

CDM-SSCWG53-A01

Draft Methodological tool

Demonstration of additionality of small-scale project activities

Version 11.0

DRAFT



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Board at its eighty-seventh meeting (EB 87) considered the analysis and recommendation for the graduation of the positive list of technologies and agreed to retain the current positive list under the “Methodological tool: Demonstration of additionality of small-scale project activities” (**small-scale additionality tool**).¹ The Board further requested the small-scale working group (SSC WG) to assess:
 - (a) The possible needs for further disaggregation of the positive list based on technologies and/or region;
 - (b) The possible expansion of the positive list of technologies to include new technologies taking into account the guidance provided by the Board;
 - (c) The appropriate frequency of review of the positive list of technologies (e.g. five years instead of the current three years).
2. Further at EB 85 (paragraph 42 b of the meeting report)², the Board requested the secretariat to assess, in consultation with the SSC WG and the methodologies panel (MP), whether other criteria than unit size may be used to establish positive lists.
3. EB 85 also requested the secretariat to assess the feasibility of merging the tool for demonstration of additionality of microscale activities (**microscale additionality tool**)³ with small-scale additionality tool and make a recommendation for the consideration of the Board at a future meeting.
4. SSC WG 51 launched a call for public input on proposals/recommendations to address the EB mandate above and one input was received⁴.

2. Purpose

5. The purpose is to provide analysis and recommendation to address the above mandates from the Board.

¹ See paragraph 49 of EB 87 meeting report.

² <http://cdm.unfccc.int/EB/archives/meetings_15.html#85>.

³ <<http://cdm.unfccc.int/methodologies/PAMethodologies/approved>>.

⁴ It is available at <https://cdm.unfccc.int/public_inputs/2016/1107_07/index.html>.

3. Key issues and proposed solutions

6. Based on the analysis contained in the draft information note- Considerations on small- and micro scale additionality provisions (Annex 2 of the SSC WG 53 meeting report), the key findings are follows:
 - (a) It is recommended that small-scale and micro-scale additionality tools remain separate, however a flow chart to guide the users to easily navigate provisions on automatic additionality may be considered by the Board;
 - (b) to change the criterion from 5% to 1% of the small-scale threshold for automatic additionality under small-scale additionality tool;
 - (c) to include new technologies/measures as positive list (i.e., BIGCC, grid based rural electrification project activity) and expansion of rural electrification threshold from 20% to 50%;
 - (d) Re-assess positive list of technologies every three years.
7. Based on the above analysis, following modifications in this tool are proposed:
 - (a) Change in the threshold criteria based on unit size (i.e., replacing 5 percent with 1 per cent of SSC threshold);
 - (b) The expansion the positive list of technologies to include new technologies/measures (i.e., BIGCC⁵, grid based rural electrification project activity, expansion of rural electrification threshold from 20 percent to 50 percent).

4. Impacts

8. The proposed revision, if approved, will broaden the positive list of technologies that have potential for development of energy access projects in LDCs/SIDS, in particular. It also further clarify with the introduction of the flowchart to help navigate provisions for automatic additionality provisions across small-scale and micro scale additionality tools

5. Subsequent work and timelines

9. The revised small-scale additionality tool is recommended by the SSC WG for approval by the Board at its ninety-fourth meeting.

6. Recommendations to the Board

10. The Board may wish to approve the revised small-scale additionality tool.

⁵ Biomass integrated gasification combined cycle technology

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1. Introduction

1. This methodological tool provides:
 - (a) A general framework to demonstrate and assess the additionality of a small scale project activity and component project activity (CPA) of programme of activities; and
 - (b) A positive list of technology and project activity types that are defined as automatically additional.

2. Scope, applicability, and entry into force

2.1. Scope

2. This methodological tool provides a general framework for demonstrating and assessing additionality and is applicable to a wide range of project types.
3. In validating the application of this methodological tool, Designated Operation Entities (DOEs) shall carefully assess and verify the reliability and creditability of all data, rationales, assumptions, justifications and documentation provided by project participants to support the demonstration of additionality. The elements checked during this assessment and the conclusions shall be documented transparently in the validation report.

