

UNFCCC

WORKSHOP REPORT

Title of meeting:	UNFCCC Practitioners Workshop “Standards for baseline scenario identification and baseline emissions calculation”
Dates:	4 - 5 March 2011
Location:	Bonn
<p>Objective / purpose of the workshop: At its 58th meeting (November 2010), the CDM Executive Board (CDM EB) agreed to invite public comments on the “Tool for baseline scenario identification and baseline emission calculations” including the three documents :</p> <ul style="list-style-type: none"> • "Draft tool for baseline identification"; • "Draft tool for baseline emission calculation"; • "Draft tool for the determination of the most attractive alternative of a CDM project component". <p>The practitioners workshop had the purpose to discuss the draft tools, considering the inputs received from the public call.</p>	
<p>Summary / key outcomes:</p> <p><u>DAY 1:</u></p> <p><u>Module 1: "Standards for baseline scenario identification and baseline emission calculations":</u> (i) Why? Background and purpose of the standards; (ii) What? Contents of the standards; and (iii) How? Using the standards.</p> <p>The Secretariat clarified that the use of the term “tool” for the documents could lead to misunderstandings and thus proposed the term “Baseline Standard” (BLS), or “Baseline Framework”(BF). The BLS/BF would be placed in the hierarchy of decisions directly below CMP decisions and above methodologies.</p> <p>The purpose of the BLS/BF would be to guide new baseline methodology submissions and the revision of existing methodologies. Moreover, the BLS/BF may be used to guide the CDM EB when assessing standardized baselines (SBL). The BLS/BF would ensure consistency among methodologies, give guidance on how to choose the aggregation level of benchmarks, align the baseline emissions with the baseline scenario and cover the issue of suppressed demand.</p> <p>The Secretariat also clarified that the BLS/BF was not developed as a response to decision 3/CMP.6 on standardized baselines as its development started well before CMP 6.</p> <p><u>Module 2: Stakeholders points of view.</u></p> <p>Most stakeholders supported an optional nature of the BLS/BF.</p> <p>Several stakeholders (inter alia the Project Developer Forum and the World Bank) stated that the BLS/BF should not be pursued in its current form. According to the Project Developer Forum, it would “substantially distract resources at a key stage of CDM development”. Before engaging in improving the BLS/BF, an assessment of its costs and benefits should be made. The World Bank proposed a pilot application of the BLS/BF to specific methodologies before deciding on its final form.</p> <p>Stakeholders feared that the work needed to improve the BLS/BF would negatively impact on the development of standardized baselines. In this context, stakeholders noted the short time remaining before the end of 2012 and proposed to distinguish priorities for this period and for the period after 2012.</p>	

The Project Developer Forum proposed to focus on the following four fields:

- o Benchmarks that include additionality determination;
- o Deemed savings;
- o Positive list for additionality; and
- o Model-based baselines for building efficiency and city-wide approaches

The World Bank proposed further to focus on default factors for suppressed demand and stressed that standardized baselines should include additionality determination.

The Designated Operational Entities and Independent Entities Association requested to avoid ambiguity regarding combinations of methodological approaches (Methodological Approaches for Baseline Setting (MABS)) and called for accompanying guidance. Several questions were asked in their presentation: Who would validate benchmarks? At which point of time, and how? How often and by whom should benchmarks be updated?

Due to the request by stakeholders not to limit the discussions in the breakout groups to the BLS/BF but to discuss whether the BLS/BF or other approaches to standardization would be more appropriate, the scope of the groups was expanded. The revised scope of the working groups included the discussion of the following three questions:

1. What are the needs and priorities for the work in baselines in the short and long term?
2. What should be the scope, content and purpose of a baseline guidance document?
3. Could such guidance be useful to develop standardized baselines?

