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Concept note

Impacts of the use of digitized methodology ACM0002 on the regulatory framework

Version 01.0

United Nations
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Climate Change

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1. Procedural background

1. Prompted by the request of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) contained in decision 3/CMP.9, paragraph 18,[1] and further explicitly requested by the CMP through its decision 4/CMP.10, paragraph 15,[2] the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) has been developing digitized methodology-specific design document forms for project activities and programmes of activities. The CMP encouraged the Board to continue this work through its decision 6/CMP.11, paragraph 14[3] and decision 3/CMP.12, paragraph 9.[4]

2. Based on guidance from the Board at its ninety-fourth meeting (EB 94), the secretariat has developed a digitized design document form for methodology ACM0002 (Grid-connected electricity generation from renewable sources) (ver. 20.0) and started road-testing it, inviting volunteers (including from the Project Developer Forum and multilateral development banks as well as individual project participants) to test the tool (hereinafter referred to as the digitized ACM0002 tool).

3. This work relates to activity PNA2020-01: Revision of the regulatory framework (VVS, PS, PCP) to allow for the road testing of the digitized methodology (ACM0002), under objective 1(b): Operate an effective regulatory framework resulting in reduced transaction costs for participants in the mechanism, with a resource allocation as referred to in table 4 of the appendix to the CDM two-year business and management plan 2020–2021 (EB 104, annex 1).

2. Purpose

4. The purpose of this concept note is to: (a) identify the potential impacts on the CDM regulatory provisions if a project participant chooses to use the digitized ACM0002 tool to

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[1] (The CMP) "*Requests the Executive Board to simplify and streamline the validation process for project activities and programmes of activities that are deemed to be automatically additional;*"

[2] (The CMP) "*Also requests the Executive Board to develop and digitize methodology-specific design document forms for project activities and programmes of activities;*"

[3] (The CMP) "*Encourages the Executive Board to continue the development of digitized project and programme design document forms for clean development mechanism project activities and programmes of activities;*"

[4] (The CMP) "*Also encourages the Executive Board to continue its activities in response to decision 6/CMP.11, paragraph 14;*"

develop a project design document (PDD) for the processes under the CDM; and (b) propose solutions for dealing with these impacts.

3. Key issues and proposed solutions

3.1. Analysis of the functions of the digitized ACM0002 tool

5.   The digitized ACM0002 tool is a web-based IT programme that supports users in creating a PDD by automatically addressing some CDM regulatory requirements (e.g. additionality demonstration, baseline identification and emission reduction calculations based on data entered by the user) for CDM project activities applying methodology ACM0002. It incorporates all requirements of methodology ACM0002 and the relevant requirements of the "CDM project standard for project activities" (PS-PA) for the development of the PDD, and prompts users to enter relevant information on individual activities.

6.   Compliance with some requirements in methodology ACM0002 and the PS-PA are "automatized" by the tool, which means the tool automatically ensures compliance with those requirements based on the information entered by users by checking that the associated conditions are fulfilled, among other things. For other requirements in methodology ACM0002 and the PS-PA, the digitized ACM0002 tool simply provides an electronic means for describing the activity or how the activity complies with a particular requirement. The web interface of the tool comprises the following types of data entry fields:

(a)   Check boxes;

(b)   Pull-down lists;

(c)   Numerical data fields;

(d)   Free text fields.

7.   Selections made via check boxes and/or pull-down lists and data entered in numerical data fields may be used to determine compliance with a particular requirement, navigate to subsequent relevant data fields or simply describe the activity. Text entered in free-text fields is simply presented "as is" in the relevant section of the PDD without influencing other elements in the PDD; therefore it is not used in the "automatized" compliance functions of the tool.

8.   To understand the impact of the use of the digitized ACM0002 tool on regulatory provisions, it is necessary to determine: (a) which regulatory requirements will be automatically deemed complied with when using the tool; and (b) which requirements still require demonstration of compliance by the project participants even if they use the tool. For this reason, the relevant requirements in the PS-PA (ver. 02.0) have been analysed against the corresponding data entry fields and the functions of the current work-in-progress version of the tool, as contained in the appendix. This analysis should be seen as preliminary since the tool is expected to be revised further to improve functionality and ensure the coverage of relevant requirements of the PS-PA and methodology ACM0002.

9. The analysis revealed that the requirements can be categorized into the following groups in respect of the automatization that the digitized ACM0002 tool performs, which would have an impact on the responsibilities of project participants vis-à-vis the requirements:

   (a) The tool automatically ensures compliance irrespective of the information entered by the user;

   (b) The tool automatically ensures compliance provided that the information entered by the user is correct;

   (c) The tool presents the entered information "as is" in the appropriate section of the PDD;

   (d) The tool does not deal with the requirement as it is outside the scope of methodology ACM0002;

   (e) The tool does not deal with the requirement as it is not relevant to, or outside the use of, the tool.

