

Agenda item 4.3 (a)

Paragraph 82 of the annotated agenda, annexes 14 and 15

First-of-its-kind and common practice

Quito, Ecuador, 25-29 September 2011



Consideration of:

(a) The summary note of the public inputs received from the call for inputs on first-of-its-kind and common practice;

(b) A draft proposal on the use of the first-of-its-kind barrier and the assessment of common practice.

Consideration of: first-of-its-kind and common practice

MANDATE:

Paragraph 34 of the EB 62 report:

The Board requested the secretariat to prepare:

- (a) A note that summarizes the inputs that will be received from the call for public inputs, taking feedback from the small group of Board members working on the issue; and**
 - (b) A new proposal on the use of first-of-its-kind barrier and the assessment of common practice, taking into account the inputs received from the call.**
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**Consideration of:
first-of-its-kind and common practice**

In total 10 inputs were received from:

✓ Institutions

- 1 Grue & Hornstrup**
- 2 DNV**
- 3 CDM Watch**
- 4 IETA**
- 5 Project Developers Forum**
- 6 World Bank**
- 7 International Rivers**

✓ Individual PPs

- 1 Caiyang Wu**
- 2 Sunil Solanki**
- 3 Zheng Zhaoning**



**Consideration of:
first-of-its-kind and common practice**

Is “prevailing practice” a barrier? **2 YES – 3 (5) NO**

Is “Folk” always facing barriers due to “prevailing practice”?
2 YES – 7 NO

Is “Folk” needed in AT and CT? **6 YES – 3 NO**

Is clear which technology is “Folk” ? **1 YES – 4 NO**

Should there be technologies that:

(i) are automatically deemed “Folk” **2 YES – 2 NO**

(ii) that are deemed never to be “Folk” **1 YES – 3 NO**

Demonstrate how CDM overcomes “Folk”? **4 YES – 4 NO**

CDM projects excluded from the “Folk” test? **1 YES – 5 NO**



**Consideration of:
first-of-its-kind and common practice**

“Prevailing practice” is not a barrier *per se*

“Folk” does not always face barriers due to “prevailing practice”

Objective demonstration of barriers (Annex 13, EB 50)

There is a need for “Folk” concept in AT and CT

A simple test for additionality (to be developed?)

Standardized baselines (Guidelines approved EB 62)

CDM projects shall be included in the “Folk” test and no negative list of technologies is needed

Not resolved:

Technologies that are automatically deemed “Folk”??

Demonstrate how CDM overcomes “Folk”??



Taking into account a general agreement that:

- **“Prevailing practice” is not a barrier *per se***
 - **“Folk” does not always face barriers due to “prevailing practice”**
- . The Board may wish to consider a revision of the “Tool for the demonstration and assessment of additionality” and “Combined tool to identify the baseline scenario and demonstrate additionality” in order to remove reference to:**
- barriers due to prevailing practice, inter alia: the project activity is the “first of its kind”.**



**Consideration of:
first-of-its-kind and common practice**

Is there a need for a CP concept? **9 YES – 1 NO**

Should CP be at: (i) first step, or (ii) last step?

2 First – 3 Last – 3 Irrelevant

Do you agree with the current approach to determine the CP? **5 YES – 0 NO**

Is there a need to better define what constitutes a "similar activity"? **5 YES – 1 NO**

Is there any other alternative approach to determine the CP of an activity? **1 YES – 2 NO**

Should CDM projects continue to be excluded from the CP test? **4 YES – 1 NO**

Should there be a list of activities that are exempt from the CP test? **1 YES – 3 NO**



Consideration of: first-of-its-kind and common practice

- **There is a need for a CP concept**
- **The current approach to determine the CP is acceptable**
- **A need to better define what constitutes a "similar activity"**
- **CDM projects should be excluded from the CP test**
- **No activities shall be exempt from the CP test**



1. Applicable geographical area –

covers the entire host country as a default;

however, if the technology applied in the project is internationally homogeneous, then the applicable geographical area should be extended to other countries or cover the global level.

Project participants may provide justification that the applicable geographical area is smaller than the host country for technologies that vary considerably from location to location depending on local conditions.



- 4. Similar technologies - technologies able to deliver the same output shall be considered similar if they do not differ by any of the following (as appropriate in the context of the measure applied in the proposed CDM project):**
- (i) Energy source/fuel;**
 - (ii) Feed stock;**
 - (iii) Size of installation (power capacity):**
 - o Micro (as defined in paragraph 24 of Decision 2/CMP.5 and paragraph 39 of Decision 3/CMP.6);**
 - o Small (as defined in paragraph 28 of Decision 1/CMP.2);**
 - o Large;**



(iv) Investment climate in the date of the investment decision, inter alia:

- o Access to technology;**
- o Subsidies or other financial flows;**
- o Promotional policies;**
- o Legal regulations;**



- 5. The proposed CDM project is a “common practice” within a sector in the applicable geographical area if the project technology and other similar technologies generate more than [20%] of the total output in that area;**

- 6. Registered CDM project activities shall be excluded from assessment of common practice.**



Thank you for your attention

