

Recommendations based on the practitioners workshop on the draft “Tool for baseline scenario identification and baseline emission calculations”**Mandate**

1. The Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) requested the secretariat to open a call for public inputs from 1 December 2010 to 12 January 2011 on the draft “Tool for baseline scenario identification and baseline emission calculations” and to organize a workshop with relevant stakeholders with the view to discuss this tool. The Board also requested the Meth Panel to consider the outcome of the workshop and to make a recommendation on this matter to the Board at a future meeting.

Recommendation by the Meth Panel

2. Following the mandate contained in paragraph 23 of the report from fifty-eighth meeting of the Board the Meth Panel considered the outcome of the practitioners workshop on the draft “Tool for baseline scenario identification and baseline emission calculations” and agreed to make the following recommendations on this matter to the Board:

Recommendation 1: The draft “Tool for baseline scenario identification and baseline emission calculations”

3. The Meth Panel recommends to prepare a background document on the CDM baseline framework. The purpose of this document would be to reflect lessons learned in the CDM baseline methodology development and highlight the overarching principles and approaches which have been applied behind CDM baseline methodologies. It should explain to stakeholders the rationale of the concepts used in baseline methodologies, e.g. the distinction between existing plants and greenfield plants, capping of baseline emissions, monitoring standards used, inclusion or exclusion of baseline alternatives for the demonstration of additionality. The document will help to organize and synthesize the knowledge embedded in existing baseline methodologies, allow for consistency among them and make the knowledge accessible and more understandable to a wider audience. An additional benefit is that such a document may also serve as input for new project and/or sector based mechanisms which may be developed in a post 2012 situation. While aiming to be comprehensive, the document should not aim to be exhaustive, but rather focus on categorizing the various baseline methodology approaches used in CDM methodologies. The Methodological Approaches for Baselines Setting (MABS) developed in the draft tools for the determination of the most attractive alternative of a CDM project component and baseline emissions calculations as prepared by the secretariat will provide a useful starting point.

Recommendation 2: The development of standardized baselines

4. Given the CMP request on developing standardized baselines, the Meth Panel recommends the Board to highlight this activity as one of the priorities for the Meth Panel for this year. An initial work plan on the development of standardized baselines could include the following activities:

- (a) Review and analyze literature on different approaches for standardized baselines such as default factors, national/sectoral benchmarks, performance benchmarks, technology tests and positive lists;
- (b) Review and analyze the availability of detailed, aggregate or proxy data in various sectors, countries and project categories to understand data gaps which may hinder the development of standardized baselines;
- (c) Consider strategies and solutions to solve lack of data including establishing contacts with other international organizations such as the World Bank, UNDP, UNEP,

OECD/IEA, regional development banks and international industry associations. Also consider engaging with designated national authorities (DNAs) to discuss data availability and data collection strategies in their respective countries;

- (d) Approach and work with DNAs to gauge interest to participate in pilot methodologies while having a special focus for those countries that have less than 10 CDM projects

Recommendation 3: The continuous improvement of approved CDM methodologies

5. The Meth Panel notes the importance CDM stakeholders at the workshop attach to improving consistency, improving usability and further simplification of the existing CDM methodologies and monitoring guidance, while at the same time no major changes to approaches in approved methodologies should be applied in the short term. The stakeholders recommended to start systematic reviews of experience with CDM methodologies during validation, request for reviews during registration and request for reviews during issuance. The lessons learnt from such reviews could highlight flaws, inconsistencies or excessive data requirements in CDM baseline methodologies.

6. The Meth Panel agreed that recommendations 2 and 3 are of higher priority than recommendation 1.

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