10. A summary of the preliminary analysis is presented in the table below.

Table. **Impact of the use of the digitized ACM0002 tool on the requirements of the CDM project standard for project activities related to the development and submission of a project design documents for registration or renewal of crediting period**

Impact category	What the tool does	Regulatory requirements
Compliance with requirements is automatized	(a) The tool automatically ensures the compliance irrespective of the information entered by the user	• Use of applicable global warming potentials for ex ante estimation of emission reductions • Use of the valid version of the norms, specifications, standards and test procedures as per applied methodology • Provision of fixed data and parameters
	(b) The tool automatically ensures the compliance provided that the information entered by the user is correct	• Selection of mandatory standardized baseline • Reference of applied methodology • Applicability of the methodology to the activity • Project boundary, sources and gases • Baseline scenario • Consideration of national/sectoral policies in baseline setting (greenfield projects) • How to calculate ex post baseline, project and leakage emissions as well as emission reductions • Demonstration of additionality • Use of the valid version of the norms, specifications, standards and test procedures • Monitoring plan

Impact category	What the tool does	Regulatory requirements
Compliance with requirements is not automatized	(c) The tool presents the entered information "as is" in the appropriate section of the PDD	• General description of project activity • Parties involved, project participants • Source of public funding • Avoidance of double-registration, registration of deregistered activity • Registration of former CPA as a standalone activity • Addressing the existence of "former project" • Selection of standardized baseline • Reference to applied standardized baseline • Applicability of selected standardized baseline • Facilities, systems and equipment under the project and baseline scenario • Consideration of national/sectoral policies in baseline setting (capacity increase or retrofit projects) • Selection of options provided by methodology and justification of the choice • Performance of equipment • Uncertainty level and calibration frequency of parameters in the monitoring plan • Start date, operational lifetime • Type, duration and start date of crediting period • Environmental impact • Local stakeholder consultation • Sustainable development co-benefits
	(d) The tool does not deal with the requirement as it is outside the scope of ACM0002	• Addressing the existence of "former project" (distributed units in households) • Selection of methodology • Consideration of suppressed demand • Use of sampling for the determination of parameter values • Specific design requirements for small-scale project activities • Specific design requirements for afforestation and reforestation project activities • Specific design requirements for small-scale afforestation and reforestation project activities • Specific design requirements for carbon dioxide capture and storage project activities

Impact category	What the tool does	Regulatory requirements
	(e) The tool does not deal with the requirement as it is not relevant to, or outside the use of, the tool	• Demonstration of prior consideration of the clean development mechanism • Identification of project type • Proposing a new or revised methodology, or seek clarification or approval of deviation • Addressing the existence of "former project" (requesting for clarification) • Proposing a new, revised or updated standardized baseline, or seek clarification • Delayed submission of monitoring plan • No re-registration of expired activity • Approval and authorization • Modalities of communication

3.2. Implications for regulatory framework

11. The requirements in group (a) in the table above completely shift the responsibility of compliance from the project participants to the tool (thus, to the regulator). Those in group (b) above also shift the responsibility of compliance from the project participants to the tool to a degree, but the responsibility of providing correct information still lies with the user. Those in group (c) do not shift the responsibility at all, as the responsibility for the content of the information entered, which will appear "as is" in the PDD, still lies with the project participants. Those in groups (d) and (e) are not relevant to the use of the tool for project activities applying the methodology ACM0002.

12. It should be emphasized that the use of the digitized ACM0002 tool would not reduce the relevant requirements or make them more lenient. It would simply shift the responsibility for demonstrating compliance with some requirements in the methodology ACM0002 or the PS-PA from the project participants to the tool.

13. Due to the shift of the responsibility for demonstrating compliance with some requirements where the digitized ACM0002 tool is used, it is necessary to adjust the current regulatory requirements for project participants who will use the tool to develop a PDD. Such adjustments should be made primarily to the PS-PA, as it is the document that defines how to develop a PDD and what information needs to be included, as presented in the analysis in section 3.1 above. Adjustments to the PS-PA should describe how the affected provisions should be interpreted where the digitized ACM0002 tool is used for the development of a PDD.

14. The impact of the use of the digitized ACM0002 tool on the regulatory provisions is not only on the PS-PA, but also on the "CDM validation and verification standard for project activities" (VVS-PA). However, since the VVS-PA mirrors the requirements in the PS-PA, providing how the designated operational entity (DOE) shall validate compliance with the requirements in the PS-PA, the impact on the responsibilities of DOEs is, in principle, similar to the impact on the responsibilities of project participants. In any case, for all groups of requirements referred in paragraph 11 above, DOEs shall assess the accuracy, conservativeness, relevance, completeness, consistency and transparency of the information provided by the project participants, which is one of the basic auditing

approaches that DOEs shall adhere to (VVS-PA (ver. 02.0), para. 19 (d)). The digitized ACM0002 tool still requires a DOE to confirm that the information provided is valid. Nevertheless, a careful paragraph-by-paragraph analysis is needed on the corresponding provisions in the VVS-PA and reflected in the clarification referred to in section 3.3 below.

15. On the other hand, there will be no impact of the use of the digitized ACM0002 tool on the "CDM project cycle procedure for project activities" (PCP-PA), since the PCP-PA describes the procedural steps and requirements for registration, renewal of crediting period, etc., which are independent from "how" the PDD is to be developed. However, in accordance with the PCP-PA, when the secretariat conducts assessments and the Board reviews the requests containing the PDD developed by the digitized ACM0002 tool, they should take into account the modified requirements in the clarification referred to in paragraph 16 below.

3.3. Proposed solution

16. Considering that the impacts of the use of the digitized ACM0002 tool on the regulatory provisions are diverse and on a paragraph-by-paragraph basis, and that the use of the tool is not expected to be frequent in the near future, it is recommended to issue a clarification explaining how the affected regulatory provisions should be read when using the tool, rather than revising the affected regulatory documents at the paragraph level. Revising the regulatory documents would mean adding a sentence for each modified requirement to each affected provision, which would adversely affect the readability of the regulatory documents significantly.

