

## **Agenda item 4.1.**

Paragraph 22 of the annotated agenda, Annex 6

# Revision of the regulatory provisions on standardized baselines

**CDM EB 108**

**Virtual meeting**

**1 to 3 December, 9 to 11 December and 14 December 2020**



### **EB 105**

- Agreed that an assessment is required with regard to potential gaps in the adequacy of current limitations in the validity of SBs for grid emission factors that are mandatory to use in the countries or regions.
- Requested the Methodologies Panel (MP) to propose solutions for the consideration of the Board at a future meeting.

### **MP 81**

- Considered specific SBs whose use is mandatory but their validity expired and made a recommendations to the Board.

### **EB 106**

- Considered a concept note prepared by the secretariat
- Requested to revise the concept note, adding new options, attaching draft revised regulatory documents



## Purpose

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- To address the practical problems in the use of SBs that have emerged in part due to the existing provisions.
- To complement the work of the MP on recommendations on specific SBs > resolved



### Principle regarding the update of standardized baselines

- EB 70 agreed on six principles, including:
  - a) Updated SB shall not impact already registered projects up to the end of their first crediting period → SB data standard, footnote 2
  - • •
  - c) Version of SB for the 1<sup>st</sup> crediting period shall be the most conservative version between the one applicable at the start and the end of first monitoring period → PS-PA, para 262; PS-PoA, para 266
  - d) Version of SB for renewed crediting period shall be the most conservative version between the one applicable at submission of renewal request and the start of the first monitoring period in the new crediting period → PS-PA, para 263; PS-PoA, para 267
  - • •
- Principles a) and c) might be contradicting each other
- Principles c) and d) do not work in practice (lack of updated SBs)



### **Lack of update of standardized baselines on time**

- SBs are to be updated regularly as per the SB procedure to reflect the latest situations of the sector in the country (every 3 years by default - can be longer or shorter)
- DNA to initiate the process - submission window of updates: 270–180 days prior to the expiry of the current version
- SB procedure is silent on the consequence of delay or no update due to delayed submission or approval of updated SBs, or no submission
- DNAs are not always equipped or motivated to submit proposed updated SBs – lack of capacity, resources, etc. → **Not feasible to assume DNAs will continue to submit updates**

### **Proposed solution (1)**

- Revise the rules on update of SBs to allow a gap period in the validity of two versions of the same SB (SB procedure)
- Include measures to facilitate submissions of updated SBs from DNAs (SB procedure)
  - The Board may, upon the request from the DNAs, decide to request the secretariat to provide technical support to the DNAs for the preparation of updated SBs without a prejudice to the outcome of the subsequent request



### Proposed solution (2)

- Revise the rules for project activities on the implications of the expiry, update or revision of SBs (PS-PA)
  - Activity that chose the ex ante option to determine baseline parameter values at registration
    - Shall apply the same version of SB as at registration until end of the 1<sup>st</sup> crediting period
  - Activity that chose the ex post option to determine baseline parameter values at registration
    - May, at any time during the 1<sup>st</sup> crediting period, switch to the ex ante option, and apply the version of SB valid at the switch and apply until the end of the 1<sup>st</sup> crediting period (PRC)
  - At each renewal of crediting period, activity
    - Shall choose the ex ante or ex post option and follow the same rules as above



### Proposed solution (3)

- Revise the rules for PoAs on the implications of the expiry, update or revision of SBs (PS-PoA)
  - PoA that chose the ex ante option to determine baseline parameter values for a generic CPA at registration
    - Shall apply the version of SB valid at inclusion of each CPA
    - Calculate values for that CPA and apply until the end of its 1<sup>st</sup> crediting period, if no valid version of SB available at inclusion
  - PoA that chose the ex post option to determine baseline parameter values for a generic CPA at registration
    - May, at any time during the 1<sup>st</sup> PoA period, switch to the ex ante option, and apply the version of SB valid at the switch
    - All included corresponding CPAs have to switch to the ex ante option. Both included and new CPAs have to apply the version of SB valid at the switch or inclusion. If no valid version of SB available, calculate values for those CPAs





### Proposed solution (4)

- Revise the rules for PoAs on the implications of the expiry, update or revision of SBs (PS-PoA) cont.
  - At each renewal of PoA period
    - Shall choose the ex ante or ex post option for generic CPA and follow the same rules as above
- Remove duplication of the same rule as a result (SB data standard)



### **Impacts**

- Resolve the conflict of the underlying assumptions of the existing rules on the application of valid SBs and the reality → address the practical issues that some registered CDM project activities and PoAs that applied SBs are currently facing

### **Subsequent work and timelines**

- Publish revision or amendments to regulatory documents

### **Recommendations to the Board**

- Recommends to adopt the revision and amendments with immediate effect
- Recommends to request the MP to revise the affected methodologies, tools and SBs under the top-down process

