

DRAFT
CLEAN DEVELOPMENT MECHANISM
PROPOSED NEW METHODOLOGY: BASELINE (F-CDM-PDD-NMB)
First Version (Ver 01) (in effect as of: XX Month 2003)

Introductory Note

1. A strong link between baseline and monitoring methodologies is to be provided. New baseline and monitoring methodologies shall be proposed and approved together.
2. This form “Proposed New Methodology: Baseline” (F-CDM-PDD-NMB) is to be used to propose a new baseline methodology. This form shall fully and completely describe the methodology. A CDM-PDD, which is to be attached, demonstrates the application of a proposed new methodology to a project activity (see para. 7 below).
3. This form can be obtained electronically from the UNFCCC CDM web site (<http://unfccc.int/cdm>), by e-mail (cdm-info@unfccc.int) or in printed format from the UNFCCC secretariat (Fax: +49-228-8151999).
4. *Explanations* for project participants are in italics.
5. Terms which are underlined with a broken line are explained in the “CDM PDD Glossary of Terms”. It is recommended that before or during the completion of the form that project participants consult the most recent version of the “CDM-PDD Glossary of Terms”. They should also consult the section “Guidance – clarifications” available on the UNFCCC CDM web site (<http://unfccc.int/cdm>) or from the UNFCCC secretariat by e-mail (cdm-info@unfccc.int) or in print (Fax: +49-228-815-1999).
6. The Executive Board may revise this form, if necessary. Revisions shall not affect proposed new methodologies submitted on or prior to the date on which a revised version of the form for “proposed new methodology: baseline” enters into effect. Versions of this form shall be consecutively numbered and dated.
7. This form “Proposed New Methodology: Baseline” shall be submitted to the Executive Board in accordance with “Procedures for submission and consideration of a proposed new methodology”. For the most recent version of the procedures, please refer to procedures page of the UNFCCC CDM web site (<http://unfccc.int/cdm>). This form should be accompanied by:
 - (i) “CDM-Proposed New Methodology Form” (F-CDM-PNM);
 - (ii) “Proposed New Methodology: Monitoring Form” (F-CDM-PDD-NMM);
 - (iii) “Project Design Document (CDM-PDD)” with sections A-E completed, in order to demonstrate the application of the proposed new methodology to a proposed project activity.The most recent versions of these forms may be obtained from the “forms” section of the UNFCCC CDM web site (<http://unfccc.int/cdm>) or from the UNFCCC secretariat by e-mail (cdm-info@unfccc.int) or in print via fax (+49-228-815 1999).
8. Each proposed new baseline methodology should use a separate “Proposed New Methodology: Baseline” form and “CDM-Proposed New Methodology Form” (F-CDM-PNM). **Proposed New**

Methodology: Baseline” forms for several new methodologies may be submitted together with the same CDM-PDD for several components of a proposed project.

9. This form should be completed without modifying its format, headings, font or logo.
10. In accordance with the CDM M&P, the working language of the Board is English. The form “Proposed New Methodology: Baseline” shall therefore be submitted in English to the Executive Board. However, the form will be available on the UNFCCC CDM web site for consultation in all six official languages of the United Nations.
11. For additional guidance on aspects to be covered in the description of a new methodology, please refer to guidance and clarifications by the Executive Board in the “guidance – clarifications” section of the UNFCCC CDM web site and the “CDM PDD Glossary of Terms”.

Comment by the Meth Panel: The Meth Panel could recommend to the EB drafts for definitions for the CDM-PDD glossary for the following terms: Baseline scenario, baseline emissions.

General instructions:

(The baseline for a CDM project activity is the scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases that would occur in the absence of the proposed project activity. A baseline shall cover emissions from all gases, sectors and source categories listed in Annex A of the Kyoto Protocol within the project boundary. The general characteristics of a baseline are contained in paragraphs 45 to 47 of the CDM M&P.

When drafting a proposed new baseline methodology, project participants shall follow the following steps:

(a) Choose and justify why one of the baseline approaches listed in paragraph 48 of the CDM M&P is considered to be the most appropriate;

(b) Elaborate a proposal for a new baseline methodology. A baseline methodology is an application of the selected baseline approach contained in paragraphs 48 (a) to (c) of the CDM modalities and procedures to an individual project activity, reflecting aspects such as sector, technology and region. The Executive Board agreed that no methodology is to be excluded a priori so that project participants have the opportunity to propose any methodology which they consider appropriate. The project participant shall take into account guidance by the Board on aspects to be covered by a methodology (please see guidance and clarifications by the Executive Board on the “Guidance – clarifications” web page of the UNFCCC CDM web site);

(c) Describe the proposed new methodology using the forms for “Proposed New Methodology: Baseline” (F-CDM-PDD-NMB) and “Proposed New Methodology: Monitoring” (F-CDM-PDD-NMM) taking into account guidance given by the Executive Board as well as the information provided in the CDM PDD Glossary of Terms; and Demonstrate the applicability of the proposed methodology, and, implicitly, that of the approach, to a project activity by providing relevant information in sections A-E of a draft CDM-PDD.