4. Impacts

17. Providing adjustments to the current regulatory framework for the project participants who use the digitized ACM0002 tool to develop a PDD would allow the implementation of the tool under the CDM.

5. Subsequent work and timelines

18. The secretariat prepares the draft clarification referred to in paragraph 16 above for consideration at EB 109.

19. The secretariat confirms that the digitized ACM0002 tool reflects all the relevant requirements of the PS-PA and methodology ACM0002 and is fully functional.

20. Once the clarification is agreed by the Board and the functionality of the tool is confirmed, the secretariat will make the digitized ACM0002 tool publicly available and publish the clarification at the same time.

6. Recommendations to the Board

21. It is recommended that the Board agree with the proposed solution and subsequent work and timelines referred to in this document.

Appendix. Analysis of functions of the digitized ACM0002 tool on the relevant provisions of the CDM project standard for project activities

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
6.3	**Use of applicable global warming potentials**		
27	The project participants shall use the global warming potentials (GWPs) adopted by the CMP at its seventh session, in accordance with decision 4/CMP.7, to calculate the GHG emission reductions or net anthropogenic GHG removals achieved by the CDM project activity in the second commitment period of the Kyoto Protocol. This requirement shall apply from 1 January 2013, notwithstanding any GWPs stated to be applicable in the relevant standards, methodologies, standardized baselines, methodological tools, guidelines, procedures and other rules being used in relation to that project activity.	(The digitized tool automatically uses GWPs for the second commitment period for ex ante estimation of emission reductions)	The use of the digitized tool automatically ensures the compliance with this requirement.
28	The project participants shall apply the GWPs valid for the second commitment period for the purposes of demonstrating additionality and the ex-ante calculation of GHG emission reductions or net anthropogenic GHG removals, if the PDD to be published for global stakeholder consultation or the request for registration of the proposed CDM project activity is submitted on or after 1 January 2013. A request for registration submitted before 1 January 2013 that has applied the GWPs valid for the first commitment period in relation to additionality demonstration is not required to re-assess additionality or redo the ex ante calculation of GHG emission reductions or net anthropogenic GHG removals applying the GWPs valid for the second commitment period.	(The digitized tool automatically uses GWPs for the second commitment period for ex ante estimation of emission reductions. CER revenue is currently not used for demonstration of additionality, thus GWPs are irrelevant for demonstration of additionality now)	The use of the digitized tool automatically ensures the compliance with this requirement.
29	The PDDs for CDM project activities registered before 1 January 2013 are not required to be amended, republished for global	(Not relevant to the use of the digitized tool)	No impact

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
	stakeholder consultation, or revalidated using the GWPs as applied by decision 4/CMP.7.		
30	All references in standards, methodologies, standardized baselines, methodological tools, guidelines and procedures to one or more GWPs, including specific references to GWPs valid for the first commitment period, from 1 January 2013, shall be read as references to the relevant GWPs valid for the second commitment period.	(Not relevant to the use of the digitized tool)	No impact
7.1	**Demonstration of prior consideration of the clean development mechanism**	(Outside the scope of the use of the digitized tool)	No impact
7.2	**Identification of project type**		No impact
34	The project participants shall determine the type of the CDM project activity they intend to design and implement from the following: (a) Large-scale project activity; (b) Small-scale project activity; (c) Large-scale A/R project activity; (d) Small-scale A/R project activity; (e) CCS project activity.	(Outside the use of the digitized tool - this requirement is a pre-step before using the tool)	No impact
7.3	**Description of project activity**		
35	The project participants shall describe the proposed CDM project activity in the PDD to provide an understanding of the nature and the implementation of the project activity.	(Not relevant to the use of the digitized tool - this is a general requirement, indicating the principle)	No impact
36	When describing the proposed CDM project activity, the project participants shall provide, inter alia, the following information: (a) The title for the project activity; (b) The sectoral scopes linked to the methodologies applied and relevant to the project activity; (c) The purpose and a general description of the project activity, including how it contributes to the sustainable development of the host Party; (d) The physical/geographical location of the project activity;	• Free text field • Drop-down lists (sectoral scope) • Free text field (general description of activity) • Free text field	No impact

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
	(e) The technologies/measures to be employed and/or implemented by the project activity, including: (i) A list of the facilities, systems and equipment that will be installed and/or modified by the project activity; (ii) The types and levels of services (such as the amount of a certain type of cement produced or the amount of electricity fed into the electricity grid) provided by the facilities, systems and equipment and their relation, if any, to other facilities, systems and equipment outside the project boundary; (iii) The arrangement of the facilities, systems and equipment; (iv) The age and average lifetime of the equipment based on the manufacturer's specifications and industry standards; (v) The installed capacities, load factors and efficiencies; (vi) The energy and mass flows and balances of the facilities, systems and equipment, if necessary; (vii) The monitoring equipment and their location in the systems; (f) The technologies/measures existing prior to the implementation of the project activity at the same site, as applicable, including the equivalent information listed in subparagraph (e) above on the facilities, systems and equipment; (g) A short summary of the baseline scenario as established in accordance with section 7.5.3 below, including the equivalent information listed in subparagraph (e) above; (h) A description of how the technologies/measures and know-how for their use are transferred to the host Party, where applicable.	• File uploading field (map) • Drop-down lists (sub-sector; technology type; connectivity to grid; investment/asset type) • Numerical data field (expected annual electricity generation) • Free text fields (how electricity generation was determined; description of activity) • To be covered by free text field (general description of activity) • To be covered by free text field (general description of activity) • To be covered by free text field (general description of activity)	

