

**CDM-EB83-AA-A09**

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# Reclassification of existing regulatory documents in accordance with the revised CDM Executive Board decision and documentation framework

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

## **COVER NOTE**

### **1. Procedural background**

1. The Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board), at its seventy-seventh meeting, adopted the revised “CDM Executive Board decision and documentation framework” and agreed that this document would not enter into force unless and until all existing relevant CDM documents have been reviewed and reclassified, as applicable. At the same meeting, the Board requested the secretariat to undertake this review and to bring all documents that require reclassification to the Board for approval, with the aim of completing all necessary reclassification by 1 January 2015.
2. At its eighty-first meeting, the Board agreed to postpone the effective date of the work to align existing regulatory documents with the revised “CDM Executive Board decision and documentation framework”, to 1 June 2015. The Board also requested the secretariat to facilitate the alignment work, so that the Board can adopt the revision of the affected documents before 1 June 2015.

### **2. Purpose**

3. This document proposes reclassification of a first batch of regulatory documents in accordance with the revised “CDM Executive Board decision and documentation framework”.

### **3. Key issues and proposed solutions**

4. Among the existing regulatory documents, methodological guidelines have been identified as not always being aligned with the definition of “guidelines” provided in the revised “CDM Executive Board decision and documentation framework”, where a guideline “contains supplemental information such as acceptable recommended methods for satisfying requirements”, and therefore is neither mandatory to use, nor should contain mandatory requirements.
5. The secretariat found that existing methodological guidelines have been developed for a variety of purposes: some of them specify mandatory requirements and others describe a recommended approach or practice.
6. With regard to mandatory requirements, some of the existing methodological guidelines are used to document more detailed specifications or requirements to deal with a particular aspect of a standard or tool and therefore, if referred to by the standard or tool, the content becomes mandatory for the project participants, coordinating/managing entities or designated operational entities to follow strictly.
7. For such guidelines, the definition of “tool” would better capture the nature of the requirements and criteria set therein. Therefore, the secretariat proposes to reclassify the document type of such guidelines as “methodological tool”, which, in accordance with the revised “CDM Executive Board decision and documentation framework”,

provides “a standardized, stepwise approach to determine or establish parameters, or identify information, and/or assess or demonstrate requirements relating to, or for application in CDM project activities or programme of activities”.

8. To date, the secretariat has completed the review of existing methodological guidelines related to small-scale project activities. Based on this review, a list of such guidelines that would need to be reclassified in accordance with the revised “CDM Executive Board decision and documentation framework”, and a summary of consequential changes to their content are contained in appendix 1.
9. Since the revision of methodological guidelines for the purpose of reclassification of document type would not alter the requirements contained therein, the revised draft documents contained in appendices 2–5 have been prepared without consultation with the Methodologies Panel or the Small-Scale Working Group.

#### **4. Impacts**

10. Reclassified regulatory documents would benefit all stakeholders, as well as the Board and the secretariat, due to improved effectiveness and integrity of the CDM regulatory framework through improved consistency, clarity and comprehensiveness.
11. The reclassification of these documents would not result in any change to the current regulatory practice adopted by the Board and the secretariat, therefore would not have any impact on project participants, coordinating/managing entities and designated operational entities.

#### **5. Subsequent work and timelines**

12. Upon the adoption by the Board, the reclassified and revised regulatory documents will become immediately effective. The secretariat will:
  - (a) Publish them on the UNFCCC CDM website and inform stakeholders of their reclassification and publication; and
  - (b) Editorially revise regulatory documents and methodologies containing references to the old documents.
13. The secretariat will continue the work of reclassification of existing regulatory documents with the aim of submitting a second and final batch of documents to the eighty-fourth meeting of the Board, as depicted in the table below.

<b>Product</b>	<b>EB82</b>	<b>EB83</b>	<b>EB84</b>	<b>EB85</b>	<b>EB86</b>	<b>EB87</b>
Application of revised EB decision and documentation framework		Final	Final			

#### **6. Recommendations to the Board**

14. The Board may wish to adopt the reclassified regulatory documents as listed in appendix 1 and their revisions provided in appendices 2–4.

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## Appendix 1. List of regulatory documents proposed for reclassification

1. The table below lists the first batch of regulatory documents proposed for reclassification of their document type.

**Table 1. Regulatory documents proposed for reclassification**

Title of document	Current version	Current document type	Brief description	Proposed document type for reclassification	Summary of revisions of the content
1. Attachment B to appendix B: Acronyms, abbreviations and units of measure (decision 4/CMP.1, annex II)	Ver 06.0 (EB 21, annex 22)	No document type defined*	The document is a non-exhaustive list of acronyms and units of measure that are commonly used or defined in the glossary of CDM terms and the glossary of climate change acronyms.	Remove from Rules and Reference section on the UNFCCC CDM website	
2. Demonstrating additionality of microscale project activities	CDM-EB60-A25-GUID	Guideline	Provides mandatory requirements and criteria to determine additionality for microscale project activities. Projects' compliance is assessed against the requirements and criteria therein.	Methodological tool	Only editorial revision: the word "guideline" is replaced by "methodological tool" throughout the document.
3. General guidance on leakage in biomass project activities (attachment C to appendix B of decision 4/CMP.1, annex II)	Ver 03.0 (EB 47, annex 28)	No document type defined*	The provisions set in the general guidance have been incorporated in the new tool: "Project and leakage emissions from biomass", which has been agreed by the MP and the SSC WG, and is recommended for approval by EB 83.	Remove from Rules and Reference section on the UNFCCC CDM website after the new tool is adopted by the Board	