In accordance with guidance provided by the Executive Board, the proposed new baseline methodology shall include, inter alia, the following:

- (a) A basis for determining the baseline scenario:*

- An explanation of how the baseline **scenario** is chosen, taking into account paragraph 45 (e) of the CDM M&P;
 - An underlying rationale for algorithm/formulae (e.g. marginal vs. average.) **used in the baseline methodology**;
 - An Explanation of how, through the methodology, it is demonstrated that a project activity is additional and, therefore, not the baseline scenario (section B.4 of the CDM-PDD **form**);
- (b) Formulae/algorithms which shall specify:
- The type of variables used (e.g. fuel(s) used, fuel consumption rates, etc.);
 - The spatial level of data (local, regional, national, etc.);
 - The project boundary (gases and sources included, physical delineation);
 - The vintage of data (relative to project crediting period);
- (c) The data sources and assumptions:
- Where the data are obtained (official statistics, expert judgement, proprietary data, IPCC, commercial and scientific literature, etc.);
 - The assumptions used;
 - Clearly specify data requirements and sources, as well as procedures to be followed if expected data are unavailable. For instance, the methodology could point to a preferred data source (e.g. national statistics for the past 5 years), and indicate a priority order for use of additional data (e.g. using longer time series) and/or fall back data sources to preferred sources (e.g. private, international statistics, etc.). Use International System Units (SI units – refer to http://www.bipm.fr/enus/3_SI/si.html).

All algorithms, formulae, and step-by-step procedures for applying the methodology shall be included in completing this form for “Proposed New Methodology: Baseline”. The completed form “shall provide stand-alone replicable methodologies, and avoid reference to any secondary documents.

Proposals should be written in a concise and clear manner. Important procedures and concepts should be supported by equations and diagrams. Non-essential information should be avoided. Information which is related to the application of the proposed new methodology for a project activity may be footnoted for illustrative purposes.

Project participants shall refrain from providing glossaries or using key terminology not used in the documents of the Conference of the Parties (COP) or the CDM glossary and refrain from rewriting the instructions on the form.

1. Identification of methodology

1.1. Proposed methodology title:

(Provide an unambiguous title for a proposed methodology. Avoid project-specific titles. The title, once approved, should allow project participants to get an indication of the applicability of an approved methodology.)

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1.2. List of category(ies) of project activity to which the methodology may apply (optional):

(Using the list of categories of project activities and of registered CDM project activities by category available on the UNFCCC CDM web site, please specify the category(ies) of project activities for which this proposed new methodology may be used. If no suitable category(ies) of project activities can be identified, please suggest a new category(ies) descriptor and its definition, being guided by relevant information on the UNFCCC CDM web site.)

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1.3. Conditions under which the methodology is applicable to CDM project activities:

(e.g. circumstances, region, data availability, resource availability)

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2. Overall summary description:

(Summary description of the proposed new methodology. Provide information on how baseline emissions are determined. Provide step by step instructions for the baseline methodology, including how through the methodology, it can be demonstrated that a project activity is additional and therefore not the baseline scenario (detailed explanation of the methodology to be provided in section 6 below)

(Max 1 page.)

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3. Choice of and justification as to why one of the approaches listed in paragraph 48 of CDM M&P is considered to be the most appropriate:

3.1. General baseline approach:

(Please check a single option)

? Existing actual or historical emissions, as applicable;

? Emissions from a technology that represents an economically attractive course of action, taking into account barriers to investment;

? The average emissions of similar project activities undertaken in the previous five years, in similar social, economic, environmental and technological circumstances, and whose performance is among the top 20 per cent of their category. *When checking this baseline approach kindly refer to additional guidance provide by the Executive Board – (see guidance and clarifications by the Executive Board on the “Guidance – clarifications” web page of the UNFCCC CDM web site).*

3.2. Justification of why the approach chosen in 3.1 above is considered the most appropriate:

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4. Explanation and justification of the proposed new baseline methodology:

(In accordance with the guidance of the Executive Board, a proposed new methodology shall explain how a project activity using the methodology can demonstrate that it is additional, that is, different from the baseline scenario. Project participants shall therefore describe how to develop the baseline scenario and “how the baseline methodology addresses...the determination of whether the project is additional.” In addition, the methodology shall provide elements to calculate the emissions of the baseline. The project participants shall ensure consistency between the elaboration of the baseline scenario and the procedure and formulae to calculate the emissions of the baseline.)