2.2. Applicability

4. The use of the methodological tool “Demonstration of additionality of small-scale project activities” is not mandatory for project participants when proposing new methodologies. Project participants and coordinating/managing entities may propose alternative methods to demonstrate additionality for consideration by the Executive Board.
5. Once this methodological tool is included in an approved methodology, its application by project participants using this methodology is mandatory.

2.3. Entry into force

6. Immediately upon adoption of the methodological tool at the ninety-fourth meeting of the Board (5 May 2017).

3. Normative references

7. Project participants shall follow the applicable provisions for the demonstration of additionality in the CDM Project Standard.
8. This methodological tool refers to the following document: “Non-binding best practice examples to demonstrate additionality for SSC project activities” (EB 35 Annex 34).

4. Definitions

9. The definitions contained in the Glossary of CDM terms shall apply.

5. Methodology procedure

10. Project participants shall provide an explanation to show that the project activity would not have occurred anyway due to at least one of the following barriers:
 - (a) Investment barrier: a financially more viable alternative to the project activity would have led to higher emissions;
 - (b) Technological barrier: a less technologically advanced alternative to the project activity involves lower risks due to the performance uncertainty or low market share of the new technology adopted for the project activity and so would have led to higher emissions;
 - (c) Barrier due to prevailing practice: prevailing practice or existing regulatory or policy requirements would have led to implementation of a technology with higher emissions;
 - (d) Other barriers: without the project activity, for another specific reason identified by the project participant, such as institutional barriers or limited information, managerial resources, organizational capacity, financial resources, or capacity to absorb new technologies, emissions would have been higher.
11. Documentation of barriers, as per paragraph 10 above, is not required for the positive list of technologies and project activity types that are defined as automatically additional⁶ for project sizes up to and including the small-scale CDM thresholds (e.g. installed capacity up to 15 MW). The positive list comprises of:
 - (a) The following grid-connected and off-grid renewable electricity generation technologies:
 - (i) Solar technologies (photovoltaic and solar thermal electricity generation);
 - (ii) Off-shore wind technologies;
 - (iii) Marine technologies (wave, tidal);
 - (iv) Building-integrated wind turbines or household rooftop wind turbines of a size up to 100 kW;
 - (v) Biomass internal gasification combined cycle (BIGCC).
 - (b) The following off-grid electricity generation technologies where the individual units do not exceed the thresholds indicated in parentheses with the aggregate project installed capacity not exceeding the 15 MW threshold:
 - (i) Micro/pico-hydro (with power plant size up to 100 kW);
 - (ii) Micro/pico-wind turbine (up to 100 kW);
 - (iii) PV-wind hybrid (up to 100 kW);

⁶ Appendix provides a flow chart to guide the users to help navigate provisions for automatic additionality across “Tool for Demonstration of additionality of small-scale project activities” and “Tool for Demonstration of additionality of microscale project”

- (iv) Geothermal (up to 200 kW);
- (v) Biomass gasification/biogas (up to 100 kW).
- (c) Project activities solely composed of isolated units where the users of the technology/measure are households or communities or Small and Medium Enterprises (SMEs) and where the size⁷ of each unit is no larger than ~~5%~~ **1%** of the small-scale CDM thresholds;
- (d) Rural electrification⁸ project activities using renewable energy sources in countries with rural electrification rates less than ~~20%~~ **50 per cent**; the most recent available data on the electrification rates shall be used to demonstrate compliance with the ~~20~~ **50** per cent threshold. In no case shall data be used if older than three years from the date of commencement of validation of the project activity.
- (e) **Rural electrification project activities by grid extension when all the following criteria are met:**
 - (i) **Rural electrification rate in the country is below 50%;**
 - (ii) **Geography: Least developed countries (LDCs), Small Island Developing States (SIDS), Special Under Developed Zone (SUZ)⁹;**
 - (iii) **Recent trends: rural electrification rate has increased by less than 20% over the past 10 years;**
 - (iv) **The extension of a grid for rural electrification of a community involves at least a distance of 3 km from the point of grid extension to the rural community at which the CDM project is implemented.**