4. Guidelines on assessment of debundling for SSC project activities	Ver 03.0 (EB 54, annex 13)	Guideline	Provides mandatory requirements and criteria to determine the occurrence of debundling for small-scale project activities. Projects' compliance is assessed against the requirements and criteria therein.	Methodological tool	The document is reformatted in line with the new document style, while keeping the original text unchanged.
5. Guidelines on the demonstration of additionality of small-scale project activities	Ver 09.0 (EB 68, annex 27)	Standard	Provides mandatory requirements and criteria to determine additionality for small-scale project activities. Projects' compliance is assessed against the requirements and criteria therein.	Methodological tool	"Should" is replaced by "shall" while keeping the other parts of the text unchanged. Also, the document is reformatted in line with the new document style.
6. Guidance on proven technologies	EB 25 report, para. 71	No document type defined*	Single paragraph from meeting report: "The Board agreed to indicate to the project participants that project activities under the CDM shall make use of technologies which are proven under field conditions and show general acceptance of the technology".	Reflect in the next revision of the "CDM project standard", then remove from Rules and Reference section on the UNFCCC CDM website	
7. Guidance related to sum of the size of components of a project activity	EB 28 report, para. 56	No document type defined*	Single meeting report paragraph. Already captured in paragraph 100 (b) of CDM project standard version 9.0.	Remove from Rules and Reference section on the UNFCCC CDM website	

\* The document was adopted before the initial adoption of the "CDM Executive Board decision and documentation framework" at EB 47, and is published under "Guidelines" in the "Rules and Reference" section on the UNFCCC CDM website.

## **Appendix 2. Draft methodological tool. Demonstrating additionality of microscale project activities**

DRAFT

## REFERENCE NUMBER

# Draft Methodological tool

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## Demonstration of additionality of small-scale project activities

Version 10.0

DRAFT



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## 1. Introduction

1. The following paragraphs are quoted from decision 2/CMP.5 and 3/CMP.6. Further guidance relating to the clean development mechanism:

“24. Requests the Executive Board, starting at its next meeting, to further work and report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the enhancement of objectivity and transparency in the approaches for demonstration and assessment of additionality and selection of the baseline scenario by means of the following activities:

(...)

(c) Establishment of simplified modalities for demonstrating additionality for project activities up to 5 megawatts that employ renewable energy as their primary technology and for energy efficiency project activities that aim to achieve energy savings at a scale of no more than 20 gigawatt hours per year;”

“38. Welcomes the work of the CDM Executive Board on the establishment of simplified modalities for demonstrating additionality for project activities up to five megawatts that employ renewable energy as their primary technology and for energy efficiency project activities that aim to achieve energy savings at a scale of no more than 20 gigawatt hours per year.”

“39. Requests the Board to continue to simplifying these modalities based on experience gained and to expand, as appropriate, their applicability to Type III projects that reduce emissions by less than 20,000 tonnes of carbon dioxide equivalent per annum and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session on the experience gained including the appropriateness of the threshold.”

## 2. Scope, applicability, and entry into force

### 2.1. Scope

2. This **guidelines methodological tool** provides simplified modalities for demonstrating additionality for the project activity which meets one of the following criteria:
  - (a) Type I: Project activities up to 5 MW that employ renewable energy as their primary technology;
  - (b) Type II: Energy efficiency project activities that aim to achieve energy savings at a scale of no more than 20 GWh per year; or
  - (c) Type III: Other project activities not included in Type I or Type II that aim to achieve GHG emissions reductions at a scale of no more than 20 kt CO<sub>2</sub>e per year.

### 2.2. Applicability

3. Please refer to paragraphs 8, 9 and 10.

## 2.3. Entry into force

4. ~~The date of entry into force is the date of the publication of the EB-73 meeting report on 31 May 2013. Immediately upon adoption of the methodological tool at the eighty-third meeting of the Board (17 April 2015).~~

## 3. Normative references

5. Project participants shall follow the applicable provisions for the demonstration of additionality in the CDM Project Standard.

## 4. Definitions

6. The definitions contained in the Glossary of CDM terms shall apply.
7. The definitions of SUZ provided in paragraph 8 and its footnote shall apply.

## 5. Methodology procedure Guidelines<sup>1</sup>

8. Project activities up to five megawatts that employ renewable energy technology<sup>2</sup> are additional if any one of the conditions below is satisfied:<sup>3</sup>
- (a) The geographic location of the project activity is in one of the least developed countries or the small island developing States (LDCs/SIDS) or in a special underdeveloped zone (SUZ) of the host country;
  - (i) SUZ is a region in the host country (zone, municipality or any other designated official administrative unit) identified by the government in official notifications for development assistance including for planning, management, and investment satisfying any one of the following conditions using most recent available data:
    - a. The proportion of population with income less than USD 2 per day (PPP)<sup>4</sup> in the region is greater than 50 per cent;
    - b. The GNI per capita in the country is less than USD 3000<sup>5</sup> and the population of the region is among the poorest 20 per cent in the

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<sup>1</sup> A positive list of technologies that are automatically defined as additional are included in the methodological tool "Guidelines on the demonstration of additionality of small-scale project activities" for which it is not required to satisfy the conditions indicated here ~~(see EB-68, annex 27).~~

<sup>2</sup> All technologies/measures included in approved Type I small-scale CDM methodologies are eligible to be considered. Furthermore at its fifty-seventh meeting the Board clarified that all CDM project activities that meet the criteria specified in this these guidelines methodological tool are eligible to apply the guidelines methodological tool irrespective of the scale of the approved CDM methodology applied to the project activity.