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
37	The project participants shall identify: (a) The Parties involved in the proposed CDM project activity, including the host Party; (b) The project participants of the proposed CDM project activity.	• Drop-down lists (host Party, other Parties) • Free text field (project participants' names) • Tick boxes (whether the host Party is a project participant; whether other Party is involved)	No impact
38	The project participants shall provide information on sources of public funding for the proposed CDM project activity. If public funding from Parties included in Annex I to the United Nations Framework Convention on Climate Change (hereinafter referred to as the Convention) is involved, the project participants shall provide an affirmation obtained from the Annex I Parties that such funding does not result in a diversion of official development assistance, and is separate from and not counted towards the financial obligations of those Parties.	• Tick box (Yes/No) • Free text field (public funding source) • File uploading field (supporting documentation)	No impact
39	The project participants shall confirm that the proposed CDM project activity is neither registered as a CDM project activity nor included as a component project activity (CPA) in a registered CDM PoA.	• Tick box (confirmation)*	No impact
40	The project participants shall confirm that the proposed CDM project activity is not a project activity that has been deregistered.	• Tick box (confirmation)	No impact
41	If the proposed CDM project activity was a CPA that has been excluded from a registered CDM programme of activities (PoA), the project participants shall ensure that: (a) The PDD transparently declares that the project activity was a CPA that has been previously excluded from a registered CDM PoA, either voluntarily or due to erroneous inclusion; (b) The crediting period type (renewable or fixed) and duration and its end-date are the same as before the exclusion;	• Tick boxes (Yes/No) • Free text field (demonstration of meeting all conditions)	No impact

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
	(c) The project activity meets all relevant requirements for registration of project activities valid at the time of submission of the request for registration as a CDM project activity; (d) If the project activity applies a methodology that potentially accrues negative GHG emission reductions, GHG emission reductions have been continuously monitored in accordance with the monitoring plan as described in the CPA-DD and verified by a DOE since the end of the monitoring period in the last published monitoring report for the CPA, including the exclusion period. For such project activity, if there were net negative GHG emission reductions during the period before the registration as a CDM project activity, the amount shall be deducted from the first requests for issuance of CERs after the registration; (e) If the CPA has been excluded as a result of erroneous inclusion and if CERs have been issued for the CPA, an equivalent amount of Kyoto credits has been compensated by the DOE that included the CPA, or that validated the CPA at its first verification if it was included by the coordinating/managing entity, to the CDM registry in accordance with the "CDM project cycle procedure for programmes of activities".		
42	The project participants shall declare, if applicable, the existence of a registered CDM project activity or a CPA under a registered CDM PoA whose crediting period has or has not expired (hereinafter referred to as former project) in the same geographical location as that of the proposed CDM project activity.	• Tick box (Yes/No)	No impact
43	If the project participants identify that the proposed CDM project activity is in the same geographical location as that of a former project, they shall declare that the proposed CDM project activity will not lead to the discontinuation or modification of the former project and does not decrease the GHG emission reductions or net	• Free text field (demonstration of meeting all conditions)	No impact

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
	anthropogenic GHG removals by the former project, and that the proposed CDM project activity complies with the following conditions: (a) It utilizes both a different measure and a different technology from those of the former project; (b) It does not share or utilize any of the assets of the former project; (c) It utilizes a different resource type compared to the former project.		
44	The following definitions shall apply for paragraph 43 above: (a) Measure: fuel/feedstock switch, technology switch, methane destruction and methane avoidance; (b) Technology: equipment or conversion process used for the production of goods or provision of services. Two different project activities/CPAs are considered to be using the same technology(ies) if they: (i) Provide the same kind of output and use the same kind of equipment and conversion process; or (ii) Undertake the same course of action that results in the same kind of effect (e.g. two projects using the same management practice such as fuel switching); (c) Assets: resources with economic value that an individual, corporation or country owns or controls with the expectation that it will provide future benefit; the assets could be physical such as project equipment, or non-corporeal such as permits and exclusive position in legislation. The definition of assets in this context excludes land; (d) Output: amount of goods or services produced by a technology; (e) Resource: a source of supply or support needed for the production of an output. It may include categories of goods, energy and energy carriers that are supplied into the project location and are required for the implementation of the project	(Not relevant to the use of the digitized tool – this para is not a requirement)	No impact

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
	activity/CPA, such as fossil fuel, by-product of a process, biomass, solar, wind, geothermal heat.		
45	If the proposed CDM project activity involves the implementation of distributed units in households and the conditions in paragraph 43(a)−(c) above are not met, the project participants shall request a DOE to validate and confirm by other means that the project activity will not lead to the discontinuation or modification of the former project, and does not decrease the GHG emission reductions or net anthropogenic GHG removals by the former project, in accordance with the "CDM validation and verification standard for project activities".	(Outside the scope of ACM0002)	No impact
46	In all other cases, the project participants may submit a communication to the Board to request clarification in accordance with the "Procedure: Direct communication with stakeholders", prior to the submission of a request for registration.	(Outside the scope of the use of the digitized tool)	No impact
7.4	**Selection of methodologies and standardized baselines**		
47	The project participants shall select methodologies that have been approved by the Board and that are valid and applicable to the proposed CDM project activity.	(Use of the digitized tool means the selection of ACM0002. The applicability of ACM0002 to the project activity is checked through questions on sector, technology and installed capacity)	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
48	In selecting a methodology for the proposed CDM project activity, the project participants may: (a) Propose a new methodology in accordance with the "Procedure: Development, revision and clarification of methodologies and methodological tools"; (b) Propose a revision to an approved methodology or methodological tool in accordance with the procedure referred to in subparagraph (a) above; (c) Seek clarification of an approved methodology or methodological tool in accordance with the procedure referred to in subparagraph (a) above; or	(Outside the use of the digitized tool)	No impact

