

REGULATORY FRAMEWORK ON STANDARDIZED BASELINES

Eight CDM Round Table

Bonn, Germany, 17 June 2013



In this presentation

- **Background**
- **Key Concepts-SB guidelines**
- **Bottom-up SB submissions from DNAs**
- **Work under progress**
- **Background and purpose of documents for this Round Table**



Background

CMP6 decision

- Parties, PPs, and other admitted entities, through the host country's DNAs, may submit proposals for SBs, for consideration by the Board;
- Requests the Board to develop SBs, as appropriate, in consultation with relevant DNAs, taking into account the outcome of the workshop on SBs.

Work done so far by CDM Executive Board

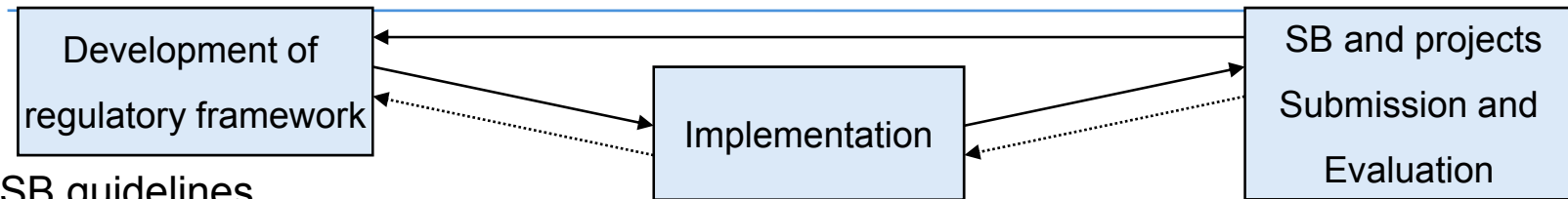
- Standardised baselines is one of the largest projects on MAP of 2012, 2013
- Based on work programme adopted by the Board.

Key documents approved

- Guidelines for the establishment of sector specific standardized baselines (SB guidelines);
 - Guidelines for establishment of SBs for afforestation and reforestation project activities under the CDM (AR-SB guidelines)
 - Procedure for submission and consideration of standardized baselines (SB procedures), including modalities for underrepresented countries in CDM for financial support and modalities on data template submission and revision;
 - Guidelines for data quality in the establishment of SBs (QA/QC guidelines).
 - Key principles on Standardised Baselines.
 - Two approved SBs (Power sector, Charcoal sector)
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Developmental phases of Standardized Baselines



- SB guidelines
- QA/QC guidelines
- Thresholds setting guidelines
- Guidelines on update frequency and vintage
- Data template
- SB website
- Web-based Database
- Transport sector SB guidelines
- A/R sector SB guidelines
- Sectoral EF guidelines/ software
- Developing FAQs/ revise SB guidelines

- SB procedure
- Modalities for support to countries
- Impact on existing regulatory documents
- Capacity building of DNAs (a separate project)

- SB submissions and approval
- SB project cycle



SB submission

Parties, PPs, international industry organisations, admitted observer organisations can submit SBs to UNFCCC through DNA.

DNAs with less than 10 projects as on 31 Dec 2010, get financial support for assessment report

- Use **SB guidelines** and derive baseline emission factor.
- Use in conjunction with (or by merging with) a suitable approved methodology, if available
- If not available, submit a PNM.