<sup>3</sup> Otherwise other means for demonstrating additionality shall be used (e.g. the tool "Tool for demonstration of additionality", or the methodological tool "Guidelines on the demonstration of additionality of small-scale project activities").

<sup>4</sup> Purchasing power parity.

poverty ranking of the host country as per the applicable national policies and procedures;<sup>6</sup>

- (ii) In cases where, based on the recommendation of the designated national authority of the host country,<sup>7</sup> the SUZ in the host country has been approved by Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM), the list of such SUZ shall be maintained on the UNFCCC website (e.g. at <<http://cdm.unfccc.int/DNA/submissions/index.html>>). In the case of these SUZ listed on the CDM website there is no need for the project proponents to provide proofs as indicated in paragraph 8(a) above;<sup>8</sup>
- (b) The project activity is an off-grid activity supplying energy to households/communities (less than 12 hours grid availability per 24 hours is also considered “off-grid” for this assessment);
- (c) The project activity is designed for distributed energy generation (not connected to a national or regional grid)<sup>9</sup> with both conditions (i) and (ii) satisfied;
  - (i) Each of the independent subsystems/measures in the project activity is smaller than or equal to 1500 kW electrical installed capacity;
  - (ii) End users of the subsystems or measures are households/communities/small and medium enterprises (SMEs);<sup>10</sup>
- (d) The project activity employs specific renewable energy technologies/measures recommended by the host country designated national authority (DNA) and approved by the Board to be additional in the host country. The following conditions shall apply for DNA recommendations:
  - (i) “Specific renewable energy technologies/measures” refers to grid connected renewable energy technologies<sup>11</sup> of installed capacity equal to or smaller than 5 MW;

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<sup>5</sup> PPP or the World Bank atlas method or another comparable method.

<sup>6</sup> Information on per capita income or other economic indicators used for the ranking purposes shall be provided in USD.

<sup>7</sup> DNA recommendations will be based on conditions indicated in paragraph 8(a)(i).

<sup>8</sup> The process for the Board to consider and approve the SUZs proposed by DNAs is established in the procedure for “Submission and consideration of microscale renewable energy technologies for automatic additionality”.

<sup>9</sup> This means that projects applying “AMS-I.D: Grid connected renewable electricity generation” are not eligible. However, project activities generating thermal energy such as solar water heaters displacing grid-connected electric heaters can apply paragraph 8(c).

<sup>10</sup> “Communities” of consumers may for example include households, commercial facilities such as shops, public services/buildings and small, medium and micro enterprises (SMMEs); Applications may include lighting (interior, public street lighting), electrical appliances such as refrigerators, agricultural water pumps”.

<sup>11</sup> Renewable technologies that do not generate electricity, such as heating and cooling technologies, are not eligible.

- (ii) The ratio of installed capacity of the specific grid connected renewable energy technology in the total installed grid connected power generation capacity in the host country shall be equal to or less than three per cent;<sup>12</sup>
  - (iii) Most recent available data on the percentage of contributions of specific renewable energy technologies shall be provided to demonstrate compliance with the three per cent threshold. In no case shall data older than three years from the date of submission be used;
  - (iv) Technologies/measures recommended by DNAs and approved by the Board to be additional in the host country remain valid for three years from the date of approval. However, additionality of eligible project activities applying the **guidelines methodological tool** remains valid for the entire crediting period;
  - (v) DNA submissions shall include the specific grid connected renewable electricity generation technologies that are being recommended and provide the required data as indicated above (e.g. wind power, biomass power, geothermal power, hydropower).
9. Energy efficiency project activities<sup>13</sup> that aim to achieve energy savings at a scale of no more than 20 gigawatt hours per year are additional if any one of the conditions below is satisfied:
- (a) The geographic location of the project activity is in an LDC/SIDS or SUZ of the host country identified by the government in accordance with the paragraph 8(a)(i) above;
  - (b) The project activity is an energy efficiency activity with both conditions (i) and (ii) below satisfied:
    - (i) Each of the independent subsystems/measures in the project activity achieves an estimated annual energy savings equal to or smaller than 600 megawatt hours;
    - (ii) End users of the subsystems or measures are households/communities/SMEs.
10. Other project activities not included in paragraphs 8 or 9 above, that is Type III project activities<sup>14</sup> that aim to achieve emission reductions at a scale of no more than 20 ktCO<sub>2</sub>e per year, are additional if any one of the following conditions is satisfied:

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<sup>12</sup> For example, if the ratio of total installed capacity of all grid-connected hydropower plants with the capacity equal to or smaller than 5 MW and the national grid-connected installed electricity generation capacity is less than three per cent in a host country then microscale hydropower is eligible for DNA recommendation in that host country.

<sup>13</sup> All technologies/measures included in approved Type II small-scale CDM methodologies are eligible to be considered. Further, the Board at its fifty-seventh meeting clarified that all CDM project activities that meet the criteria specified in the **this these guidelines methodological tool** are eligible to apply the **guidelines methodological tool** irrespective of the scale of the approved CDM methodology applied to the project.

