STANDARDIZED BASELINES: ENHANCING THE UNDERSTANDING AND OPERATIONALIZING THE EB DECISIONS

DNAs Workshop on Standardized Baselines
Kathmandu, Nepal
4 and 5 September 2011
OVERVIEW

I. Background
II. Characteristics of the guidelines for SBs
III. Basis of the proposed approach in the guidelines
IV. Implementation of the guidelines
V. Expectations
BACKGROUND

WHY SBs

• Reduce transaction costs,
• Enhance transparency, objectivity and predictability
• Facilitate access to the CDM; and
• Scale up, while ensuring EI.

DEFINITION

A “SB” is a baseline established for a Party or a group of Parties to facilitate the calculation of ERs and removals and/or the determination of additionality for CDM project activities, while providing assistance for assuring EI.
BACKGROUND

THE CMP DECISIONS

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.

Operationalizing these decisions needs:

• Guidelines
• Procedure
BACKGROUND

THE CMP MANDATE RELATED TO THE WORKSHOP

Requests the secretariat to organize:
• a workshop on the issue of standardized baselines,
• in a LDC Party, or a SIDS Party, or a Party with 10 or less registered CDM project activities as of December 31 2010,
• not later than the thirty-fifth session of the SBSTA
• for facilitating the access to the CDM;
CHARACTERISTICS OF THE GUIDELINES

Objective requirements are established in the guidelines, to be translated into simple criteria for additionality demonstration and baseline setting in the SBs. They cover four measures:

- Fuel switch
- Switch of technology and energy source
- Methane destruction
- GHG formation avoidance

Development of a software that generate the SBs based on the data collected from the sector.
CHARACTERISTICS OF THE GUIDELINES

Address some EI issues in the current CDM

• Comparative analysis or financial benchmark;
• Realistic and credible alternative;
• Baseline is the most attractive alternative while the list of alternatives is not exhaustive

Address to a large extend the issues specific to performance benchmark

• Performance benchmark and additionality;
• Free riders;
• Data intensity;
• Emission factor for complex multi product sectors.
BASIS OF THE PROPOSED APPROACH

guidelines for the development and assessment of SBs

PL of measures additional Baselines for measures

First level of standardization

Second level of standardization

Emission factor of the sector if relevant

Enough objective and simple both at the setting and at the use of the standard
IMPLEMENTATION OF THE GUIDELINES

DETERMINATION OF THE LEVEL OF STRINGENCY

It could be different for additonality and baseline. Use of the same value as starting point.

It is sector specific and should ensure EI while providing enough attractiveness for investors.

One option is to start with conservative values for a prompt start and refine the values with time.

Another option is the Board to invite admitted entities to submit bottom up proposals for its consideration.

YOUR INPUT IS INVITED
IMPLEMENTATION OF THE GUIDELINES

DETERMINATION OF THE FREQUENCY OF UPDATE

It is sector specific and should depend on how quick the parameters affecting the EF evolve.

One option is to start with an yearly update for all sectors as default value and refine with time to have more sector specific values, based on bottom up submissions.

YOUR INPUT IS INVITED
DETERMINATION OF THE VINTAGE OF DATA

It will also be sector specific.

As a general approach, the 3 years latest available data could be used

YOUR INPUT IS INVITED
IMPLEMENTATION OF THE GUIDELINES

PROCEDURE FOR THE SUBMISSION AND CONSIDERATION OF STANDARDIZED BASELINES

It will be presented in detail.

YOUR INPUT IS INVITED
CONTINUOUS IMPROVEMENT OF THE GUIDELINES

• Lessons learn from implementation for sectors already covered
• Broaden the guidelines to cover other sectors such as transport and A/R
• Input from the DNAs are most welcomed.
The workshop is expected to provide feed-backs on:

- The level of understanding of the guidelines by DNAs
- Possible improvements of the guidelines to be taken into account in future revisions
- Inputs on the best processes for defining the appropriate level of stringency, the vintage of data and the frequency of update
- Possible improvement of the draft procedure to be taken into account before consideration by the Board.
THANK YOU FOR YOUR ATTENTION