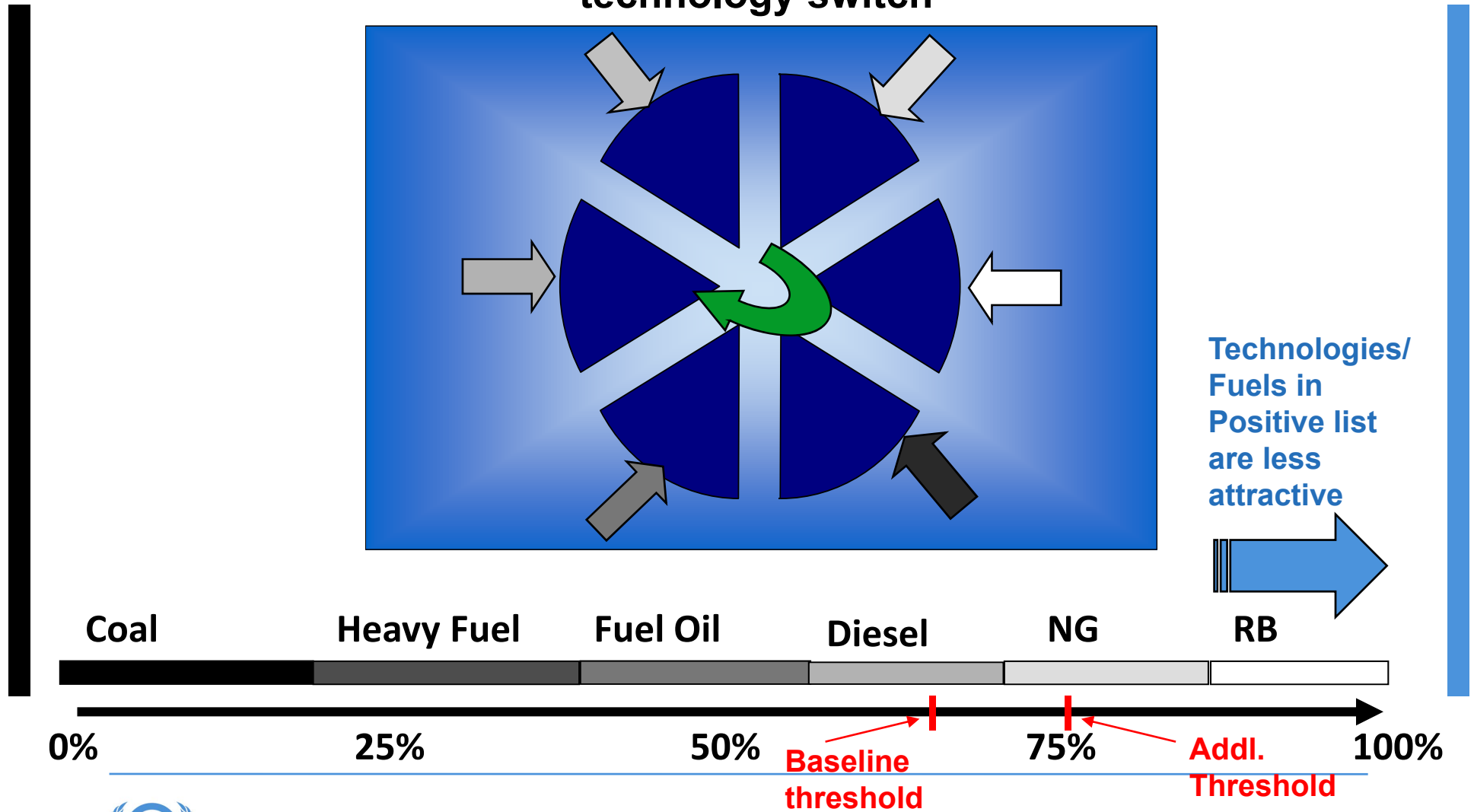
Use an approved data template, if available.
if not available, submit a new or revise existing

- Use an **approved methodology/tool**
- Use its baseline procedure to determine baseline emission factor for the sector/ country/region
- The methodology is converted into standardised baseline, if approved.

