

Agenda item 3 b

Paragraph 12 of the annotated agenda, Annex 2

FRAMEWORK FOR THE ESTABLISHMENT OF SECTOR SPECIFIC SBs

CDM EB 62

Marrakesh, Morocco, 11-15 July 2011



OVERVIEW

- I. Background and definition**
- II. Characteristics of the framework for SBs**
- III. Requirements for the development and assessment of SBs**
- IV. Feedback from the Meth Panel**
- V. Conclusions**
- VI. Actions from the Board**

BACKGROUND AND DEFINITION

CMP 6 requested the Board to develop SBs, as appropriate, in consultation with relevant DNAs, prioritizing methodologies that are applicable to LDCs and SIDS.

As a response, the Board requested the secretariat to develop a general methodological framework for the development and assessment of SBs

CHARACTERISTICS OF THE FRAMEWORK

1. Why an approach based on measure?

2. How does it works?

Objective requirements are established in the framework for four measures and are to be translated into simple criteria for additionality demonstration and baseline setting in the SBs.

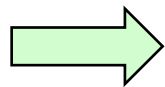
- Fuel switch
- Switch of technology and energy source
- Methane destruction
- GHG formation avoidance

3. How measures are combined?

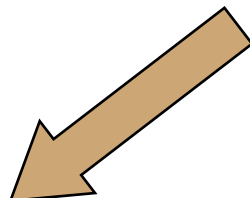
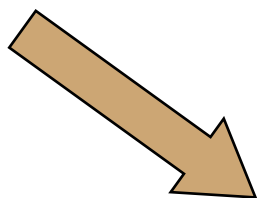


CHARACTERISTICS OF THE FRAMEWORK

Framework for the development and assessment of SBs



PL of **measures** additional
Baselines for measures



Emission factor of
the sector **if relevant**

First level of
standardization

Second level of
standardization

Enough objective and simple both at the setting and at the use of the standard



CHARACTERISTICS OF THE FRAMEWORK

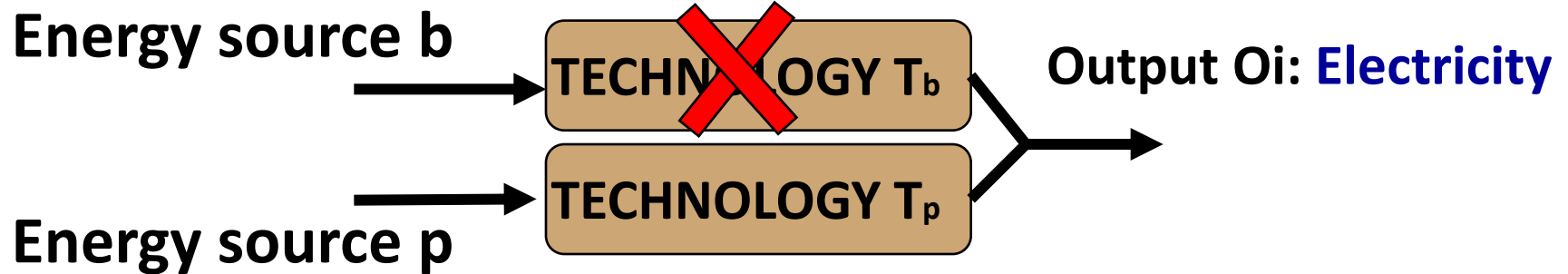
Address some EI issues in the current CDM

- Comparative analysis or financial benchmark;
- Realistic and credible alternative;
- Baseline is the most attractive alternative while the list of alternatives is not exhaustive

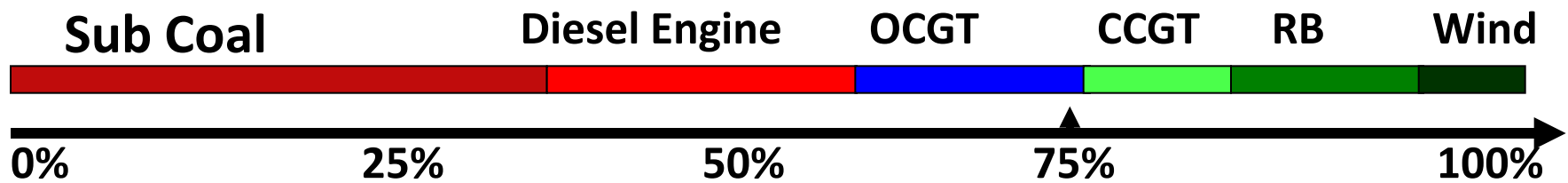
Address issues specific to performance benchmark

- Performance benchmark and additionality;
- Free riders;
- Data intensity;
- Emission factor for complex multi product sectors.

