

Agenda item 4.3

Paragraph 63 of the annotated agenda, Annex 18

Elements for the development of

“Guidelines for baseline determination of a measure”

CDM EB 65

Durban, RSA, 21-25 November 2011



Mandate

EB60 request:

The Board requested the secretariat, in consultation with the Meth Panel, if appropriate, to develop a concept note on a general methodological framework for baseline determination for consideration by the Board at its sixty-fourth meeting.”

Different approaches of baseline standardisation to bring scalability and simplicity

- (i) Use of default factors, **but limited applicability**
- (ii) Use of sector-specific standardised baselines **but all sectors will not be covered by SBs, lack of resources to enhance performance above ‘thresholds’**
- (iii) Use of proposed ‘guidelines for baseline determination of a measure’ for **CDM project-based mechanism, in case approaches i and ii are not suitable.**

What is the “guideline on baseline determination of a measure” ?

- Provides standardised approaches for different GHG reduction measures.
- Takes lessons from existing CDM methodologies, rationale used by the CDM EB so far.



Objectives of the proposed guidelines

- Main objective is to ensure consistency and enhance the predictability of the approaches used in determination of baseline in the different methodologies;
- To elaborate when and under which circumstances ‘historical emissions’ or ‘most attractive course of action’ or ‘benchmark’ should be chosen as the baseline for a measure, under methodology;
- Wherever the guidelines define that the baseline is a benchmark, it will refer the project participants to standardized baselines (if available).

Key benefits of proposed guidelines

- Simplification of CDM requirements and enhanced cost effectiveness;
- Enhanced predictability;
- Enhanced objectivity.



Elements for the development of “guidelines on baseline determination for a measure”

Difference in proposed guidelines and combined tool

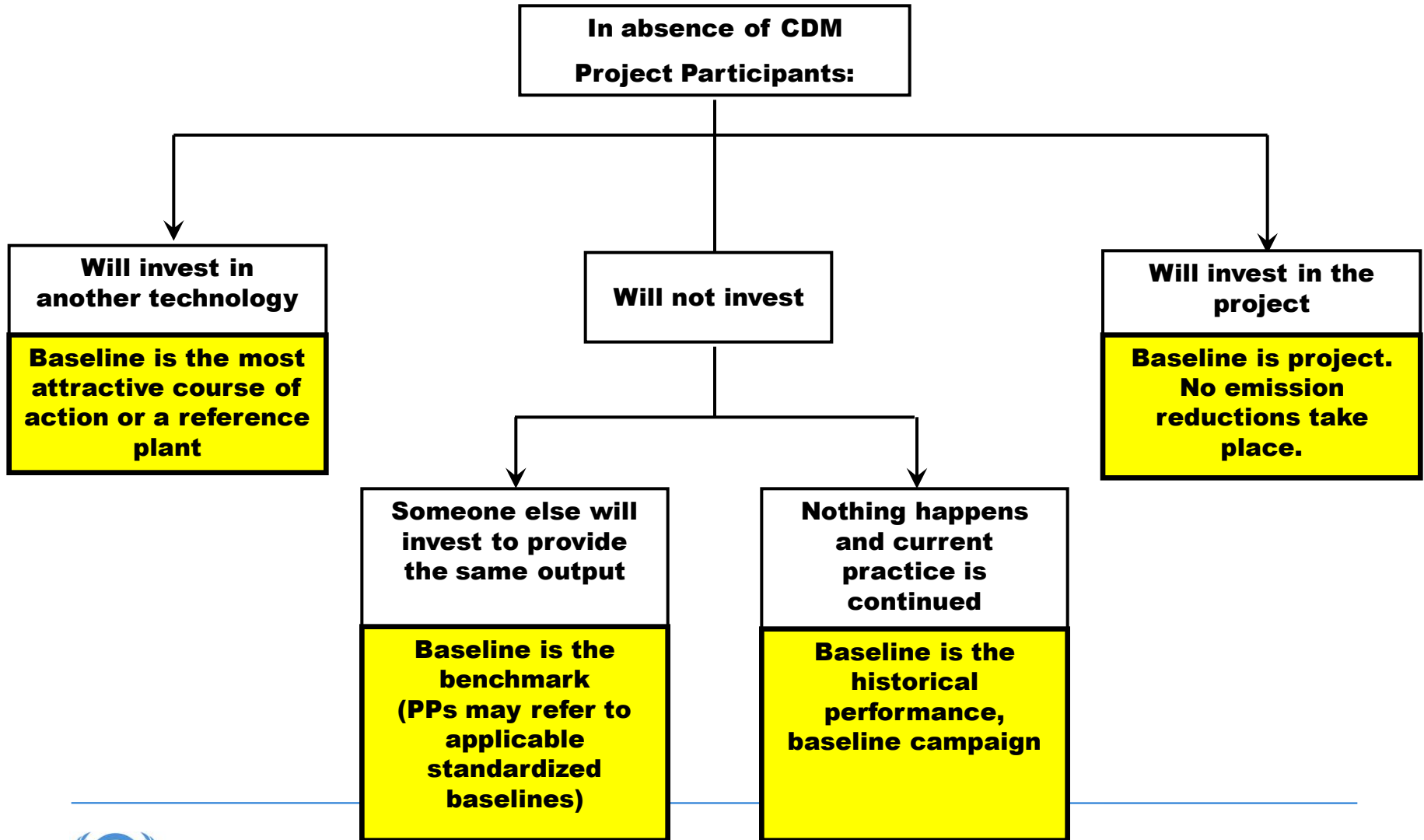
Combined tool	Proposed guideline
Determine the baseline scenario and baseline for the entire project. Covers only cases where alternatives to the projects cannot be implemented in parallel	Determine the baseline scenario and baseline for individual measures taken up under the project activity
Determine the baseline of the project , using specific financial data or barriers applicable to the project.	Determine the baseline or narrow down the list of plausible baselines in the methodology itself

Use of the proposed “guidelines on baseline determination for a measure”

- By the methodology developers for implementing the requirements of setting the baselines in PNMs for a measure.
- By Meth Panel to evaluate the methodologies against the underlying principles in document.
- By Meth Panel and secretariat for the top-down development and improvement work.



Illustration of key underlying rationale



Meth Panel 53 inputs on the document

- MP welcomes the targeted improvement of the baseline determination processes.
- Not always possible to define a standardized approach for baseline determination for all project types.
- Where the guidelines result in a baseline approach based on historic practice, the approach may not capture other (less carbon intensive) baseline options.
- There might also be other factors to be considered such as whether the estimation of baseline emissions involves actors outside the project boundary, e.g. market replacement. Such cases merit further analysis.
- In order to improve the robustness of the proposed guidelines, the MP proposed that the guidelines should be tested with the existing methodology types before its approval and potential issues with certain project types or sectors should be identified and the guidelines adjusted accordingly, if necessary.

Specific comments on the agenda

- **In order to achieve the objective of saving time and streamlining the process, the “guidelines on baseline determination for a measure” should probably be an “Information Note” rather than formal Guidelines.**
- **In the event that guidelines (or information note) are approved, they should be implemented in a manner which is sympathetic to the current pipeline of projects seeking registration by the end of 2012.**



Elements for the development of “guidelines on baseline determination for a measure”

The Board may wish

- **To consider the work proposed on standardized approaches in area not covered by standardized baselines;**
- **To give mandate to the secretariat to develop guidelines on baseline determination applicable to project by project approaches for its consideration at a next meeting.**