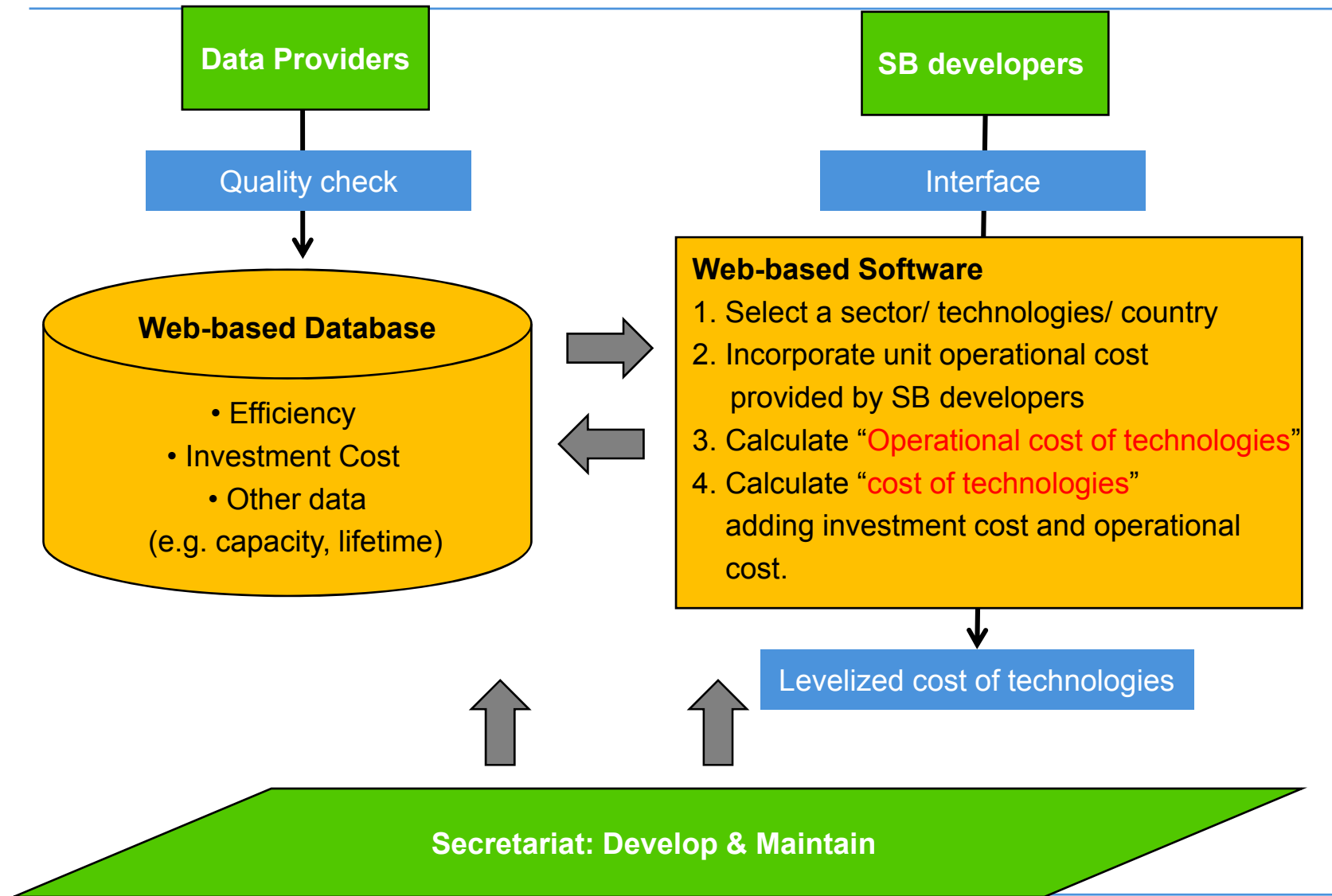


Introduction to SB concepts (SB Guidelines)

