Please find below our observations

# Considerations on small- and microscale additionality provisions

1. **Expansion of Renewable Energy Technologies:**
    - Expansion of positive list of technologies is welcome but inclusion of BIGCC is useful though with a very limited impact in terms of translation this expansion in to real projects development (similar to what we have seen with wave technologies). Considering this, it might also be useful if SSC-WG looks in to technologies that are widely available and not in the positive list but with any advanced improvements in their efficiencies (like gasifier cookstoves, advanced biogas digesters etc). Another alternative ways to look into this aspect is with respect to implementation arrangements – say any project implemented by a private sector agency with no government support or subsidies, or a pvt sector implementing different equity/debt structures that are with risky propositions etc.

    - Expansion of positive list covering grid extension for rural electrification. It should be recognized that grid extension for rural communities is viewed as the ultimate electricity supply option to which most people aspire in developing countries. While many other technologies (solar lanterns, solar home systems, etc.) that provide transitory electricity access are considered automatically additional, it is welcomed to define conditions for grid extension for rural electrification to become automatically additional. However, the condition of the grid to be at least a distance of 10 km to the communities is too restrictive as the issues of access to electricity can be already very acute even for communities close to the grid. To be effective, the proposal should start with the lower end (i.e. at least 3 km) which is already challenging particularly when private investment is involved. The criteria should be carefully analyzed to ensure that they will be used to incentivize more projects. We believe that the criteria for a rural electrification rate criteria below 50% will be enough while the trends introduced bring more complexity than the simplification required. In any case, the projects in countries where the rural electrification rate is at least 50% will not be automatically additional and other additionality demonstration means need to be considered. One possibility could be to consider the connections at household level and treat them as units (like SHSs considering the service in rural areas in LDC/SUZ/SIDS) and define an equivalent load demand (say, load of less than 20 kW per household representing 75% of all connections in number).

2. **Expansion of rural electrification threshold:**
    - It is noted in the note that no project or PoA utilize the automatic additionality for renewable energy projects in countries with rural electrification rates less than 20 per cent under the small-scale additionality. It should be noted that rural electrification rate are not always consistently reported across countries mixing actual connection of people and population in localities covered by the grid. Moreover, even in countries with 20% rural electrification, the barriers faced to provide electricity to rural communities are still strong, especially in LDCs. Therefore, if the

objective is to support projects in more countries, increasing the threshold to 50% rural electrification rate could support rural electrification technologies in LDCs and SUZ. The SSC-WG might also want to consider to include 'total' electrification rate in addition to 'rural' electrification rates to incentivize projects in non- rural areas.

3. **Frequency to update positive lists:**
    - Considering very slow project implementation rates, especially in LDCs, it might be appropriate to make revision to 5 years and leaving an option to local DNAs or project developers to propose any changes to positive lists.

Please also find the comments table in the annex with some additional comments for your consideration.

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Annex:

| 0 | 1 | 2 | 3 | 4 | 5 | 6 |
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| # | Para No./ Annex / Figure / Table | Line Number | Type of comment **ge** = general **te** = technical **ed** = editorial | Comment (including justification for change) | Proposed change (including proposed text) | Assessment of comment (*to be completed by UNFCCC secretariat*) |
| | **Appendix 1** | | **ed** | **The left side of the flow chart has lacks a binary response "Is CPA aggregate size <=SSC thresholds? – can be No or YES YES – the two positive responses make the flow diagram confusing** | **Correct the flow diagram so that for every question there is only a binary Yes/No response possible.** | |
| | **Section 3.1 Para 4** | | **te** | **The paper distinguishes the differences in application of automatic additionality but does not assess the implications of combining the small and micro scale automatic additionality.** | **Need to include analysis of the potential issues with applying micro-scale requirements to small scale methodologies. What could be the implications for type I, Type II and Type III activities. Could it be possible to combine for some methodologies – would this be useful?** | |
| | **Section 3.2 Para 8** | | **ed** | **The excerpt from the WB additionality paper (See Pg. 12) is somewhat misleading – The point being made in the paper was that the EB allowed automatic additionality for low risk activities. Therefore if the thresholds were increased the risk would be expected to increase to a level that the EB with its project by project conservative approach would be unlikely to approve. The full quotes is" Were the threshold for "microscale" to increase, for example, from 5kW to 20 or 30 kW, the barriers would not have been the same and the risks would have prevented The CDM Executive Board from approving automatic additionality. However the paper goes on to clarify that it is possible to increase thresholds for specific technologies and that the risks can also be managed via the eligibility criteria.** | **Edit section quoting the WB additionality paper.** | |

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| | Section 3.3. para 23 | | | The requirement that automatic additionality can only be used if the grid extension involves a minimum of 10 km makes the option to use automatic additionality for grid extensions unviable. In Para 22 it states that it is costly beyond 3km and unviable from 10km onwards. It is unclear why the distance recommended is not greater or equal to 3km. | Change 10km to 3km on requirements.<br>For clarity – good to include text that clarifies that all the requirements listed in Para 23 a-d need to be complied with. | |
| | Section 3.4<br>Para 24 | | te | One option may be to evaluate options for disaggregation at the point of renewal of the positive lists, but what are other options. More importantly is there a "need" for further disaggregation – could this benefit specific technologies that need this support. | Further analysis should be included in this section | |
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