- (a) The geographic location of the project activity is an LDC/SIDS or SUZ of the host country as identified by the government in accordance with the paragraph 8(a)(i) above;
  - (b) The project activity is an emission reduction activity with both conditions (i) and (ii) below satisfied:
    - (i) Each of the independent subsystems/measures in the project activity achieves an estimated annual emission reduction equal to or less than 600 tCO<sub>2</sub>e per year; and
    - (ii) End users of the subsystems or measures are households/communities/SMEs.
11. Project activities that meet the requirements specified in paragraph 8 or paragraph 9 or paragraph 10 above are termed “Microscale CDM project activities”.
12. “Project activity” in paragraphs 8–10 means a small-scale or large-scale clean development mechanism (CDM) project activity or a project activity under a programme of activities (CPA of a PoA).
13. In the case of bundled projects, “Project activity” in paragraphs 8–10 refers to individual projects within the bundle and ~~guidelines this methodological tool~~ are applied in conjunction with the ~~methodological tool “Guidelines on a~~Assessment of debundling for SSC project activities” ~~(EB 54, annex 13)~~ excluding paragraph ~~73 of section A~~<sup>15</sup> of the latter ~~guidelines methodological tool~~.
14. The eligibility of project activities as microscale CDM project activities will be determined in accordance with the principles laid out in paragraph 3 and paragraph 4 of the “General Guidelines for SSC CDM methodologies” (version 16 or its update), that is:
- (a) Project activities remain under the thresholds defined above during each year of the crediting period and in cases where ex ante projected emissions reductions show an increase during the crediting period; project activities that go beyond the microscale limits in any year of the crediting period are not eligible;
  - (b) Renewable energy projects that produce electrical, thermal and mechanical energy, and cogeneration projects are covered. Definitions provided for output

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<sup>14</sup> All technologies/measures included in approved Type III small-scale CDM methodologies are currently eligible to be considered, except for “AMS-III.V: Decrease of coke consumption in blast furnace by installing dust/sludge recycling system in steel works”, “AMS-III.P: Recovery and utilization of waste gas in refinery facilities”, “AMS-III.Q: Waste Energy Recovery (gas/heat/pressure) Projects” and “AMS-III.W: Methane capture and destruction in non-hydrocarbon mining activities”. In the latter cases further analysis is required.

<sup>15</sup> This means that the following paragraph of the debundling ~~guidelines methodological tool~~ is not applicable: “If a proposed small-scale project activity is deemed to be a debundled component in accordance with paragraph 2 above, but total size of such an activity combined with the previous registered small-scale CDM project activity does not exceed the limits for small-scale CDM project activities as set in paragraph 6(c) of the decision 17/CP.7,3 the project activity can qualify to use simplified modalities and procedures for small-scale CDM project activities”.

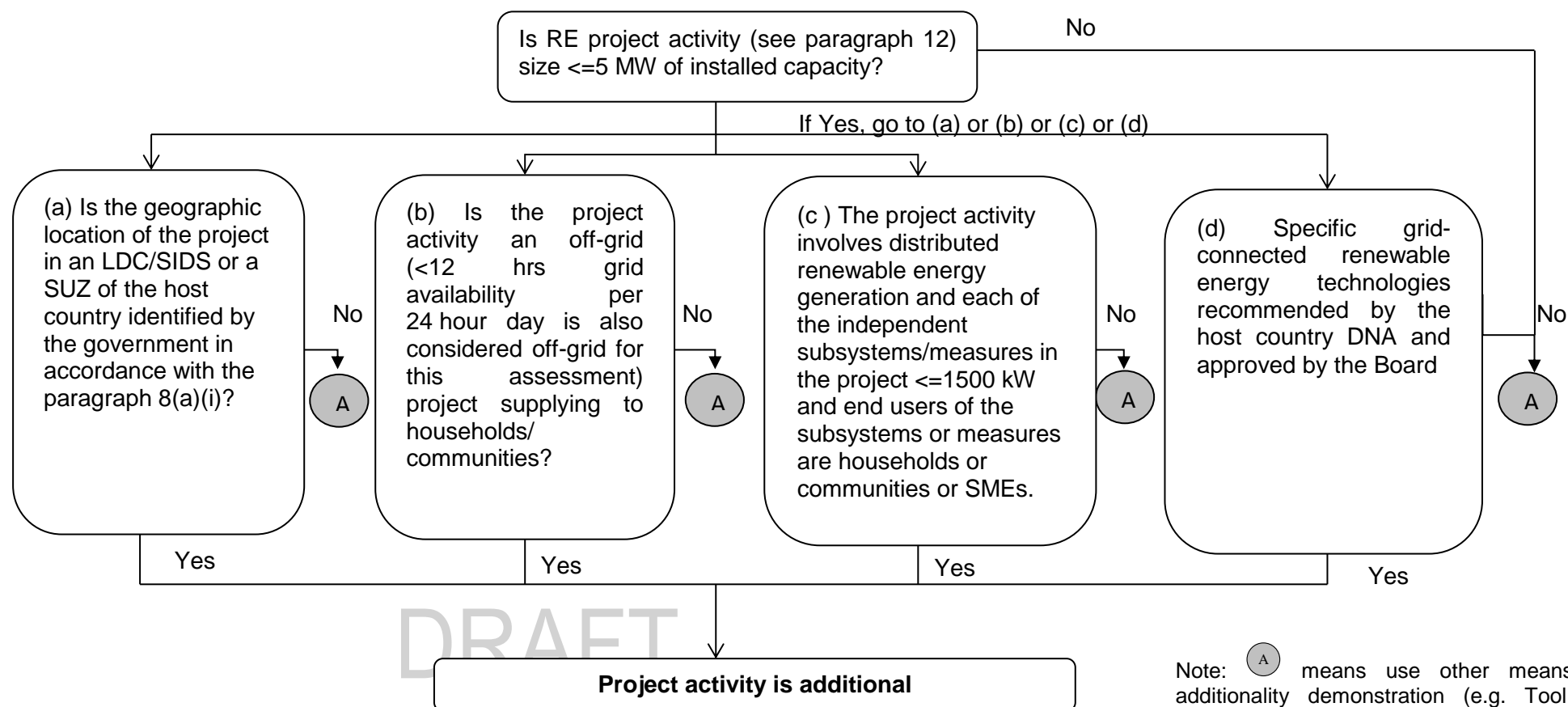
capacity and guidelines provided for conversion from electrical to thermal units<sup>16</sup> in the most recent version of “General Guidelines for SSC CDM methodologies” shall be used. Where applicable, additional guidelines provided in relevant methodologies shall be followed for example eligibility of cogeneration projects as currently defined in “AMS I.C: Thermal energy production with or without electricity”;