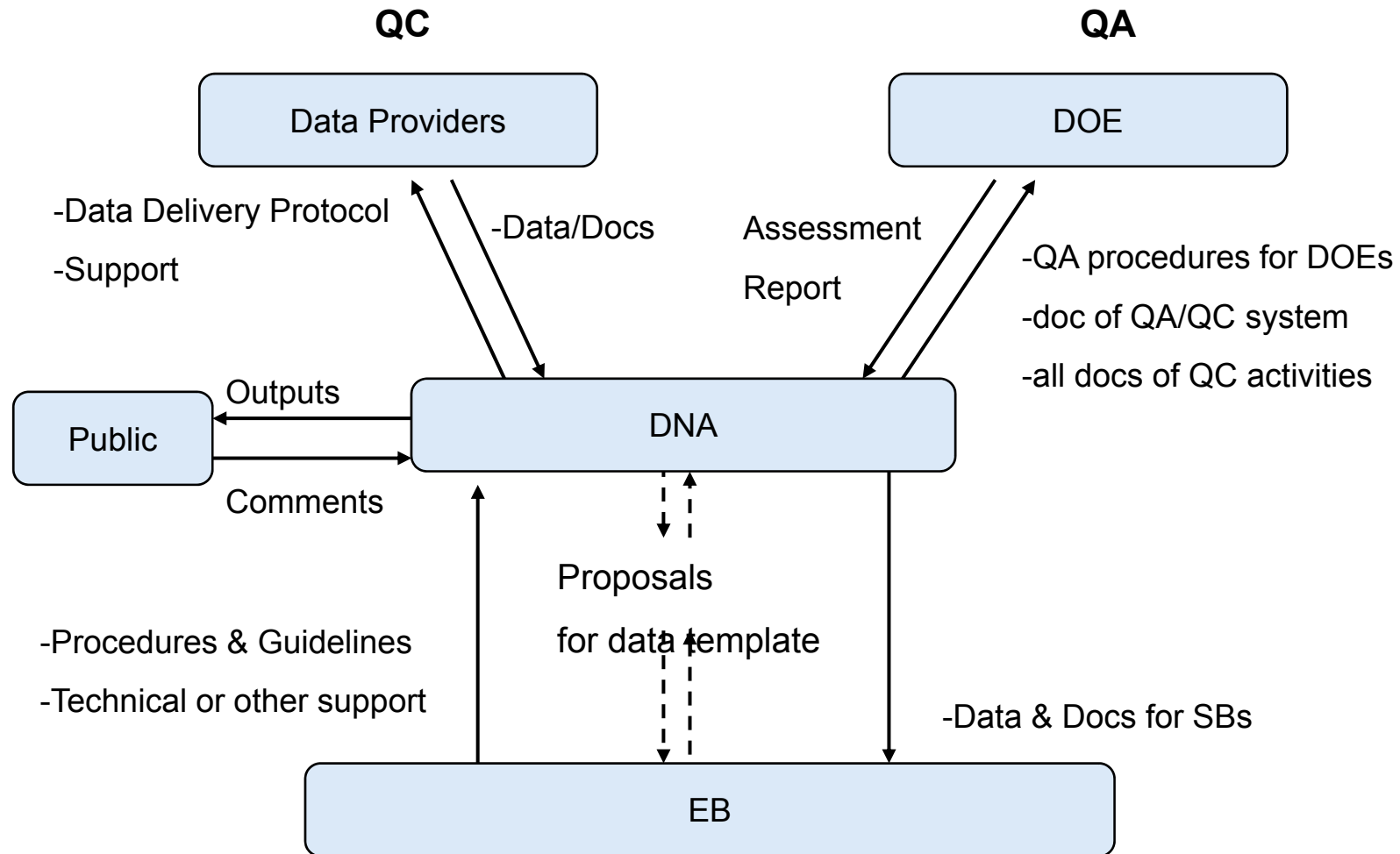
General Approach for measure of fuel/feedstock switch and technology switch