DAY 2:

Module 1: Breakout groups

Working Group 1 proposed to differentiate between a BLS/BF (“machine”) containing overarching principles aiming to improve the consistency of methodologies and standardized baselines (“output”) which are developed applying the principles defined in the BLS/BF. The pre-2013 priority should be to improve CDM access for underrepresented countries and project types and to avoid changes to approved methodologies. Designated National Authorities should have an important role in developing criteria for standardized baselines and in applying them, but for doing this capacity building is required. In the long term, a move towards standardized baselines is needed, approved methodologies should be improved, and knowledge should be organized. To achieve the long-term objectives, parallel work should be undertaken on the BLS/BF and standardized baselines. Project developers should be allowed to choose between (conservative) standardized baselines and project-specific baseline methodologies, without negative impacts on environmental integrity.

Working Group 2 agreed that the short term priority should be standardize baselines, starting with default factors or positive lists, with opinions differing as on which approach to focus. In parallel, a process on issues relevant in the long-term should be started, this include developing benchmarks and a baseline guidance document which would be applicable not only to the CDM but also to new market mechanisms. This guidance document should concentrate on principles and be open for new project types. It should include best practice examples and not aim to develop a detailed decision tree for baseline setting. Thus, it should not include equations. As an explanatory document for methodology developers and regulators, the guidance document should not lead to the revision of existing methodologies. Further, it should not stall the development of standardized baselines. New terminology should be minimized and defined in sufficient detail to avoid controversies in its application. An appropriate structure would be to start specifying the document’s scope, followed by definitions and general principles for baseline determination. Subsequently, specific guidance on project types / baseline building blocks / MABS should be

provided. The merits of MABS should be compared to other baseline typologies e.g. derived from UNEP Risoe types. Eventually, separate building blocks should be developed that could serve as inputs for different methodologies instead of aiming at an all-encompassing BLS/BF.

Working Group 3 agreed that the BLS/BF should not disturb work of project proponents. The group did not see any major issues with baseline scenario identification that would require a BLS/BF. As specifying a standardized baseline is a political task, the group did not see a contribution of the BLS/BF to standardized baselines. In the short term it was proposed to check existing methodologies for specific problems. The experience of existing registered projects should be analyzed to elaborate long term solutions. Methodologically, the group found the approach to define generic baseline approaches useful but cautioned that a project's investment decision could not be divided in components. It stated that the use of the project service level may cover the technical aspect of suppressed demand. In the plenary, it was stressed by stakeholders that suppressed demand has many facets that go beyond project service level and that the current draft of the BLS/BF does not address these.

Follow-up action / Next steps:

The Secretariat proposed to start the work on standardized baselines and not to revise approved methodologies in the next 2 years based on the proposed BLS/BF.

The workshop report will be put on the UNFCCC website and be discussed at the 48th meeting of the Meth Panel, followed by a presentation by the Secretariat on the BLS/BF at EB 60, taking into account the discussions in the workshop.

The Secretariat notified stakeholders that it plans a practitioner workshop on CDM methodologies in June which could include a module on innovative approaches for additionality determination.

Annex I : Participants List

24 CDM stakeholders, 13 Meth Panel members and 4 EB members attended the workshop. Among the participants, two individuals and four institutions that made a submission were represented, i.e. more than half of the 11 stakeholders that submitted public comments on the draft standards.

"Standards for baseline scenario identification and baseline emission calculations"

4 - 5 March 2011

Wissenschaftszentrum

Bonn, Germany

Organisation	Name
UNEP Risoe	Joergen Fenhann
UNDP	Alexandra Soezer
International Chamber of Commerce	Andrei Marcu
World Bank	Felicity Spors
South Pole Carbon Asset Management and Stockholm Environmental Institute	Anja Kollmuss
Perpectives Climate Change	Axel Michaelowa
PD Forum	Gareth Phillips
Orbeo	Vincent Layec
Carbon Resource Management	Christiaan Vrolijk
Booz and Company	Rob Fowler
Atmosphere Alternative	Jessica Wade-Murphy
Tricorona	Tatiana Boldyreva
First Climate	Mischa Classen
CDM Watch	Eva Filzmoser
Perspectives GmbH	Marc André Marr
Tüv Süd	Javier Castro
DNV	Hendrik Brinks
SGS UK	Alicia Fernandez
DIA	Werner Betzenbichler
Inter-American Development Bank	Maria Netto
Federal University of Rio de Janiero	Francisco Arango
CAF	Roberto Schaeffer
Ethan Bio-Fuels Ltd.	Camilo Rojas Garcia
EB members	Ambachew F. Admassie
	Philip Gwage
	Lex de Jonge
	Akihiro Kuroki
	Hussein Badarin
Meth Panel members	
	Dinesh Aggarwal
	Jean-Jacques Becker
	Felix Dayo
	Alex Dunn
	Luis de la Torre
	Juerg Fuessler
	Sanjay Mande
	Jan-Willem Martens
	Jaime Martin
	Pablo Mello e Souza Fernandez
	A.K. Perumal
	Braulio Pikman
	Ciska Terblanche