- (c) A project activity with more than one component, where each component meets the microscale threshold, is eligible. The sum of the size of components of a project activity belonging to the same type (capacity for Type I, energy savings for Type II and emission reductions for Type III) shall not exceed the limits for microscale project activities (e.g. the limit for the methane recovery component is 20 ktCO<sub>2</sub>e/yr and the limit for the electricity production component is 5 MW output capacity).
15. Microscale CDM project activities shall follow the applicable provisions for demonstration of prior consideration of the CDM in the CDM Project Standard.
16. Microscale CDM project activities shall demonstrate that they are not a debundled component of a small-scale (SSC) CDM project activity by applying the criteria in the **methodological tool “Guidelines on a** Assessment of debundling for SSC project activities”, for example by suitably considering microscale thresholds in the place of SSC thresholds (EB 62, para 48).

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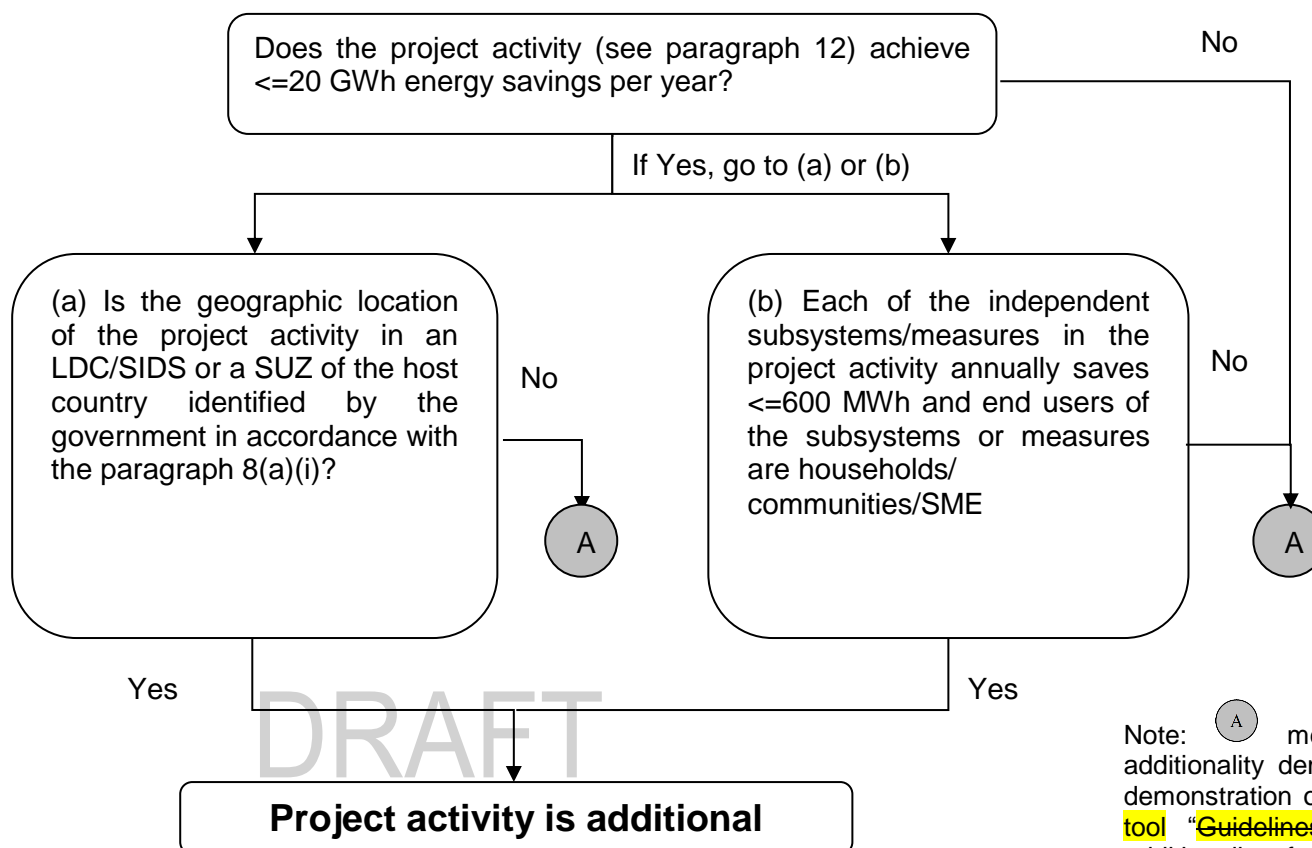
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<sup>16</sup> That is multiply by three to derive thermal units from electrical units irrespective of the type of project or methodology applied.