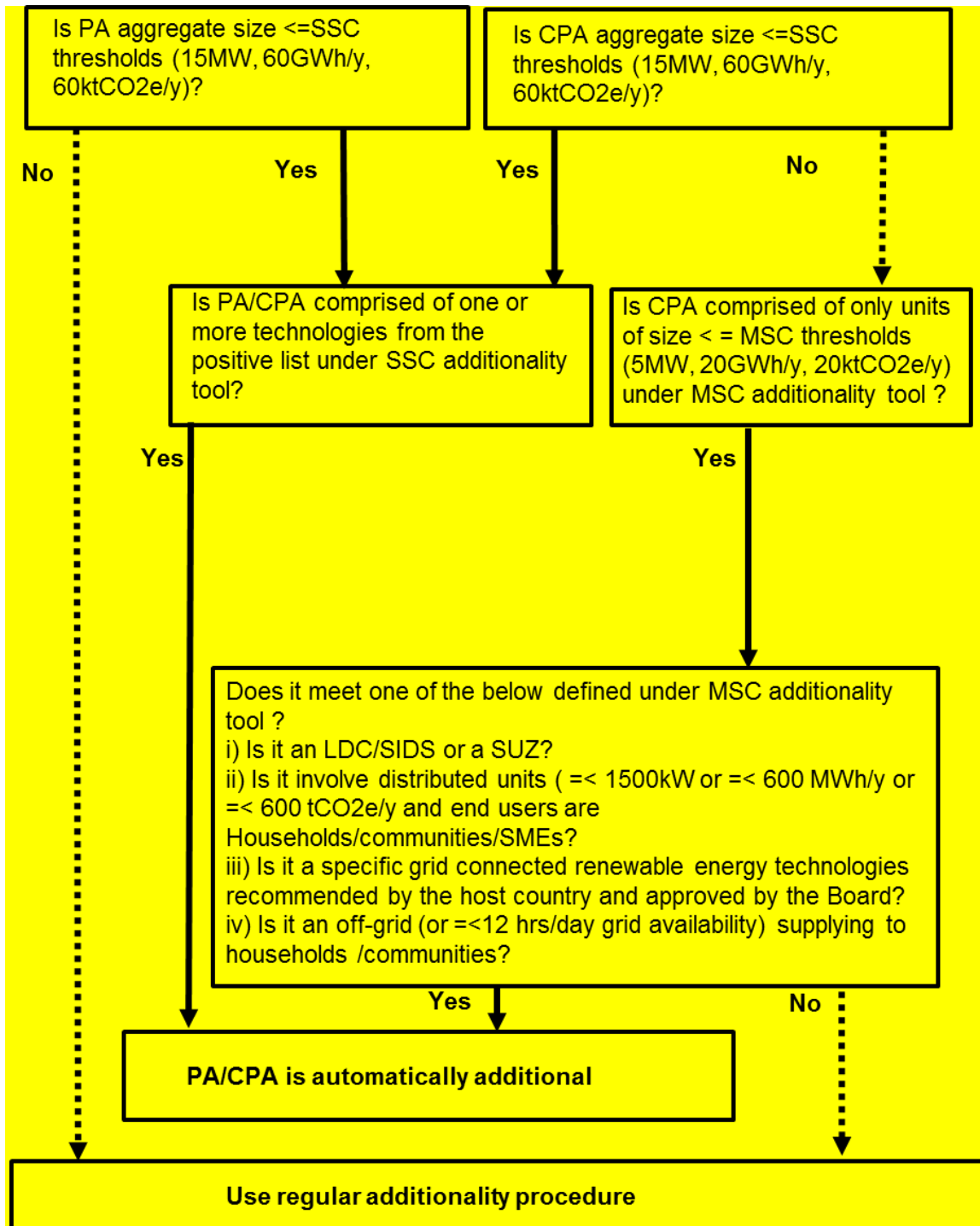
⁷ That is the size of each unit under 150kW ~~750 kW~~ installed capacity or under ~~600 MWh~~ **3000 MWh** of energy savings per year or ~~600 tonnes~~ **3000 tonnes** of emission reductions per year.

