Sixth CDM Roundtable

Session V: Standardized baselines
– Concept Note on Database on
the Cost and Efficiency of Technologies

Bonn, Germany, 12 October 2012
Background

• The Board developed the work programme for implementation of standardized baselines (EB65, annex 22). The work programme contains the proposed work of collection of data on the cost of technologies.
• This proposed work is also the part of CDM management plan adopted by the Board for 2012 (EB66, Annex 2).
• EB68 provided the mandate to develop the database for priority sectors (cement and cook stoves) in 2013 taking into account the stakeholders’ inputs.
• Call for public inputs was launched between 6 to 19 August 2012 and stakeholder’s comments received.
Objectives

- According to “Guidelines for the establishment of sector specific standardized baseline (EB65, Annex23)”, additionality of projects using SB shall be demonstrated through positive lists of technologies.
- The objective of the database on cost and efficiency of technologies is to help SB developers establishing positive lists by;
  a) Providing data on **efficiency of technologies** (to identify carbon intensity of technologies),
  b) Providing data on **cost of technologies** (to ensure that technologies in the positive list are less commercially attractive than any of the other technologies).
Overview of approach of SB guidelines

Technologies in Positive list are less attractive

Sub-Coal  Diesel Engine  OCGT  CCGT  RB  Wind

0% 25% 50% 75% 100%

Baseline threshold
Addl. Threshold
Overview of the document-Key concepts

- **Technologies**: Broadly defined as the entire plant comprising of the full set of production equipment and utilities to produce the output under consideration.

- **Efficiency of technologies**: Expressed in terms of specific energy and/or raw material consumption. The database will contain design values based on manufacturer’s specifications.

- **Cost of technologies**: To be calculated by the software as levelized cost (cost/unit output) by combining:
  1. **Investment cost**: including ex-works cost plus installation and commissioning of technologies. Total investment cost will be divided by the total output generated over the lifetime, which will generate “investment cost per unit output”.
  2. **Operational cost**: including country-specific cost data of the electricity, fuel and raw materials, which will generate “operational cost per unit output”.
Overview of the document-Usage of web-based database & software

Web-based Database
- Efficiency
- Investment Cost
- Other data (e.g. capacity, lifetime)

Web-based Software
1. Select a sector/technologies/country
2. Incorporate unit operational cost provided by SB developers
3. Calculate "Operational cost of technologies"
4. Calculate "cost of technologies" adding investment cost and operational cost.

Levelized cost of technologies

Secretariat: Develop & Maintain
Overview of the document - Steps to develop the database

1. **Prioritize sectors** (Cement and Cook stoves)
2. **Identify data sources through international organizations and international/national industry associations**
   Through surveys some potential data sources and willingness for collaboration are already identified (66 respondents showed willingness to support)
3. **Prepare the list of technologies in each selected sector, identify and contact the key reputable manufacturers of technologies, publications on technologies and turn key contractors/ project consultants.**
4. **Collect data on cost and efficiency of technologies**
5. **Design the database and develop the algorithm for the software**
6. **Operationalize the database by end of 2013.**

**Global sectors and country-specific sectors:** It is assumed that globally applicable data will be available for all sectors. Country-specific data will be collected only where the criteria for selection of technologies varies from country to country or no global data.

**Relative values for comparison purpose:** The database will not aim to collect highly accurate values as long as approximate values suffice for comparison.
THANK YOU!