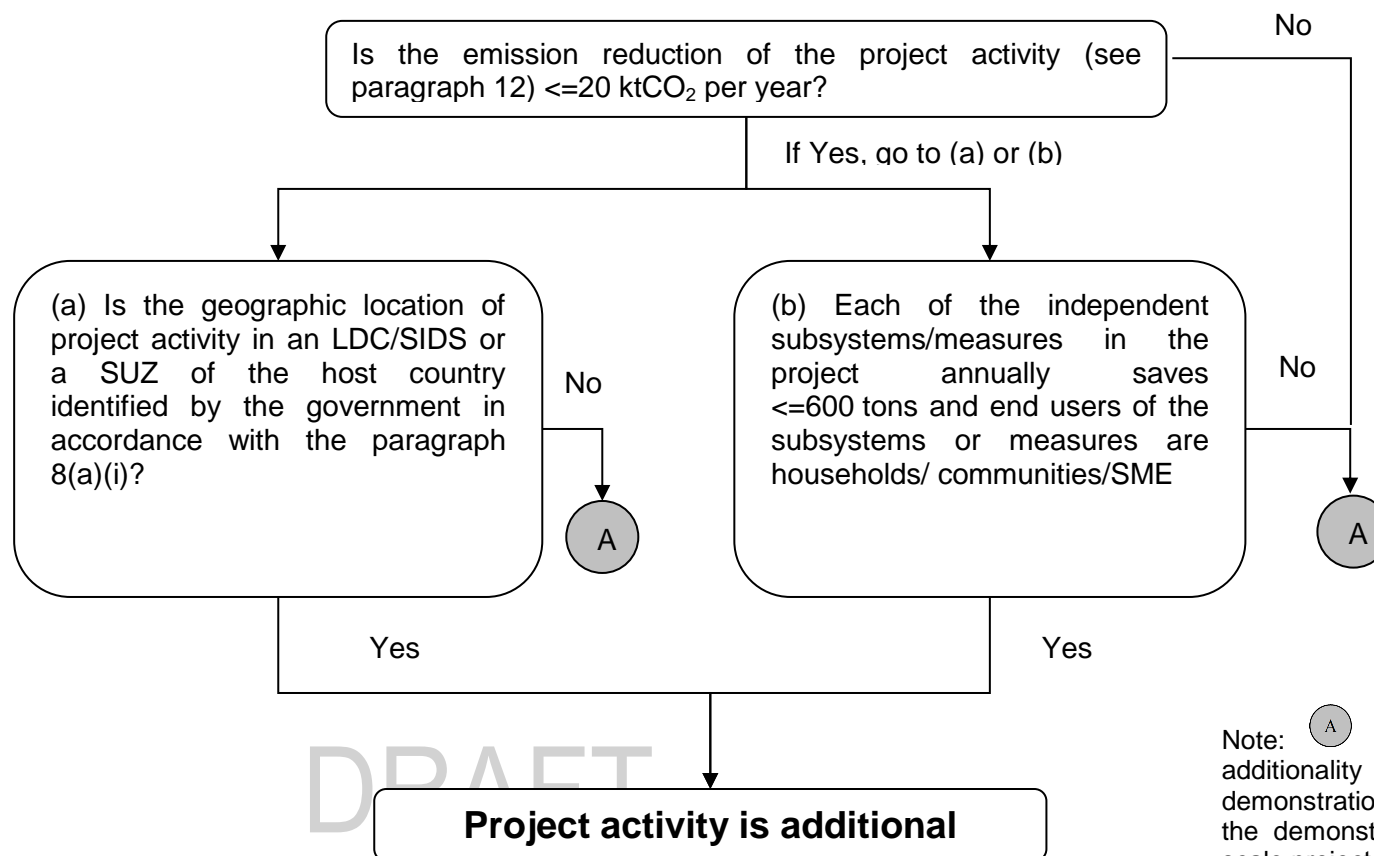
**Figure 1. Microscale additionality test for RE project activities**

Note: (A) means use other means of additionality demonstration (e.g. Tool for demonstration of additionality, methodological tool "Guidelines on the demonstration of additionality of small-scale project activities")



**Figure 2. Microscale additionality test for EE project activities**

Note: (A) means use other means of additionality demonstration (e.g. the “Tool for demonstration of additionality”, **methodological tool** “Guidelines on the demonstration of additionality of small-scale project activities”)

**Figure 3. Microscale additionality test for project activities  $\leq 20 \text{ ktCO}_2/\text{y}$** 

### Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
06.0	30 March 2015	Published within annex 9 to the annotated agenda of EB83. Revision to reclassify this document from a Guideline to a Tool.
05.0	31 May 2013	EB 73, Annex 13 - The revision updates a reference to the procedure “Submission and consideration of microscale renewable technologies for automatic additionality”.
04.0	20 July 2012	EB 68, Annex 26 - Includes options to define the special underdeveloped zones in a host country; - Clarifies the eligibility for project activities generating thermal energy such as solar water heaters displacing grid-connected electric heaters; - Provides an example for the definition of “communities”.
03	29 September 2011	EB 63, Annex 23 - Header removed that was inadvertently added to version 02; - Provision of additional guidance on paragraph 2(d), specifically on the definition of the applicable threshold.
02	15 April 2011	EB 60, Annex 25 - Title of document has been changed. - Inclusion of Type III projects, CPAs, project activities with more than one component.
01	28 May 2010	EB 54, Annex 15 Initial adoption.
Decision Class: Regulatory Document Type: Tool Business Function: Methodology Keywords: additionality, special underdeveloped zones, micro-scale project activities		

### **Appendix 3. Draft methodological tool. Assessment of debundling for SSC project activities**

DRAFT

## REFERENCE NUMBER

# Draft Methodological tool

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## Assessment of debundling for SSC project activities

Version 04.0

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## **1. Introduction**

### **1.1. Background**

1. The Board at its thirty-fifth meeting requested the secretariat to consolidate all guidance into one document, regarding the determination of the occurrence of debundling including Appendix C of the simplified modalities and procedures for small-scale CDM project activities, PoA debundling guidance, the guidance on mobile boundaries and debundling guidance for Type I methodologies (EB 30 paragraph 37) and in doing so to supplement this with a diagrammatic representation of the procedure.

