ID number is 56729614481-69

To whom it may concern

ELIGIBILITY RESTRICTIONS

- We support the much discussed restriction on the use of industrial gas credits after 30/4/2013.
- 'Industrial gases' in our view are HFC destruction and N2O (from adipic acid production) destruction. We believe N2O destruction from fertiliser facilities and dynamite production should stay eligible, as there are no perverse incentives for the gas' production in these areas of industrial activity
- This restriction should mean, in our view, that ALL such restricted credits should be presented for compliance by 30 April 2013, and should not be allowed to be banked beyond that date into Phase3.
- Arguments from some proponents, of continued unrestricted use of these credits up to the end of the project crediting period to avoid 'regulatory uncertainty' are specious. This is because regulatory uncertainty exists in anycase for Chinese CDM projects (from which the vast majority of industrial gas offsets originate) because in any case all Chinese projects require a new letter of Approval after 2012. So to that extent, regulatory uncertainty was already there.
- Restriction on the use of such credits will allow space for the use of more environmentally additional projects, and thus avoid criticism from countries outside the ETS, most notably the USA
- For eligibility restrictions, we encorage the use of a 'negative' list, rather than a 'positive' list. This is because a positive list needs maintaining and updating as new methodolgies are developed. We urge the commission to make this list clear as soon as possible, because there exists in the market something of a hiatus right now, due to uncertainty around this issue
- We would like to see any qualitative rules implemented at latest by the end of 2012, to avoid market uncertainty and consequent volatility

OFFSET DESIGN & USAGE

- One of the EU's stated aims has been to encourage the REDD mechanism so as to help prevent the climate impacts of deforestation. This would also help meet the aims of the Convention on Biodiversity, which 27 European Member States have signed up to.
- This could be done within the ETS by insisting that a certain percentage of a company's offsets presented for compliance should come from REDD projects.
- By doing this a separate market mechanism would be created for REDD credits which gave REDD some real value (as opposed to voluntary value) whilst not materially reducing the value of other CDM projects, whose pricing would effectively be 'ring fenced' from REDD
- Such usage might make more sense as and when the EU decides to move towardss a 30% reduction target on 1990 levels, rather than the existing 20%.

Kind regards,

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