

## Information note

### Use of methodologies under programmes of activities (PoAs)

#### (Version 01.0)

#### I. Background

1. At its sixty-fifth meeting, the Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) approved the “Standard for the demonstration of additionality, development of eligibility criteria and application of multiple methodologies for programme of activities” and the “Standard for sampling and surveys for CDM project activities and a programme of activities”.
2. At its sixty-third meeting, the Board also requested the Methodologies Panel (MP) to review the large-scale methodologies and assess whether additional requirements are needed within these methodologies, in the context of their use under PoA, for consideration of the Board at a future meeting.
3. At its sixty-sixth meeting, the Board considered an information note “Review of large scale methodologies for their application to PoAs”, prepared by the MP at its fifty-fourth meeting. The Board requested the MP to provide specific recommendation on the methodologies that:
  - (a) Are not eligible to be used by PoAs and the issues that prevent those methodologies to be used by PoAs;
  - (b) Are eligible to be used by PoA without additional requirements;
  - (c) Need additional requirements to be used in the context of PoA and the rationale for this classification.

#### II. Guidance required from the Board

4. In assessing and revising methodologies to incorporate guidance on PoAs, the MP identified a policy issue on which it seeks guidance from the Board.
5. The concept of PoAs provides for two types of simplifications for CDM project activities which both may reduce transaction costs:
  - (a) Methodological simplifications (e.g. translating the requirements for additionality in the methodology into eligibility criteria for CPA inclusion);
  - (b) Procedural simplifications (e.g. simplified procedures for the inclusion of CPAs into a registered PoA compared to the registration of a CDM project activity).
6. In the case of large-scale methodologies, the relevant methodological simplification is the demonstration of additionality: the PoA standard, referred to above, requires that for the inclusion of CPAs into a PoA, additionality shall be translated into eligibility criteria that are, in turn, derived from all relevant requirements contained in the additionality section of the relevant methodologies.
7. The MP identified that in the case of some large-scale methodologies it is not possible to provide such eligibility criteria for CPA inclusion. This can apply if the included activities are not sufficiently homogenous activities and each activity is different in nature. For example, in the case of AM0031 the parameters needed for the demonstration of additionality (CERs per

annum and annual operating and maintenance costs) are very project specific and it may not be possible to derive generic eligibility criteria to demonstrate additionality.<sup>1</sup> The MP seeks policy guidance from the Board whether in such a case:

- (a) The methodology shall not be applicable to PoAs;
- (b) The methodology shall be applicable to PoAs and apply the full requirements for demonstrating additionality as contained in the methodology to each CPA instead of deriving eligibility criteria as required in the PoA standard. In this case, the methodology would specify that the full procedure for demonstrating additionality, as provided in the methodology, shall be applied.

8. Approach (b) would provide for a greater use of PoAs than approach (a). Approach (b) is also used in a number of programmes of activities currently under validation. Approach (b) would, however, not result in any methodological simplifications, but only in procedural simplifications. These could result in less scrutiny in the assessment of project activities due to simplified procedures for the inclusion of CPAs into a registered PoA compared to the registration of a CDM project activity. This may be particularly relevant for project activities that generate large volumes of emission reductions.

- - - - -

#### History of the document

Version	Date	Nature of revision
01.0	20 July 2012	EB 68, Annex # To be considered at EB 68.
<b>Decision Class:</b> Regulatory <b>Document Type:</b> Information note <b>Business Function:</b> Methodology		

<sup>1</sup> In the methodology AM0031, project activities in Least Developed Countries (LDCs) are deemed to be automatically additional.