### **1.2. Objectives**

2. This methodological tool provides a step-wise approach for the determination of the occurrence of debundling for small-scale project activities and small-scale component project activities (CPA).

## **2. Scope, applicability, and entry into force**

### **2.1. Scope**

3. This methodological tool provides a step-wise approach for the determination of the occurrence of debundling for the proposed small-scale project activities and small-scale CPAs. These steps are summarized in figures 1 and 2.

### **2.2. Applicability**

4. This methodological tool is applicable to proposed small-scale project activities and small-scale CPAs in order to check whether they are debundled components of large-scale project activities.

### **2.3. Entry into force**

5. Immediately upon adoption of the methodological tool at the eighty-third meeting of the Board (17 April 2015).

## **3. Normative references**

6. This methodological tool refers to the following documents: Attachment C to Appendix B: Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories (contained in annex II to decision 21/CP.8, see document FCCC/CP/2002/7/Add.3).

## **4. Definitions**

7. The definitions contained in the Glossary of CDM terms shall apply.
8. Debundling is defined as the fragmentation of a large project activity into smaller parts. A small-scale project activity that is part of a large project activity is not eligible to use the

simplified modalities and procedures for small-scale CDM project activities.<sup>4</sup> The full project activity or any component of the full project activity shall follow the regular CDM modalities and procedures.

## 5. Methodology procedure

### 5.1. Determining the occurrence of debundling

9. A proposed small-scale project activity shall be deemed to be a debundled component of a large project activity if there is a registered small-scale CDM project activity or an application to register another small-scale CDM project activity:
  - (a) With the same project participants;
  - (b) In the same project category and technology/measure; and
  - (c) Registered within the previous 2 years; and
  - (d) Whose project boundary is within 1 km of the project boundary of the proposed small-scale activity at the closest point.
10. If a proposed small-scale project activity is deemed to be a debundled component in accordance with paragraph 2 above, but total size of such an activity combined with the previous registered small-scale CDM project activity does not exceed the limits for small-scale CDM project activities as set in paragraph 6 (c) of the decision 17/CP.7,<sup>2</sup> the project activity can qualify to use simplified modalities and procedures for small-scale CDM project activities.

#### 5.1.1. Type I project activities<sup>3</sup>

11. ~~The Board agreed that if~~ In cases where a DOE has, in assessing the possibility that a small scale project is a debundled component of a large scale project activity, determined that two or more project activities are taking place within one kilometer of each other and with the same project participants:
  - (a) The DOE shall ensure that these projects are described in the PDD and that the validation report contains specific details on how it has been determined that the project activities are not a debundled component of a large scale project activity;
  - (b) The DOE shall consider the project activities to be a debundled component of a large scale project activity even in cases where they are taking place in different project categories, if the project activities are Type 1 project activities providing energy to the same user and are registered, or submitted for registration, with 2 years of each other.

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<sup>4</sup> For the full text of the simplified modalities and procedures for small-scale CDM project activities see [http://cdm.unfccc.int/Projects/pac/pac\\_ssc.html](http://cdm.unfccc.int/Projects/pac/pac_ssc.html).

<sup>2</sup> Limits have been revised as set in paragraph 28 of decision 1/CMP.2.

<sup>3</sup> Extract of the report of the thirtieth meeting of the Executive Board, paragraph 37.



### 5.1.2. Transport project activities<sup>4</sup>

12. ~~The Board clarified that a~~ proposed small-scale transport sector project activity involving boundaries/sources that are mobile, shall be deemed to be a debundled component of a large project activity if there is a registered small-scale CDM project activity or an application to register another small-scale CDM project activity:
  - (a) With the same project participants; and
  - (b) In the same project category and technology/measure; and
  - (c) Registered within the previous 2 years.
13. The above ~~provision clarification thereby~~ excludes the condition to check that the project boundary is within 1 km of the project boundary of the proposed small-scale activity at the closest point and is also applicable to the guidance for determining the occurrence of debundling under a programme of activities (PoA).

### 5.2. Determining the occurrence of debundling for multiple CDM projects involving independent subsystem/measures

14. If each of the independent subsystems/measures (e.g., biogas digesters, residential solar energy systems, kerosene or incandescent lighting replacements) included in one or more CDM project activities is no greater than 1% of the small scale thresholds defined by the applied methodology and the subsystems/measures are indicated in the PDDs to be each implemented at or in multiple locations (e.g., installed at or in multiple homes) then these CDM project activities are exempted from performing a de-bundling check, i.e., considered as being not a de-bundled component of a large scale activity.

