

CDM-EB106-AA-A09

Draft Standard

Amendments to version 02.0 of the CDM project standard for programmes of activities on the cross effects

Version 01.0

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United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board), at its sixty-fifth meeting (EB 65), adopted the “CDM project standard” (PS), “CDM validation and verification standard” and “CDM project cycle procedure”, which consolidated, and modified as appropriate, the existing regulatory documents at that time. Since then, these three documents have served as the framework regulatory documents for the CDM and undergone several revisions, mainly reflecting the evolving rules for programmes of activities (PoAs) and introducing rules for carbon dioxide capture and storage project activities, and rules for the application of standardized baselines.
2. The Board, at its 103rd meeting, considered the draft guideline “Use of the CDM in urban sectors” and requested the Methodologies Panel (MP) to continue to work on the guideline and provided guidance, including to merge section on cross effects with the related guidance in appendix 1 to the PS for PoAs (PS-PoA) to avoid duplication.
3. The Board, at its 105th meeting, considered the updated draft guideline “Use of the CDM in urban sectors” and requested the secretariat to incorporate elements on cross effects, as contained in annex 5 to the 79th MP meeting report, into the PS-PoA at its next revision.

2. Purpose

4. The purpose of the amendments to the PS-PoA is to incorporate elements on cross effects contained in the draft version of the new guideline “Use of the CDM in urban sectors”.

3. Key issues and proposed solutions

5. Cross effects may occur when multiple technologies/measures are implemented, applying either one methodology or multiple methodologies. The presence of cross effects may result in an overestimation of the emission reductions if a coordinating/managing entity does not ensure that any overlaps in baselines or emission reduction estimates are considered and accounted for. To avoid any such overlaps, in accordance with paragraph 94 of the PS-PoA, the coordinating/managing entity shall:
 - (a) Demonstrate that no cross effects exist between the technologies/measures by following the instructions provided in appendix 1; or
 - (b) If cross effects exist, take them into account in the calculation of greenhouse gas emission reductions.
6. The MP, while developing the guidelines for the use of the CDM in urban sectors, identified potential cross effects due to the use of multiple technologies/measures when developing CDM PoAs in the urban areas. The Board considered the examples provided by the MP and agreed to include them in the appendix on cross effects to the PS-PoA.

4. Impacts

7. Amendments to the PS-PoA would benefit all stakeholders, as well as the Board and the secretariat, through improved clarity, consistency and environmental integrity.

5. Subsequent work and timelines

8. It is proposed to make the revised document enter into force on the date of approval by the Board. This document will be consolidated into the PS-PoA in its next revision.

6. Recommendations to the Board

9. The secretariat recommends that the Board adopt the proposed amendments to the PS-PoA as contained in the appendix to this document, to be made effective at the time of the Board's approval.

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1. Amendments to “CDM project standard for programmes of activities” (version 02.0)

1. This document contains the amendments adopted by the Executive Board of the clean development mechanism at its 106th meeting, to the “CDM project standard for programmes of activities” (PS-PoA) (version 02.0) (CDM-EB93-A07-STAN). This document will be consolidated into the PS-PoA in its next revision.
2. The amendments contained in appendix enter into force on **DD MM YYYY**.

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Appendix. Amendments to “CDM project standard for programmes of activities” (version 02.0)

1. Changes to Appendix 1. Instructions for the consideration of cross effects for the application of multiple methodologies for programmes of activities

1. A new sub-section with two paragraphs shall be inserted after the existing paragraph 8.

3. Specific consideration of cross effects and avoidance of double counting in mitigation measures implemented in urban sectors

9. Combinations of the following measures/methodologies¹ may result in cross effects, and therefore possible cross effects should be analysed:

- (a) For Energy generation, a combination of the methodologies for district heating (such as AMS-II.B., AM0044, AM0058, AM0072) and the methodologies for heat for cooking, water and space (such as AMS-I.I., AMS-I.J., AMS-I.K., AMS-III-AC., AMS-II.A., AMS-II.K.);

- (b) For Building energy, a combination of the methodologies for appliances (such as AMS-II.C., AMS-II.E., AMS-II.J., AMS-III-M., AMS-II.N., AMS-II.O., AMS-II.Q., AMS-II.R., AMS-III-AV., AM0046, AM0070, AM0091, AM0113, AM0060, AM0086) and the methodologies for building efficiency and renewable energy (such as AMS-III.AE., AMS-I.F., AMS-I.J., AM0091);

- (c) For Transport, a combination of the methodologies for fuel switch (such as AMS-III.C., AMS-III.S., AMS-III.T., AMS-III.AK., AMS-III-AQ., AMS-III-AY.), the methodologies for modal shift (such as AMS-III.U., ACM0016, AM0031), and the methodologies for vehicular efficiency (such as AMS-III.AA., AMS-III-AP., AMS-III-AY., AMS-III-BC.).

10. Also, in accordance with the applied methodologies, coordinating/managing entities of city-wide mitigation PoAs should avoid potential double counting of emission reductions. For instance:

- (a) **Example 1:** “AM0070: Manufacturing of energy-efficient domestic refrigerators” is applicable to project activities undertaken by manufacturers of refrigerators that increase the energy efficiency of manufactured refrigerators, and thus credits are claimed by manufacturers of efficient appliances. If the appliance is used in a building and claims emission reductions, there could be a double crediting, which should be avoided as per the requirements of the applied methodologies.

- (b) **Example 2:** A project activity with a set of buildings using “AM0091: Energy efficiency technologies and fuel switching in new and existing buildings”

¹ The list of the combinations in this paragraph is not exhaustive.

accounts for baseline emissions due to consumption of building appliances, and the same set of buildings may request for CERs due to efficient lighting using “AMS-II.C: Demand-side energy-efficiency activities for specific technologies”. The double counting could be avoided, for example, by making sure that the same appliances are not counted under both methodologies or that the methodologies are applied for different buildings.

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