



Annex 7

CLARIFICATIONS ON PROCEDURES AND DOCUMENTATION WHICH NEED TO BE USED FOR THE RENEWAL OF A CREDITING PERIOD

1. The Board continued considering the procedures and documentation which need to be used for the renewal of a crediting period and agreed that at the start of the second and third crediting period for a project activity, two issues need to be addressed: (a) assessing the continued validity of the baseline, and (b) updating the baseline.

A. Assessing the continued validity of the baseline

2. The DOE shall verify whether the baseline scenario chosen is still the most likely scenario, using the approved methodology for the project activity.

3. The DOE shall verify whether the project activity still generates lower emissions than the revised project baseline emissions. If the revised baseline emissions are lower than the project activity emissions, the project is automatically non-additional and will not generate any emission reductions.

4. A change in the relevant national and/or sectoral regulations between two crediting periods has to be examined at the start of the new crediting period. If at the start of the project activity, the project activity was not mandated by regulations, but at the start of the second or third crediting period regulations are in place that enforce the practice or norms or technologies that are used by the project activity, the new regulation (formulated after the registration of the project activity) has to be examined to determine if it applies to existing plants or not. If the new regulation applies to existing CDM project activities, the baseline has to be reviewed and, if the regulation is binding, the baseline for the project activity should take this into account. This assessment will be undertaken by the verifying DOE.

B. Updating the baseline

5. For updating the baseline at the start of the second and third crediting period, there shall be no change in the methodology for determining the baseline emissions. However, new data available will be used to revise the baseline emissions. For example, if the “average of 3 most recent years data” was used to determine the baseline emissions for the first crediting period, the baseline shall be updated using the average for the 3 most recent years prior to the start of the subsequent crediting period.

6. In the case of baselines where emission factors are determined ex ante (and not updated during a crediting period), the baseline emissions factor shall be updated for the subsequent crediting period. This shall not be necessary for baselines which are constantly updated. In both cases, the CDM project activities are not included in the revised estimation of the baseline emissions.

7. Project participants shall assess and incorporate the impact of new regulations on baseline emissions. The DOE shall verify this.