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
	(d) Request approval of deviation from an approved methodology or methodological tool in accordance with the "CDM project cycle procedure for project activities".		
49	The project participants may select a standardized baseline that has been approved by the Board if it is valid and applicable to the proposed CDM project activity and to the selected methodology in accordance with the applicability section of the standardized baseline (hereinafter referred to as selected standardized baseline).	• Tick box (how grid emission factors are determined) • Free text field (reference to applied standardized baseline)	No impact
50	Notwithstanding paragraph 49 above, the project participants shall select an approved standardized baseline for the proposed CDM project activity if the standardized baseline is valid, and applicable to the proposed CDM project activity and to the selected methodology, and the selection of the standardized baseline is mandatory in accordance with the applicability section of the standardized baseline.	(The digitized tool automatically selects mandatory standardized baseline based on the selection of the host Party)*	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
51	Notwithstanding paragraphs 49 and 50 above, the project participants shall not select an approved standardized baseline that standardizes additionality for the proposed CDM project activity if the start date of the project activity is before the date when the standardized baseline becomes valid.	• Tick box (how grid emission factors are determined) • Free text fields (URL on grid emission factors; reference to applied standardized baseline; or data vintage for self-calculation)	No impact
52	If a PDD has been published for global stakeholder consultation when no applicable approved standardized baseline was valid, and if, after the publication of the PDD for global stakeholder consultation but before the submission of a request for registration of the proposed CDM project activity, an applicable approved standardized baseline whose selection is mandatory has become valid, the request for registration may be submitted without selecting the standardized baseline if the submission is made within 240 days after the standardized baseline became valid.	• Tick box (how grid emission factors are determined) • Free text fields (URL on grid emission factors; reference to applied standardized baseline; or data vintage for self-calculation)	No impact

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
53	In selecting a standardized baseline for the proposed CDM project activity, the project participants may, in accordance with the "Procedure: Development, revision, clarification and update of standardized baselines": (a) Propose a new standardized baseline; (b) Propose a revision to an approved standardized baseline; (c) Seek clarification of an approved standardized baseline; or (d) Propose an updated standardized baseline.	(Outside the scope of the use of the digitized tool)	No impact
7.5	**Application of methodologies and standardized baselines**		
7.5.1	**General requirements**		
54	The project participants shall provide the references (titles, versions and UNFCCC reference numbers) of the selected methodologies and, where applicable, of the selected standardized baselines that are applied to the proposed CDM project activity, including any other methodologies or methodological tools to which the selected methodologies refer.	(The digitized tool automatically provides for the references of ACM0002) • Free text field (reference to selected standardized baseline)	The use of the digitized tool automatically ensures the compliance with this requirement partially (reference to ACM0002). No impact on the requirement of reference to selected standardized baseline
55	The project participants shall demonstrate why the selected methodologies and, where applicable, the selected standardized baselines and any other standards, methodologies, methodological tools and guidelines applied in accordance with the selected methodologies (hereinafter "any other standards, methodologies, methodological tools and guidelines (to be) applied in accordance with the selected(applied) methodologies" are collectively referred to as the other (applied) methodological regulatory documents), are applicable to the proposed CDM project activity by showing that the project activity meets all applicability conditions of these regulatory documents.	(The digitized tool automatically checks the compliance of the project activity with the applicability conditions of ACM0002 through questions on sector, technology and capacity, etc.) (The digitized tool does not check the applicability of selected standardized baseline)	The use of the digitized tool automatically ensures the compliance with requirement partially (applicability of ACM0002). No impact on the requirement of the applicability of selected standardized baseline
56	The project participants shall ensure that the proposed CDM project activity complies with all the requirements of the applied methodologies, the applied standardized baselines and the other applied methodological regulatory documents.	(Compliance with all requirements in ACM0002 is checked or presented as entered by users through various questions)	The use of the digitized tool automatically ensures the compliance with some requirements of ACM0002 and presents the demonstration of compliance with

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
			other requirements as entered by users.
7.5.2	**Project boundary, sources and greenhouse gases**		
57	The project participants shall describe the project boundary of the proposed CDM project activity, including the physical delineation of the project activity, and which sources and GHGs are included in the project boundary in accordance with the applied methodologies and the applied standardized baselines.	(Choice of delineation type of electricity grid (see para 36 above) automatically determines the project boundary)	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
58	If the applied methodologies or the applied standardized baselines allow the project participants to choose whether a source or GHG is to be included in the project boundary, the project participants shall explain and justify the choice.	(Choice of technology (see para 36 above) automatically determines emission sources and GHGs to be included)	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
7.5.3	**Baseline scenario**		
59	The project participants shall establish and describe the baseline scenario for the proposed CDM project activity in accordance with the applied methodologies, the applied standardized baselines and the other applied methodological regulatory documents, and the provisions in paragraphs 60−66 below.	• Tick box (delineation of relevant electricity grid) • Free text field (URL on delineation) • Tick box (how grid emission factors are determined) • Free text fields (URL on grid emission factors; reference to applied standardized baseline; or data vintage for self-calculation) • Numerical data fields (operating margin; build margin)	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
60	The project participants shall provide information on the facilities, systems and equipment to be operated under the proposed CDM project activity and in the baseline scenario, and clearly explain how the same types and levels of services provided by the project activity would have been provided in the baseline scenario.	• Drop-down lists (e.g. terrain type; wind turbine generators layout) • Numerical data fields (e.g. location; elevation; number of	No impact