Overview of proposed web-based database & software



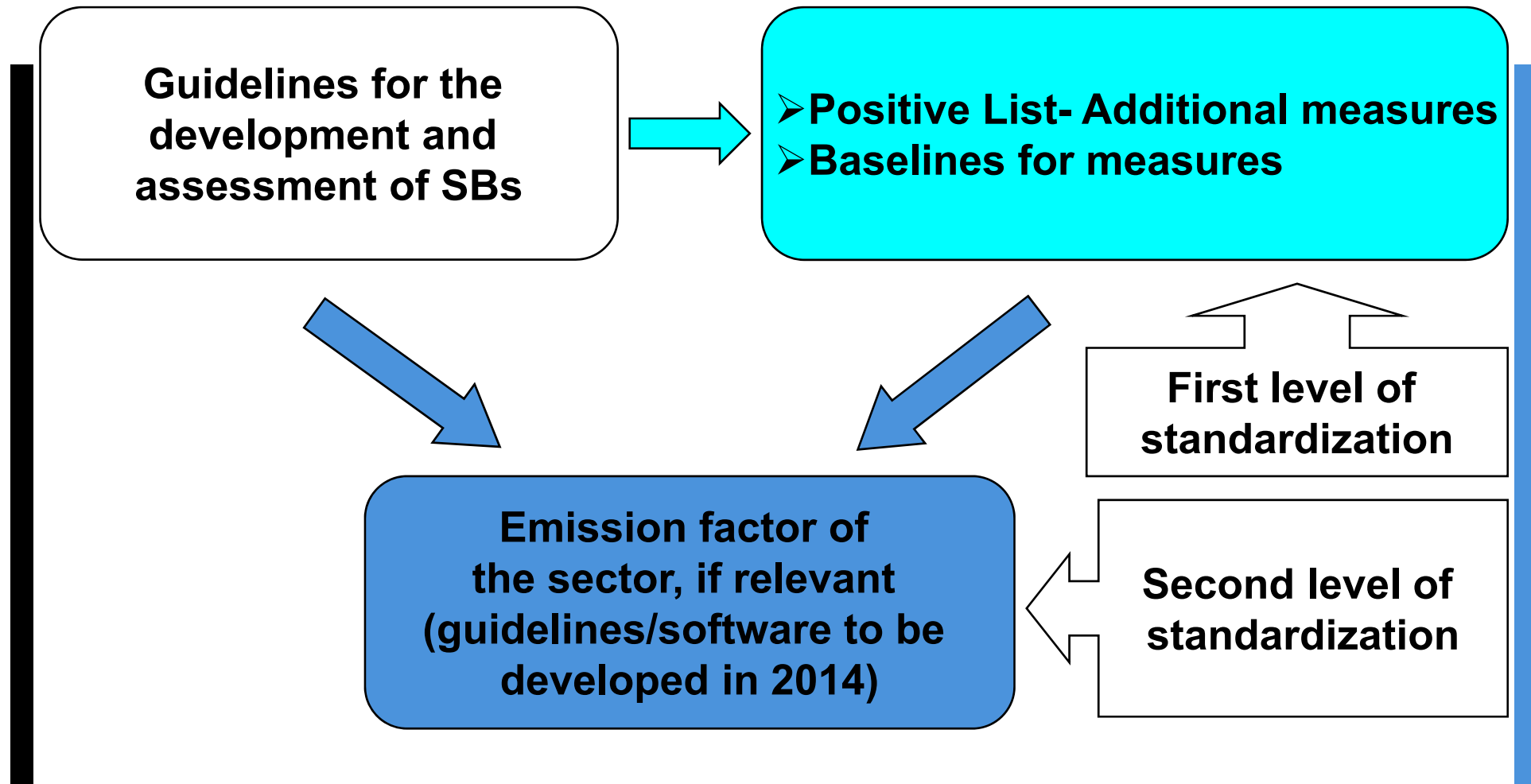
QA/QC processes for Data to be used for SB development



Level of aggregation for the data collection

- Generally one sector in one country
- Further aggregation
 - Based on homogeneity
 - Geographically, may be expanded to a group of countries
- Disaggregation
 - Based on heterogeneity
 - Geographically, may be restricted to a region within a country (e.g. regional grid)
 - Availability of certain fuels/feedstocks

Standardised baselines- Two phases of standardisation



Six bottom up SB submissions

- Charcoal production Sector- DNA of Uganda (Approved by EB73)
- Cement sector-DNA of Ethiopia (under process)
- Power sector-DNA of Botswana of behalf of group of 9 countries in South of Africa (SAPP) (Approved by EB73)
- Rice mill sector- DNA of Cambodia (under process)
- Power sector- DNA of Uzbekistan (under process)
- Power sector- DNA of Belize (under process)