4.1. Explanation of how the methodology determines the baseline scenario (that is, indicate the scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases that would occur in the absence of the proposed project activity):

(Please state the basic assumptions of the baseline methodology and describe the key analytical steps that should be followed in determining the baseline scenario. Describe how the methodology determines the most likely scenario – the baseline scenario— from among the plausible scenario alternatives.)

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4.2. Criteria used in developing the proposed baseline methodology

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4.3. Explanation of how, through the methodology, it can be demonstrated that a project activity is additional and therefore not the baseline scenario (section B.4 of the CDM-PDD form):

(Paragraph 43 of the CDM modalities and procedures stipulates that a CDM project activity is additional if its emissions are below those of its baseline (see guidance by the EB at its fifth meeting). “The baseline for a CDM project activity is the scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases that would occur in the absence of the proposed project activity” (paragraph 44 CDM M&P).)

(Please follow a step approach: (1) a description of the baseline scenario determined by applying the methodology, (2) a description of the project activity (unless the most plausible scenario is determined to be the project itself), (3) a demonstration why the project activity would not occur in the baseline scenario and (4) a mitigation analysis showing why the GHG emissions in the baseline scenario would likely exceed GHG emissions in the project scenario. Describe formulae used to calculate emissions in baseline scenario and in the proposed project. (Please report estimates of emission reductions in Section E))

(Types of tools that may be used to demonstrate that a project activity is additional, and therefore, not the baseline scenario include, among others:

(a) A flow-chart or series of questions that lead to a narrowing of potential baseline scenario options;

(b) A qualitative or quantitative assessment of different potential baseline scenarios and an indication of why the non-project option is more likely;

(c) A qualitative or quantitative assessment of one or more barriers facing the proposed project activity (such as those laid out for small-scale CDM project activity, (see Appendix B of the

simplified modalities and procedures for small-scale CDM project activities - <http://cdm.unfccc.int/pac/howto/SmallScalePA/index.html>);

(d) An indication that the project type is not common practice (for example it occurs in less than [$<x\%$] of similar cases) in the proposed area of implementation, and is not required by a Party's legislation/regulations (this indication is not sufficient by itself to indicate that a project activity is additional)

Any tools used shall be developed so as to be applicable to the project activity. More than one tool may often be necessary. If more than one tool is developed please indicate: (i) whether answers are needed to all, (ii) in which order tools should be applied, and (iii) what the additionality assessment is if different tools give different answers).

(Please also include information on algorithms and formulae, if used.)

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4.4. How national and/or sectoral policies and circumstances can be taken into account by the methodology:

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4.5. Project boundary (gases and sources included, physical delineation):

(Please describe and justify the project boundary bearing in mind that it shall encompass all anthropogenic emissions by sources of greenhouse gases under the control of the project participants that are significant and reasonably attributable to the project activity. Please describe and justify which gases and sources included in Annex A of the Kyoto Protocol are included in the boundary and outside the boundary.)

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4.6. Elaborate and justify formulae/algorithms used to determine the baseline scenario. Variables, fixed parameters and values have to be reported (e.g. fuel(s) used, fuel consumption rates).

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4.7. Elaborate and justify formulae/algorithms used to determine the emissions from the project activity. Variables, fixed parameters and values have to be reported (e.g. fuel(s) used, fuel consumption rates).

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4.8. Description of how the baseline methodology addresses any potential leakage of the project activity:

(Please note: Leakage is defined as the net change of anthropogenic emissions by sources of greenhouse gases which occurs outside the project boundary and which is measurable and attributable to the CDM project activity.)

(Please explain how leakage is to be estimated ex-ante and indicate in the monitoring methodology form (CDM-PDD-NMM) how it is to be monitored ex-post. Explain if leakage will be assumed or calculated either as a relative amount (i.e. percentage) of the total emission reductions due to the project activity or as an absolute amount of emissions. Please describe algorithms, data, information and assumptions and provide the total estimate of leakage. Also include formulae and algorithms to be used in section E of the CDM-PDD attached.)

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4.9. Elaborate and justify formulae/algorithms used to determine the emissions reductions from the project activity. Variables, fixed parameters and values have to be reported (e.g. fuel(s) used, fuel consumption rates):

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5. Data sources and assumptions:

5.1. Describe parameters and or assumptions (including emission factors and activity levels):

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5.2. List of data used indicating sources (e.g. official statistics, expert judgement, proprietary data, IPCC, commercial and scientific literature) and precise references and justify the appropriateness of the choice of such data

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5.3. Vintage of data (e.g. relative to starting date of the project activity):

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5.4. Spatial level of data (local, regional, national):

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6. Assessment of uncertainties (Sensitivity to key factors and assumptions):

(Please highlight any factors and assumptions that would have a significant impact on the baseline and/or the calculation of baseline emission levels and how uncertainty related to those assumptions and factors are to be addressed.)

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7. Explanation of how the baseline methodology was developed in a transparent and conservative manner

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