TECHNOLOGY SWITCHES



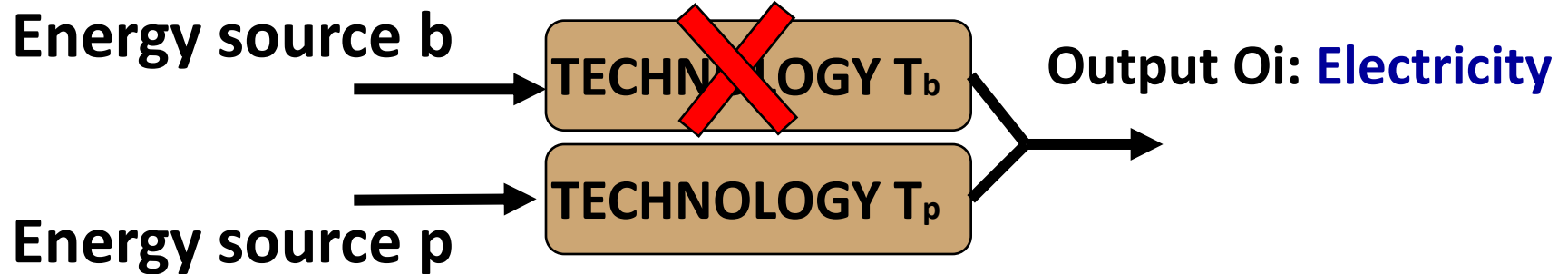
1. Identify the technologies with the highest EF and contributing to produce in aggregate $Y_a\%$ of output O;
2. Identify the technology with the lowest EF among them. This EF is the reference EF: EF_{ref} .
3. Technologies eligible to be in the positive list are less attractive than those identified under step 1 and with EF lower than EF_{ref} .



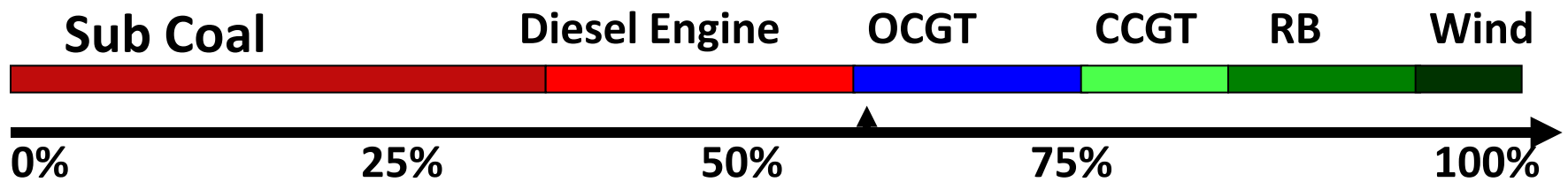
$Y_a = 75\%$



TECHNOLOGY SWITCHES



1. Identify the technologies with the highest EF and contributing to produce in aggregate Y_b% of the output.
2. Identify the technology with the lowest EF among them. It is the baseline technology.



Y_b = 60%



METHANE DESTRUCTION

Additionality

If the level of CH₄ destruction undertaken by a measure is higher than what is mandatory and enforced then the measure of destruction is additional.

Destruction of CH₄ emissions from source S_i above $W_i\%$ is additional.

Baseline

The baseline level of destruction is the mandatory and enforced level of destruction.

Example of SBs: For landfills, the baseline level of destruction is 40 % of the LG.

GHG FORMATION AVOIDANCE

Additionality

If the change of fate of a product related to a measure is not mandatory and enforced and is less attractive, then the measure is additional.

Example: Avoiding GHG formation through the use of products P_i for purpose Z_i is additional

Baseline

The baseline fate results from the most attractive course of action and is more widely observed;

EF is determined using the tool or IPCC values.

Example: Agricultural residues are burnt in the fields. The related methane EF is X ton methane/ ton of product



CONCLUSIONS

- Framework **objective** enough and **simple** for use
- SBs cover both **additionality** demonstration and **baseline** determination and are simple for use
- Baselines **not project specific** but for a **sector**
- Baseline identified for measures are **known** ex-ante **without definition of the project**
- **Additionality** demonstrated and assessed for a **measure** not for a project
- SBs from the framework are able to accommodate the **specific conditions of a country** while being sector specific



ACTIONS FROM THE BOARD

The Board may wish to:

- approve the framework for sector specific standardized baselines; and**
- invite DNAs to submit standardized baselines based on the framework or other approaches;**
- request the Meth Panel to assess the submissions**
- request the secretariat to further improve the framework based on lessons learnt from the assessment of the submissions and comments provided by its users.**

THANK YOU FOR YOUR ATTENTION



FURTHER ACTIONS FROM THE BOARD

The Board may wish to:

- **option 1: use the value of 80% for X and Y as starting point, with the possibility to revise it later;**
- **option 2: invite SBs developers to submit values for X and Y for the consideration of the Board;**
- **option 3: use the value of 80% for X and Y as starting point and invite SBs developers to submit alternative values for the approval of the Board and possible future revision of the value of 80%.**