Section/ Para #	PS-PA (ver. 02.0)	Digitized tool question	Impact on regulatory provisions
		wind turbine generators; power output per unit; rotor speed, cut-in wind speed; lifespan) • Free text field (facilities, systems and equipment in the baseline scenario)*	
61	When establishing the baseline scenario, if the project participants foresee that future anthropogenic emissions by sources are projected to rise above current levels due to the specific circumstances of the host Party, they may follow the "Guidelines on the consideration of suppressed demand in CDM methodologies" to propose a revision to an approved methodology to cover such scenario if it is not covered in the methodology.	(Outside the scope of the use of the digitized tool)	No impact
62	In case of replacement of existing equipment, the project participants shall estimate the point in time when the existing equipment would be replaced in the absence of the proposed CDM project activity in accordance with the "Tool to determine the remaining lifetime of equipment".	• Date field (DD/MM/YYYY)	No impact
63	As a general principle, relevant national and/or sectoral policies, regulations and circumstances shall be taken into account in the establishment of the baseline scenario, without creating perverse incentives that may impact host Parties' contributions to the ultimate objective of the Convention.	(For greenfield project activities, this requirement is automatically complied with) (For capacity increase or retrofit project activities, relevant questions)*	For greenfield project activities, the use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct. No impact for capacity increase or retrofit project activities (this requirement holds as is).
64	When establishing the baseline scenario, the project participants shall take into account the following two types of national and/or sectoral policies or regulations: (a) National and/or sectoral policies or regulations that give comparative advantages to more emissions-intensive	(see para 63)	(see para 63)

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	technologies or fuels over less emissions-intensive technologies or fuels; (b) National and/or sectoral policies or regulations that give comparative advantages to less emissions-intensive technologies over more emissions-intensive technologies (e.g. public subsidies to promote the diffusion of renewable energy or to finance energy efficiency programmes).		
65	The project participants shall address the two types of policies or regulations described in paragraph 64 above as follows: (a) Only national and/or sectoral policies or regulations described in 64(a) above that have been implemented before the adoption of the Kyoto Protocol by the Conference of the Parties (hereinafter referred to as the COP) (decision 1/CP.3, 11 December 1997) shall be taken into account when establishing the baseline scenario. If such national and/or sectoral policies or regulations were implemented since the adoption of the Kyoto Protocol, the baseline scenario should refer to a hypothetical situation without the national and/or sectoral policies or regulations being in place; (b) National and/or sectoral policies or regulations described in paragraph 64(b) above that have been implemented since the adoption by the COP of the CDM M&Ps (decision 17/CP.7, 11 November 2001) need not be taken into account in establishing the baseline scenario. If such national and/or sectoral policies or regulations were implemented since the adoption of the CDM M&Ps, the baseline scenario could refer to a hypothetical situation without the national and/or sectoral policies or regulations being in place.	(see para 63)	(see para 63)
66	Notwithstanding paragraphs 59–65 above or 149–151 below, if the proposed CDM project activity applies an approved standardized baseline that standardizes baseline scenario, the project participants shall describe the baseline scenario as per the applied standardized baseline.	(If the project applies this type of standardized baseline, the digitized tool presents baseline scenario based on the information entered)	If the use of a standardized baseline is mandatory, the use of the digitized tool automatically ensures the compliance with this requirement, provided that the

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			information entered by users is correct. In other cases, no impact (this requirement holds as is).
7.5.4	**Demonstration of additionality**		
67	The project participants shall demonstrate, in accordance with the applied methodologies, the other applied methodological regulatory documents and the requirements relating to prior consideration of the CDM contained in section 7.1 above, that the anthropogenic emissions of GHG by sources are reduced below those that would have occurred in the absence of the proposed CDM project activity.	Tick boxes (applicability of automatic additionality) (see also paras 68 and 69 below)	Except for requirements on prior consideration, the use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
68	For demonstration of additionality of the proposed CDM project activity, and if it is required by the applied methodologies or the other applied methodological regulatory documents, the project participants shall follow: (a) "Methodological tool: Investment analysis"; (b) "Guidelines for objective demonstration and assessment of barriers".	• Tick box (type of additionality tests used) **Investment analysis** • Tick box (source of benchmark rate of return) • Numerical data field (inflation rate) • Tick box (source of inflation rate) • File uploading field (supporting document on inflation rate) • Numerical data field (debt to equity ratio) • Drop-down lists (cash flow currency, aggregation unit) • File uploading field (supporting document on cash flow) **Barrier analysis** • Free text fields (barrier type; barrier description; supporting evidence; explanation of	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.

