

- IHA alongside other Forum members has been raising awareness about the Hydropower Sustainability Assessment Forum in an EU working group on implementation of the EU Linking Directive.
- *Background information:* The EU-ETS Linking Directive regulates access for hydropower Clean Development Mechanism (CDM) credits to the European Trading System. Article 11b 6 of the Directive requires EU Member States to ensure that relevant international criteria and guidelines, including those contained in the World Commission on Dams (WCD) Report, are respected during the development of such project activities. The EU has however not provided guidance as to how compliance with the Directive should be assessed or documented, and different EU countries have undertaken very different approaches in implementation. A group of EU Member States is therefore attempting to develop guidance for a harmonized approach towards implementing the Linking Directive.
- The EU working group has put forward a framework for compliance reporting, which draws from the WCD report, but in IHA's opinion fails to operationalise it further. IHA was invited to comment on the draft and submitted comments, as did other Forum members, such as the Government of Norway and WWF.
- In the comment, IHA raised awareness about the ongoing Forum process and proposed to the EU working group to consider adopting as a future permanent solution the enhanced Protocol resulting from the Hydropower Sustainability Assessment Forum in 2009.
- In reaction, the coordinator of the EU Directorate-General Environment, who is the Coordinator of the EU working group, sent a letter to IHA (see attached). In the letter, the EU Commission expresses support to the process of the Forum on behalf of the members of the working group, and an interest to learn more about the Forum as well as to discuss pathways towards use of the Protocol as an assessment tool for CDM hydropower projects to be admitted into the European Trading System.
- It would greatly increase the significance of the future enhanced Protocol if it were used as an assessment tool for CDM hydropower projects to be admitted into the European Trading System.

Recommended action

- Invite the coordinator or another representative of the EU working group to Forum meeting 4 (days 1 and 2) in order to discuss potentials of using the future enhanced Protocol as an assessment tool for CDM hydropower projects.

Attachment: Letter from the EU Commission, Directorate-General Environment



EUROPEAN COMMISSION
DIRECTORATE-GENERAL
ENVIRONMENT
Directorate C - Climate Change & Air
ENV.C.2 - Market based instruments including Greenhouse gas emissions trading

Brussels, **16 JUL. 2008**
ENV/C2/MC/vn ARES(2008) 14783

Mr Richard M. Taylor, F.E.I.
Executive Director
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Dear Mr Taylor,

In reference to the comments your Association and other stakeholders submitted to the draft Compliance report template and non-paper containing guidelines on the implementation of Article 11b (6), I would like to inform you that in the course of a discussion within the ad hoc group on harmonisation of implementation of Article 11b (6) on 3 July, the members of the group expressed support to the process of creating a versatile and up-to-date assessment tool for large hydro power projects that is carried out by the Hydropower Sustainability Assessment Forum (HSAF).

Member States are interested in a widespread use of an assessment protocol that would espouse values endorsed by the Linking Directive, especially in relation to the large hydropower projects. The template prepared by them is still being improved to serve as a tool enabling harmonisation sought after by the Member States and expected by stakeholders. Members of the group have nevertheless appreciated the technical expertise of the HSAF and are encouraged by the endorsement of the HSAF activity by a range of stakeholders.

Ultimately, it will be for the Climate Change Committee to agree to further course of action but the ad hoc group intends to recommend that the Commission and interested Member States contribute to the HSAF process so that new IHA guidelines could be also used as an assessment tool for CDM hydro projects approved by Member States. The ad hoc group is now incorporating some of the proposed changes to the compliance report template and the non-paper and intends to send the resulting revised compliance report template to you and other stakeholders for your information within the next few weeks.

I would appreciate if you could contact the group through Ms Marzena Chodor at the Commission in order to discuss how the HSAF process on this issue will be taken forward.

Yours sincerely,

Yvon Slingenberg