

Inputs on the "Draft guidelines for determination of baseline and additionality thresholds for standardized baselines using the performance-penetration approach"

Views submitted by the World Bank

World Bank welcomes the opportunity to contribute inputs on the above topic. We would like to bring following aspects on the draft guidelines for your consideration.

- The performance penetration approach assumes that technologies are either homogenous or comparable. In situation with a range of technologies that have specific requirements for implementation, the relevance of performance penetration approach becomes limited. Therefore, it is necessary to outline the criteria, conditions and sectors in which performance penetration approach is relevant.
- The identification of poor performers primarily based on energy intensity data without considering the technology options available to them, the barriers they face, and the characteristics of their outputs is not realistic.
- Exclusion of poor performing technologies with less than 5% penetration from the list based on 'design based' performance data puts plants with scope for improvement at disadvantage. The concept of 'outliers' in the comparison of performance data is of limited relevance to small and medium enterprises (SMEs).
- Grouping of all technologies with emission factors falling within 20% does not distinguish the technology specific aspects. For example, small improvements in certain technologies can lead to significant benefits but can be very expensive to achieve in some sectors, for e.g. cement, power, and steel.
- Setting a threshold based on weighted average emission factor of technologies contributing to the production of least carbon intensive 20% of cumulative output in the common practice segment is too conservative. This is also contradictory to the procedure recommended to identify the common practice that covers 50% of the output and includes multiple technologies. Therefore, uniform application of 20% threshold may not be relevant for all industries and sectors.
- Requirement to use barriers in the identification of technologies as part of the positive list that are not part of common practice analysis is unnecessary as poor penetration ration of those technologies reflects the barriers and commercial unattractiveness of those technologies.

- The guidelines on determination of baseline and additionality thresholds are important for standardized baselines. Therefore, aspects highlighted above need to be taken into consideration in the deliberations on the guidelines.

We will be glad to provide further information and clarifications as necessary.

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