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		unfeasibility of investment analysis; explanation of CDM overcoming barrier)	
69	For demonstration of additionality of the proposed CDM project activity, the project participants may also consider following: (a) "Methodological tool: Additionality of first-of-its-kind project activities"; (b) "Methodological tool: Common practice".	• Tick box (applicability of automatic additionality) • Questions relating to common practice*	No impact
70	Notwithstanding paragraphs 67–69 above and 134 and 152 below, if the proposed CDM project activity applies an approved standardized baseline that standardizes additionality, the project participants shall demonstrate that the project activity meets the additionality criteria (e.g. positive lists of technologies) identified in the applied standardized baseline as well as the requirements relating to prior consideration of the CDM contained in section 7.1 above.	(No relevant question exists in the tool as currently there is no standardized baseline that standardizes additionality)	No impact (currently)
7.5.5	**Estimation of emission reductions or net anthropogenic removals**		
71	The project participants shall describe how to undertake the ex post calculation of baseline, project and leakage GHG emissions, as well as GHG emission reductions, to be achieved by the proposed CDM project activity, and provide the ex ante calculation of them for each year of the crediting period, in accordance with the applied methodologies and the applied standardized baselines. If the proposed CDM project activity contains more than one component, the project participants shall apply this requirement for each component separately. The project participants shall describe all steps to be undertaken for these calculations and provide all results.	(The digitized tool automatically describes how to calculate ex post baseline, project and leakage emissions as well as emission reductions)	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
72	If the applied methodologies, the applied standardized baselines or other applied methodological regulatory documents include different scenarios or cases, or provide different options and/or default values to choose from, the project participants shall justify their choice.	• The digitized tool presents available choices for users as per ACM0002. • Free text field (justification of the choice)*	No impact

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73	To determine the performance of the equipment used in the proposed CDM project activity, if required for the calculation of GHG emission reductions, the project participants shall use: (a) The appropriate values, or the values calculated based on the methods, specified in the applied methodologies, the applied standardized baselines and the other applied methodological regulatory documents; (b) The national standard for the performance of the equipment type (the project participants shall identify the standard used) if the value referred to in subparagraph (a) above is not available; (c) An international standard for the performance of the equipment type, such as International Organization for Standardization (ISO) and International Electrotechnical Commission (IEC) standards (the project participants shall identify the standard used) if the values referred to in subparagraphs (a) and (b) above are not available; (d) The manufacturer's specifications, provided that they are tested and certified by national or international certifiers, if the values referred to in subparagraphs (a)−(c) above are not available; (e) Performance data from test results conducted by an independent entity for the equipment to be installed under the project activity, if the values referred to in subparagraphs (a)−(d) above are not available.	• Data field (performance value)* • Free text field (how the performance has been determined)*	No impact
74	The project participants shall use the valid version of the norms, specifications, standards and test procedures referred to in the applied methodologies, the applied standardized baselines and the other applied methodological regulatory documents, as available at the time of submission of the PDD to a DOE for validation.	(The digitized tool reflects the valid version of the norms, specifications, standards and test procedures as per ACM0002)	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
75	The project participants shall, in accordance with the applied methodologies, the applied standardized baselines and the other applied methodological regulatory documents, provide the data and	(The digitized tool automatically generates a table containing parameters that are fixed ex ante	The use of the digitized tool automatically ensures the compliance with this requirement,

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	parameters that will not be monitored but are determined before the registration of the proposed CDM project activity and remain fixed throughout the crediting period. These data and parameters shall be available at the time of the validation of the project activity for registration.	as per ACM0002 based on the information provided)	provided that the information entered by users is correct.
76	The project participants shall ensure that the application of default data in the estimation of GHG emission reductions or net anthropogenic GHG removals for the proposed CDM project activity results in conservative estimates.	(The digitized tool applies default data specified by ACM0002)	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
77	The project participants may use sampling for the determination of parameter values for calculating GHG emission reductions if the applied methodologies, the applied standardized baselines or the other applied methodological regulatory documents allow this. In such cases, the project participants shall develop and describe a sampling plan in accordance with the "Standard: Sampling and surveys for CDM project activities and programmes of activities".	(Not relevant to ACM0002)	No impact
7.5.6	**Monitoring plan**		
78	The project participants shall develop and describe a monitoring plan for the proposed CDM project activity in accordance with the applied methodologies, the applied standardized baselines and the other applied methodological regulatory documents, all other applicable CDM rules and requirements, and the provisions in paragraphs 79–82 below.	(The digitized tool automatically creates a monitoring plan in accordance with ACM0002 with a few exceptions - see paras 79−82)	The use of the digitized tool automatically ensures the compliance with this requirement, provided that the information entered by users is correct.
79	In developing a monitoring plan for the proposed CDM project activity, the project participants shall apply the following unless the applied methodologies, the applied standardized baselines or the other applied methodological regulatory documents state otherwise: (a) Data variables that impact the GHG emission reductions continuously (e.g. quantity of fuel inputs, amount of heat or electricity produced, gas captured) shall be measured continuously and recorded at appropriate intervals;	(The digitized tool automatically selects relevant data variables)	The use of the digitized tool automatically ensures the compliance with this requirement partially (selectin of data variables), provided that the information entered by users is correct. No impact on the other elements.