Annex II: Agenda

DAY 1 Friday 4 March 2011			
8:00 - 9:00	Registration		
9.15 - 9.30	Opening remarks		Moderator: Lambert Schneider, <i>UNFCCC</i> Philip M. Gwage, <i>Chair of the Methodologies Panel</i>
9.30 - 10.00	"Standards for baseline scenario identification and baseline emission calculations": (i) Why? Background and purpose of the standards; (ii) What? Contents of the standards; and (iii) How? Using the standards		Massamba Thioye, <i>UNFCCC Secretariat</i>
10.00-10.30	Q&A		
10.30 - 11.00	Assessment of the public inputs received. Ways to move forward.		Axel Michaelowa, <i>Perspectives</i>
11.00 - 11.30	Coffee break		
11.30 - 12.30	Stakeholders points of view: <ul style="list-style-type: none"> • Designated Operational Entities; • Project proponents; • Other stakeholders. 		Werner Betzenbichler, <i>Designated Operational Entities and Independent Entities Association</i> Gareth Phillips, <i>Project Developer Forum</i> Felicity Spors, <i>World Bank</i>
12.30 - 14.00	Lunch		
Split Session: Working Groups			
14.00 - 15.30	Should the tools function as mandatory umbrella or voluntary add-on to existing methodologies? - Moderator: Maria Netto, <i>Inter-American Development Bank</i>	How can the structure and presentation of the tools be improved? - Moderator: Axel Michaelowa, <i>Perspectives</i>	How can critical methodological issues be tackled? - Moderator: Jean-Jacques Becker, <i>Meth Panel member</i>
15.30 - 16.00	Coffee break		
16.00 - 17.30	Should the tools function as mandatory umbrella or voluntary add-on to existing methodologies? (contd.) - Moderator: Maria Netto, <i>Inter-American Development Bank</i>	How can the structure and presentation of the tools be improved? (contd.) - Moderator: Axel Michaelowa, <i>Perspectives</i>	How can critical methodological issues be tackled? (contd.) - Moderator: Jean-Jacques Becker, <i>Meth Panel member</i>

DAY 2 Saturday 5 March 2011		
9.30 - 10.30	Reporting on the working groups: 1. Should the tools function as mandatory umbrella or voluntary add-on to existing methodologies?; 2. How can the structure and presentation of the tools be improved?; 3. How can critical methodological issues be tackled?	Moderator: Veronica Colerio, <i>UNFCCC</i> Maria Netto, <i>Inter-American Development Bank</i> Axel Michaelowa, <i>Perspectives</i> Jean-Jacques Becker, <i>Meth Panel member.</i>
10.30 - 11.00	Q&A - Discussions	
11.00 - 11.30	Coffee break	
11.30 - 12.30	Wrap-up: Roundtable on the way forward	Moderator: Maria Netto, <i>Inter-American Development Bank</i> Massamba Thioye, <i>UNFCCC Secretariat</i> Axel Michaelowa, <i>Perspectives</i> Werner Betzenbichler, <i>Designated Operational Entities and Independent Entities Association</i> Gareth Phillips, <i>Project Developer Forum</i> Felicity Spors, <i>World Bank</i>
12.30 - 12.45	Closing	Philip M. Gwage, <i>Chair of the Meth Panel</i>