

Information note

Remarks on the “Draft framework for the establishment of sector specific standardized baselines”

I. Background

The Meth Panel reviewed the document “Draft framework for the establishment of sector specific standardized baselines” (hereafter referred to as the draft framework), as presented by the secretariat. Although the overall outcome of the review was generally positive, a number of questions were raised.

II. On the status of the document

The Meth Panel shares the view expressed in the draft framework that it is useful to develop guidelines for the development and assessment of standardized baselines. Such guidelines can greatly support the decision making process on standardized baselines by helping to achieve consistency, equal treatment of cases and explaining the logic of the methodological concepts behind standardized baseline methodologies.

The Meth Panel also believes that the current document provides many good concepts and ideas which should be part of the guidelines. The Meth Panel shares the notion in the draft framework that it is not intended to be exhaustive and it does not prescribe these approaches as mandatory. The proposed framework provides one valuable approach to standardized baselines, however other approaches that are not necessarily structured around fuel use and technology, but other project characteristics may or may not be more suitable for some sectors. Standardized baselines are a new and innovative concept, and in many cases may require fundamentally different approaches for their development compared to the project-based approach to baselines.

The Meth Panel therefore believes that it is prudent to keep this document as a living document that can be updated while it is being implemented, as methodological lessons are learnt by various stakeholders on the usefulness of standardized baselines. For example, lessons could be learnt from the process of developing the “Guidelines for demonstrating additionality of micro-scale renewable energy and energy efficiency projects”. Based on feedback from the Board, the Small-Scale Working Group made a technical assessment of these guidelines and raised a number of methodological questions which needed to be further addressed before these guidelines could become operational. Such questions included issues such as a more detailed definition of the term “technology”; clarification of project boundary; time periods for which data need to be reported; criteria for documentation and verification of provided data.

Based on this review made by the Small-scale Working Group, the Meth Panel could well imagine that the experiences to be gained with the implementation of the guidelines will provide very valuable ongoing lessons for the draft framework. It would also be useful to initiate in parallel a thought experiment/simulation in various sectors, (e.g. steel, cement, industrial gas destruction) and for different types of projects, (e.g. projects that combine different elements, such as avoidance of landfill methane and generation of electricity) to have a more concrete idea on how this framework can be implemented and on how it can be enhanced while being implemented.

The Meth Panel is of the opinion that the proposed framework in its current form is a promising starting point but may not provide the complete criteria that would allow for a comprehensive and unambiguous assessment of a wide range of standardized baselines that might be submitted.

The Meth Panel identifies the following as next steps:

- To further analyse other approaches to standardized baselines, in particularly taking into account all relevant experience that will be made in the actual implementation of this framework (e.g. data availability, definition of technologies, etc.);
- To encourage DNAs and other stakeholders to submit standardized baselines based on the proposed framework and on other approaches;
- To further refine and expand the draft framework into a comprehensive framework that allows the assessment of submitted standardized baselines based on the experiences gained with developing standardized baselines.

III. Overview of initial issues and questions raised

While the Meth Panel considered the draft framework the following questions were, inter alia, raised by individual members of the Meth Panel in the initial discussions:

- The draft framework requires the determination of baseline emission intensities for fuels and technologies. From the document it is not clear how this is to be established in an objective way. What is the suggested guidance on this to DNAs?
- In Sections A and B reference is made to benchmarks made on emissions per output. In these methodologies, how should benchmarks be defined for products where outputs have different qualities? How are emissions allocated in the case of plants producing various outputs or outputs of different qualities? Often data is only available on an (aggregate) sector level (e.g. “food industry”) that has been derived top-down from national totals using modelling, there are only a few countries where reliable actual (bottom-up) data on fuel shares is available on the required level of disaggregation. This is particularly relevant for sectors such as agriculture, housing, small and medium enterprises and rural areas;
- In case of use of less accurate data due to the lack of availability or the simplification embedded in the draft framework process, how will environmental integrity and conservativeness be taken into account and at what level will decisions be made?
- Does using a specific vintage for the technology address the problem raised of discrimination between existing and new installations? What vintage should be used and how could one substantiate that choice? Would the draft framework also be applicable to retrofits projects which improve a high emitting technology to a less emitting one, but fall short of the benchmark (e.g. efficiency improvement in coal power)?
- How would one calculate the cost per unit of output in a standardized fashion when costs are often plant or location specific and can change over time?
- Deciding on the levels of X and Y will be the task of the Board. Given that it may be difficult for the Board to reach consensus on this issue, is it possible to suggest objective criteria to determine these values? Similarly, is there useful guidance on how to differentiate between X and Y, Xa and Xb, Ya and Yb? How frequently should these values be revised?
- Taking into account that this approach is meant to be only applicable to sectors (i.e. in terms of the availability of alternative technologies and/or fuel), to what extent is data available across such sectors and what sources can be used to access that data?
- What capacity, at the level of DNAs, is required in order to meet the requirements of the draft framework?

History of the document

Version	Date	Nature of revision
01	EB 62, Annex # 15 July 2011	To be considered at EB 62.
Decision Class: Operational Document Type: Information note Business Function: Methodology		