

## Agenda item 3 b

Paragraph 11 of the annotated agenda, Annex 1

# DRAFT STANDARD ON CONSIDERATION OF SUPPRESSED DEMAND IN CDM METHODOLOGIES

**CDM EB 62**

Marrakesh, Morocco, 11-15 July 2011



# OVERVIEW

---

- I. Definitions**
- II. Scope and applicability**
- III. Methodological approach**
- III. Examples**
- IV. Feed back from the Meth Panel**
- IV. Conclusions**

# BACKGROUND – EB61

---

**The Board requested the secretariat to:**

**Draft a standard that address the issues related to the situation of suppressed demand in baseline and monitoring methodologies as formulated in the information note prepared by the secretariat and considered by EB 61;**

# DEFINITION

---

**Income effect:** Demand of a service would increase in the baseline scenario over time as a result of the increase of the income.

**Rebound effect:** Demand of a service would increase as a result of the decreased cost of the service per unit in the project scenario.

**Minimum service level:** A service level that is able to meet basic human needs (e.g. basic housing, basic energy services including lighting, cooking, drinking water supply).

---

# SCOPE AND APPLICABILITY

---

Applicable where the minimum service level is not met (Basic lighting demand, purified water, water treatment);

Provides methodological approaches for two issues:

- The identification of the **baseline measure** under a suppressed demand situation; and
- The identification of the **baseline service level** that should be used to calculate baseline emissions in a suppressed demand situation.

# APPROACH for emission intensity

---

1. Identify the various alternative measures available to the PPs that satisfy the same need as the need satisfied by the project activity;
2. Eliminate alternatives not in compliance with laws;
3. Rank the remaining in order of quality of the service provided;
4. Assess them in the sequence identified in step 3 and eliminate alternatives that faces barriers;
5. The first alternative not eliminated by step 4 is the baseline (**it need to be updated regularly**)

# APPROACH for emission intensity

---

## Barriers

- **Income barrier, e.g. non-access to the capital cost;**
- **Lack of infrastructure (e.g., non-existence of supply infrastructure;**
- **Lack of skills to operate the alternative;**
- **Technological barrier: e.g. technologies with market penetration rates of less than 5%.**

# Example on lighting

---

**LED lamps**



**Compact fluorescent lamps (CFLs)**



**Incandescent lamps**



**Large hurricane lamps or pressure lamps**



**Small wick lamps**



# **APPROACH for baseline level of service**

---

**Where the level of service of the project activity cannot be met with the baseline measure**

**Baseline level of service = Minimum level of service**

**The minimum service level is determined based on:**

- (a) National/international peer reviewed research or relevant studies;**
- (b) Benchmarks that take into account that emissions will rise to achieve the international/national development goals.**

# **GUIDANCE on the determination of baseline Is**

---

- (a) Environmental integrity has to be safeguarded;**
- (b) Financial viability of the CDM project cannot be the predominant criteria;**
- (c) Normative decisions have to be clearly referenced and explained;**
- (d) Emission intensity and baseline level of service have to be re-evaluated and updated periodically.**

# CONCLUSIONS

---

- The standard addresses the two issues related to suppressed demand;
  - It uses objective enough and simple criteria to address these two issues;
  - In the specific case where the baseline level of service cannot meet the project level of service, a minimum level of service that allow to meet the basic human needs is taken as baseline level of service
  - Both the baseline emission intensity and the baseline level of service are to be updated.
- 



# ACTIONS FROM THE BOARD

---

**The Board may wish to**

- **Approve the standard; and**
- **Decide to consider the work plan for the implementation of the standard at EB 64**

---

**THANK YOU FOR YOUR ATTENTION**