Forthcoming documents on SB regulatory framework

- Procedures on update/revision, clarification, and deviation from SBs.
- A standard or application of Standardised Baselines and/or CDM Project Standard
- CDM verification and validation standard, CDM Project cycle procedure, guidelines for submission of PNMs.
- Revision of SB regulatory framework (SB guidelines, QA/QC guidelines, SB procedure) based on lessons learnt
- FAQ document on SBs
- Guidelines for frequency of update and vintage of data for SBs, procedure for update/revision of SBs, Framework SB document.
- Database on the cost and efficiency of technologies (pilot database in 2013)
- Guidelines to determine thresholds on baseline and additionality
- Guidelines and work programme for Standardised Baselines for Transport sector
- Top-down data templates for some sectors (e.g. cement sector)
- Work flow for submission of SBs.
- Web-based system for submission of SBs.
- Guidelines/ software on sectoral emission factor (2014)



Revision of SB guidelines: Background

- EB62 adopted the SB guidelines (ver. 1.0), which provides approaches for developing SB.
- EB65 revised the SB guidelines (ver. 2.0), which incorporates an appendix defining the vintage of data and the frequency of update, Xa, Xb, Ya and Yb).
- EB65 adopted work programme on SBs implementation that envisaged the revision of SB guidelines in 2013 based on lesson learned.
- EB73 provided feedback on the concept note on the further revision of the SB regulatory framework.



Revision of SB guidelines: Scope and Process

- **Scope:** Revised SB guidelines will mainly include the following:
 - a) providing substantive clarifications, elaborations, and editorial corrections;
 - b) expanding its scope to other approaches of establishment of SB;
 - c) covering new definitions and possible categories of SB;
 - d) its linkages to various documents under SB regulatory framework;
 - e) Including the principles adopted by the Board on development of SB.
- **Process:** Revised SB guidelines will be prepared, taking into account:
 - a) Inputs from the Board, Meth Panel and SSC WG;
 - b) Comments provided through the calls for public inputs;
 - c) Consultation with relevant experts, practitioners, and institutions;
 - d) Inputs collected from stakeholders through various workshops;
 - e) Lessons learned from secretariat's experience of implementing the SB regulatory framework.



Background- Standard for application of SBs

At EB 70 the Board considered amendments to CDM PS, CDM PCP and CDM VVS to incorporate provisions for SB. EB elaborated principles of the updating of SB and its application to project activity

At EB 73 the Board considered concept note on the further revision of the standardized baseline regulatory framework and mandated the work on Standard for application of SB and requested the secretariat to explore possibility to create separate chapter for PS.



Background- Guidelines on data vintage and frequency of update

Guidelines for the establishment of sector specific standardized baselines (EB 62, Annex 8) define that:

- The most recent data of three years available at the time of submission of standardized baseline should be used
- Frequency of update of relevant parameters is every three years (on interim basis)

Work programme on standardized baselines (EB 65, Annex 22) envisages potential revision of the requirements on data vintage and frequency of update, to take into account the sectoral and national specific requirements.



Purpose- Guidelines on data vintage and frequency of update

Data vintage should guarantee the representativeness and currentness of data required by the QA/QC Guidelines

Frequency of update - should ensure that the SB reflects the recent developments and specific circumstances of a sector

Relevant issues to be analyzed relating to data vintage and frequency of update:

- Variability of parameters that reflect characteristics of the sector;
- Growth rate of sector;
- Dynamics of fuel prices in sector;



Background and purpose - Draft procedure for development, revision, clarification and update of standardized baselines

1. The draft procedure was developed in accordance with the EB work programme on SBs and EB workplan of 2013.
2. The purpose to develop this draft procedure is to:
 - a) **Introduce new processes for development, revision, clarification and update** of approved standardized baselines;
 - b) **Improve** the effectiveness and clarity of the **existing process for development** of new standardized baselines drawing on lessons learned.



THANK YOU!

