/Funds

ODA, Government, NGOs etc.

Financial Institution

Loan

Repayment

Payment ($)
General Characteristics of Bundling

- Indicate intention to bundle when making the request for registration.
- The composition of bundles shall not change over time.
- All project activities in the bundle shall have the same crediting period.
- At registration provide a written statement indicating agreement of all PPs to bundle their individual project activities and the proposed bundling agency who represents all PPs in order to communicate with the EB.
THANK YOU