⁸ Rural electrification for the purpose of this document is defined as a project activity for supplying renewable electricity to facilities and energy consumers that do not have access to any electricity distribution system/network such as a national grid or regional grid. Such electricity end-use facilities may include but are not limited to households, public buildings, and/or small, medium and micro enterprises. Electricity uses may include but are not limited to interior lighting, street lighting, refrigeration, or agricultural water pumps.

⁹ **SUZ as defined under the micro-scale additionality tool.**

Appendix. Provisions of small-scale and microscale tools for automatic additionality

Figure 1. Criteria for automatic additionality using micro or small-scale additionally tool



1. Note:

- (a) SSC: Small-scale; MSC: Microscale;
- (b) SSC Additionality Tool: TOOI21 - Demonstration of additionality of small-scale project activities;
- (c) MSC Additionality Tool: TOOL19 - Demonstration of additionality of microscale project activities;
- (d) MSC thresholds: = < 5MW capacity or 20 GWh energy savings per year or 20 ktCO2 emission reductions per year;
- (e) SSC thresholds i.e. equal to or less than 15MW capacity or 60 GWh energy savings per year or 60 ktCO2 emission reductions per year;
- (f) Positive list: It refers to list of technologies under SSC additionality tool that are deemed automatically additional.

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Document information*

<i>Version</i>	<i>Date</i>	<i>Description</i>
11.0	3 April 2017	SSCWG 53, Annex 01. To be considered by the Board at EB 94. Revision to expand the positive list of technologies.
10.0	16 April 2015	EB 83, Annex 14 Revision to reclassify this document from a guideline to a tool.
09.0	20 July 2012	EB 68, Annex 27 -Title changed from Attachment A of Appendix B to “Guidelines on the demonstration of additionality of small-scale project activities”; -Expanded positive list to include isolated units (5% of SSC threshold), renewable electrification in countries with <20% electrification rate, selected off-grid technologies.
08.0	29 September 2011	EB 63, Annex 24 To include guidelines on positive list of grid-connected renewable electricity generation technologies that are automatically defined as additional.

Decision Class: Regulatory
 Document Type: Tool
 Business Function: Methodology
 Keywords: additionality, positive list, SSC project activities

* This document, together with the ‘General Guidance’ and all other approved SSC methodologies, was part of a single document entitled: Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities until version 07.

History of the document: Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities

Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities contained both the General Guidance and Approved Methodologies and 'Attachment A to Appendix B' until version 07. After version 07 the document was divided into separate documents: 'Attachment A to Appendix B', 'General Guidance', and separate approved small-scale methodologies (AMS).

<i>Version</i>	<i>Date</i>	<i>Description</i>
07.0	25 November 2005	EB 22, Para. 59 References to "non-renewable biomass" in Appendix B deleted.
06.0	20 September 2005	EB 21, Annex 22 Guidance on consideration of non-renewable biomass in Type I methodologies, thermal equivalence of Type II GWhe limits included.
05.0	25 February 2005	EB 18, Annex 6 Guidance on 'capacity addition' and 'cofiring' in Type I methodologies and monitoring of methane in AMS-III.D included.
04.0	22 October 2004	EB 16, Annex 2 AMS-II.F was adopted, leakage due to equipment transfer was included in all Type I and Type II methodologies.
03.0	30 June 2004	EB 14, Annex 2 New methodology AMS-III.E was adopted.
02.0	28 November 2003	EB 12, Annex 2 Definition of build margin included in AMS-I.D, minor revisions to AMS I.A, AMS-III.D, AMS-II.E.
01.0	21 January 2003	EB 7, Annex 6 Initial adoption. The Board at its seventh meeting noted the adoption by the Conference of the Parties (COP), by its decision 21/CP.8, of simplified modalities and procedures for small-scale CDM project activities (SSC M&P).

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