

Sixth CDM Roundtable

Session V: Standardized baselines – Draft Project Standard and Validation/Verification Standard

Bonn, Germany, 12 October 2012



Scope

To discuss following documents which were presented to EB69:

1. Draft “Standard for CDM project activities using standardized baselines” (ver. 01.0)
2. Draft “Standard for validation and verification of CDM project activities using standardized baselines” (ver. 01.0)
3. “Concept note on impact of update of standardized baselines on CDM projects”



Objectives

- Objectives of the documents:
 - Clarify requirements to design, implement, monitor, validate and verify CDM project activities using standardized baselines, in order to facilitate the development , validation and verification of such projects.
 - Contribute to an effective implementation of standardized baselines under the CDM.



Background

- Mandate:
 - Implementation of standardized baselines is a very important component in the CDM – Originates from a CMP request (decision 3/CMP.6) and constitutes Project #110 in the “CDM Management Plan 2012”
 - At EB62: Adoption of the “Guidelines for the establishment of sector specific standardized baselines”
 - At EB65:
 - Revision of the Guidelines; and
 - Adoption of a work programme on standardized baselines, which included the **evaluation of the implications of standardized baselines on existing regulatory documents**



- Stakeholder Inputs:

- At EB68, the Board:

- Considered stakeholder inputs on [concept note](#) on the revision of various documents as a result of standardized baselines

- At EB69, the Board:

- Considered stakeholder inputs on [draft PS-SB, VVS-SB and concept note on impacts of updates of SB](#)

- On September 27th 2012, the secretariat:

- Launched 3-week public call for inputs on [draft PS-SB, VVS-SB and concept note on impacts of updates of SB](#)

Overview of documents

- Common features of PS-SB and VVS-SB:
 - Project participants and DOEs shall consider the below **four categories of the selected standardized baselines** when applying PS-SB and VVS-SB requirements.

	Type 1 (Additionality demonstration)	Type 2 (Baseline establishment and baseline emission estimation)	Type 3 (Additionality demonstration, baseline establishment and baseline emission estimation)
Approach 1 (Using the Guidelines for the establishment of sector specific standardized baselines)	/	/	Category 1
Approach 2 (Using a methodological approach contained in an approved methodology or tool)	Category 2	Category 3	Category 4



Draft “Standard for CDM project activities using standardized baselines”

- Intended for **project participants**
- Applicable to **any non-A/R CDM project activity** using a standardized baseline (non-applicable to PoA and A/R project activities)
- **To be applied in conjunction with the Project standard (PS):**
All requirements in the PS apply to CDM project activities using standardized baselines unless indicated otherwise in this Standard.
E.g. for baseline scenario:
 17. Requirements contained in paragraphs 41–45 of the Project standard are not applicable to CDM project activities **using category 1, 3 or 4 of standardized baselines.**
 18. Instead of paragraph 46 of the Project standard, the following applies to CDM project activities **using category 1, 3 or 4 of standardized baselines**: “Project participants shall describe the baseline scenario as per the selected standardized baseline.”

Draft “Standard for validation and verification of CDM project activities using standardized baselines”

- Intended for **DOEs**
- Applicable to the **validation and verification** of any non-A/R CDM project activity using a standardized baseline (not applicable to PoA and A/R project activities)
- **To be applied in conjunction with the Validation and verification standard (VVS):** All requirements in the VVS apply to the validation and verification of non-A/R CDM project activities using standardized baselines unless indicated otherwise in this Standard. E.g. for baseline scenario:
 - 18. Requirements contained in paragraphs 93 of the Validation and verification standard are not applicable to CDM project activities **using category 1, 3 or 4 of standardized baselines.**

“Concept note on impact of update of SBs on CDM project activities”

- **Option-1-Impact on new and registered projects**
 - The current default frequency of update of SB on interim basis, is 3 years.
 - The work on defining criteria for frequency of update of SBs in sectors/countries is to be taken up in 2013. “Technology evaluation” could be a criterion.
 - PS may have requirements with respect to **registered** projects using SBs:
 - 1) Update SB and project ERs **every 7 years** (to match with renewal of CP) in countries and sectors where technology is evolving **at a slower pace**.
 - 2) Update SB and project ERs **more frequently (less than 7 years)** in countries and sectors where technology is evolving **at a faster pace**.
 - As a result of updates of SBs, the positive list may be updated, however **it will not impact the additionality of already registered project activities.**

Overview of documents

➤ **Rationale for option-1**

- The Board already has the precedence when ex-post option for grid emission factor is selected as baseline.
- The update of registered projects for each update of SB was conceived because:
 - 1) It is envisaged that apart from implemented technologies in countries, the PPs should also consider the impact of other available technologies at the time of making investment decision;
 - 2) All the technologies available to PPs at the time of investment decision will be implemented at different pace (depending upon the pace of evolution of sector), latest by the end of first CP, and therefore will have impact on SB used by the registered project.

➤ **Risks identified with option-1**

- Reduce attractiveness of SBs.
- The investor's risk and uncertainty could be perceived to be high due to impact of revised SB on already registered projects.



Overview of documents

➤ **Option-2: Impact on new projects only**

- The SB to be used for registered project should be **the version available at the time of submission of first monitoring report** by DOE for issuance of CERs. This version of SB should be applicable till the end of first CP.

➤ **Rationale for Option-2:**

- It is safe to assume that other technologies available to PPs at the time of investment decision may be implemented at the same time as CDM project ;
- This means that impact of other technologies will be reflected in the version of SB that is available at the time of submission of first monitoring report for a registered project by DOE for issuance of CERs.

➤ **Benefits of option-2**

- Predictability in standardized baselines, without compromising with environmental integrity;
- Simplifying the requirements for the stakeholders.



Next steps

1. Taking into account inputs from the **Round Table** and **public call for inputs** (to be closed on Oct 17th, 2012), the secretariat will prepare final drafts and submit them to EB70 for adoption.
2. Guidance from the Board **and inputs from stakeholders on the final draft** will be reflected before the expected adoption at EB70.



THANK YOU!