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	(b) Data variables that are generally constant (e.g. emission factors, calorific value, system efficiencies) shall be measured or calculated at least once a year; (c) Measuring equipment shall be certified to national or IEC standards; (d) The calibration of measuring equipment shall be carried out by an accredited person or institution; (e) Measured data with high levels of uncertainty shall be compared with data from other sources to check the consistency.	(The digitized tool automatically selects relevant data variables) • Free text field (certifier)* • Free text field (calibrator)* • Free text field (comparison with other sources)*	
80	For parameters to be measured in accordance with the applied methodologies, the applied standardized baselines and the other applied methodological regulatory documents, the monitoring plan shall include the following: (a) The measurement methods and procedures, including accepted industry standards or national or international standards that will be applied; the measuring equipment that will be used; how the measurements will be undertaken; the accuracy of the measurement methods; the measurement intervals; and the responsible person/entity who/that will undertake the measurements; (b) The calibration procedures to be applied and the responsible person/entity who/that will perform the calibration.	• File uploading field (diagram of location of meters) • Free text fields (meter location; meter ID) • Drop-down lists (meter type; meter function) • Free text fields (measurement methods and procedures; monitoring frequency; calibration procedures)*	No impact
81	The monitoring plan shall include all data, parameters and related information required by the applied methodologies, the applied standardized baselines and the other applied methodological regulatory documents, including: (a) Quality assurance and quality control (QA/QC) procedures;	(The digitized tool presents the QA/QC procedure for each parameter as in ACM0002)	The use of the digitized tool automatically ensures the compliance with this requirement partially (QA/QC procedures). No impact on the other elements.

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	(b) Uncertainty levels, methods and the associated accuracy level of measuring instruments to be used for various parameters and variables; (c) Specifications of the calibration frequency for the measuring equipment. If neither the applied methodologies, the applied standardized baselines, the other applied methodological regulatory documents, nor the Board's guidance specify any requirements for calibration frequency for measuring equipment, the project participants shall ensure that the equipment is calibrated either in accordance with the local/national standards or the manufacturer's specifications. If local/national standards or the manufacturer's specifications are not available, international standards may be used.	• Numerical data field (accuracy) • Numerical data field (calibration frequency)	
82	The monitoring plan shall also include the following other elements: (a) The operational and management structure to be put in place to implement the monitoring plan; (b) Provisions to ensure that data monitored and required for verification and issuance are kept and archived for at least two years after the end of the final crediting period or the last issuance of CERs, whichever occurs later; (c) Definition of responsibilities and institutional arrangements for data collection and archiving.	• File uploading field (management structure) (The digitized tool automatically generates the text on archiving) • Free text fields (role title, responsibilities)	The use of the digitized tool automatically ensures the compliance with this requirement partially (archiving of monitored data). No impact on the other elements.
83	The project participants may choose to make a delayed submission of the monitoring plan, that is, after the registration of the proposed CDM project activity and: (i) At any time prior to the submission of the request for issuance of CERs for the first monitoring period; or (j) Together with the request for issuance of CERs for the first monitoring period.	(Outside the use of the digitized tool)	No impact
84	If the project participants choose to make a delayed submission of the monitoring plan in accordance with paragraph 83 above, they shall clearly state that the submission of the monitoring plan is delayed and that the PDD submitted for registration of the proposed	(Outside the use of the digitized tool)	No impact

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	CDM project activity does not contain information related to the monitoring plan.		
7.6	**Start date, crediting period type and duration**		
85	The project participants shall determine the start date of the proposed CDM project activity and provide a description of how this start date has been determined in accordance with the definition of start date in the "Glossary: CDM terms".	• Free text field	No impact
86	The project participants shall specify the expected operational lifetime of the proposed CDM project activity.	• Numerical data field (# years)	No impact
87	The project participants shall select a type (renewable or fixed) and specify the duration of the crediting period for the proposed CDM project activity, taking into account that: (a) Each renewable crediting period shall be at most seven years and may be renewed at most two times, for a maximum total length of 21 years; (b) A fixed crediting period shall be at most 10 years.	• Tick box (renewable or fixed) • Free text field (how the start date was determined) • Numerical data field (length)	No impact
88	The project participants shall determine the start date of the crediting period of the proposed CDM project activity, which shall be on or after the date of registration of the project activity as a CDM project activity.	• Date field (DD/MM/YYYY)	No impact
89	The project participants shall determine only one start date for the crediting period of the proposed CDM project activity, even in cases of phased implementation of the project activity.	(Only one date field exists)	The use of the digitized tool automatically ensures the compliance with this requirement.
90	The project participants shall state the start date of the crediting period of the proposed CDM project activity in the format dd/mm/yyyy, and shall not attach any qualifications to the start date, such as "expected".	• Date field (DD/MM/YYYY) (see para 88 above)	No impact
91	A project activity that has been registered as a CDM project activity may not be re-registered after the expiry of its final crediting period.	(Not relevant to the use of the digitized tool – this requirement is a general condition)	No impact

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7.7	**Environmental impacts**	• Free text fields (environmental impact; environmental impact assessment)	No impact
7.8	**Local stakeholder consultation**	• Free text fields (process description; names of commenters; comment summary; how comment taken into consideration)	No impact
7.9	**Sustainable development co-benefits**	• Free text field (general description of project activity) (see para 36 above)	No impact
7.10	**Approval and authorization**	• Free text field (reference to the letter)	No impact
7.11	**Modalities of communication**	(Outside scope of the digitized tool)	No impact
7.12	**Specific design requirements for small-scale project activities**	(Outside scope of ACM0002)	No impact
7.13	**Specific design requirements for afforestation and reforestation project activities**	(Outside scope of ACM0002)	No impact
7.14	**Specific design requirements for small-scale afforestation and reforestation project activities**	(Outside scope of ACM0002)	No impact
7.15	**Specific design requirements for carbon dioxide capture and storage project activities**	(Outside scope of ACM0002)	No impact

Note: Asterisk (*) in "Digitized tool question" column denotes that the functionality is missing in the version of the digitized ACM0002 tool analysed but planned to be introduced.

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Document information

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