### 5.3. Determining the occurrence of debundling under a programme of activities (PoA)

15. For the purposes of registration of a Programme of Activities (PoA),<sup>5</sup> a proposed small-scale CPA of a PoA shall be deemed to be a de-bundled component of a large scale activity if there is already an activity,<sup>6</sup> which satisfies both conditions (a) and (b) below:
  - (a) (Has the same activity implementer as the proposed small scale CPA or has a coordinating or managing entity, which also manages a large scale PoA of the same technology/measure, and;
  - (b) The boundary is within 1 km of the boundary of the proposed small-scale CPA, at the closest point.
16. If a proposed small-scale CPA of a PoA is deemed to be a debundled component in accordance with paragraph 2 above, but the total size of such a CPA combined with a

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<sup>4</sup> ~~Extract of the report of the thirty-fifth meeting of the Executive Board, paragraphs 58 and 59.~~

<sup>5</sup> Only those POAs need to be considered in determining de-bundling that are: (i) in the same geographical area; and (ii) use the same methodology; as the POA to which proposed CPA is being added.

<sup>6</sup> Which may be a (i) registered small-scale CPA of a PoA, (ii) an application to register another small-scale CPA of a PoA or (iii) another registered CDM project activity.

registered small-scale CPA of a PoA or a registered CDM project activity does not exceed the limits for small-scale CDM and small-scale A/R project activities as set out in Annex II of the decision 4/CMP.1<sup>7</sup> and 5/CMP.1 respectively, the CPA of a PoA can qualify to use simplified modalities and procedures for small-scale CDM and small-scale A/R CDM project activities.

17. If each of the independent subsystems/measures (e.g., biogas digester, solar home system) included in the CPA of a PoA is no larger than 1% of the small-scale thresholds defined by the methodology applied,<sup>8</sup> then that CPA of PoA is exempted from performing de-bundling check i.e., considering as not being a de-bundled component of a large scale activity.

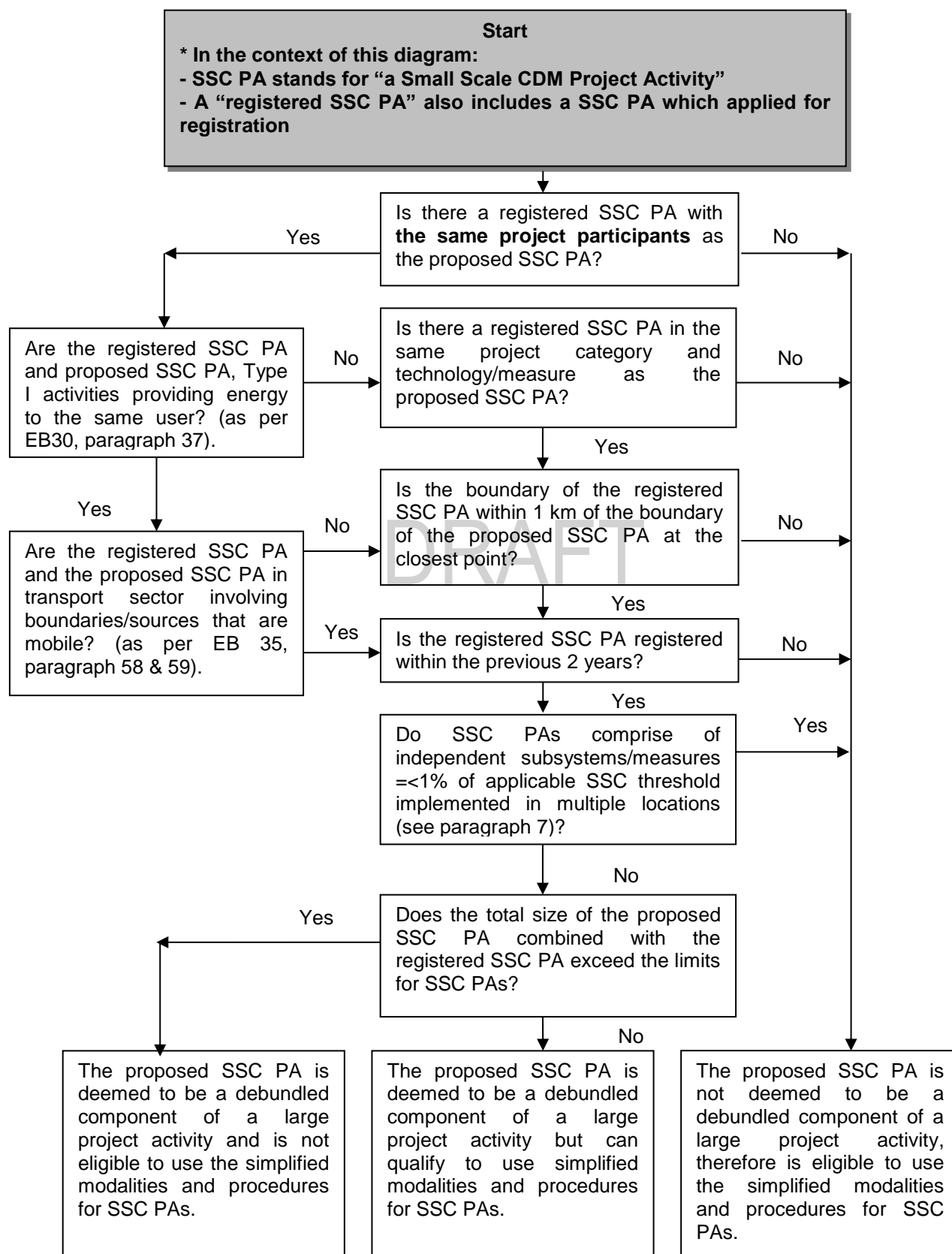
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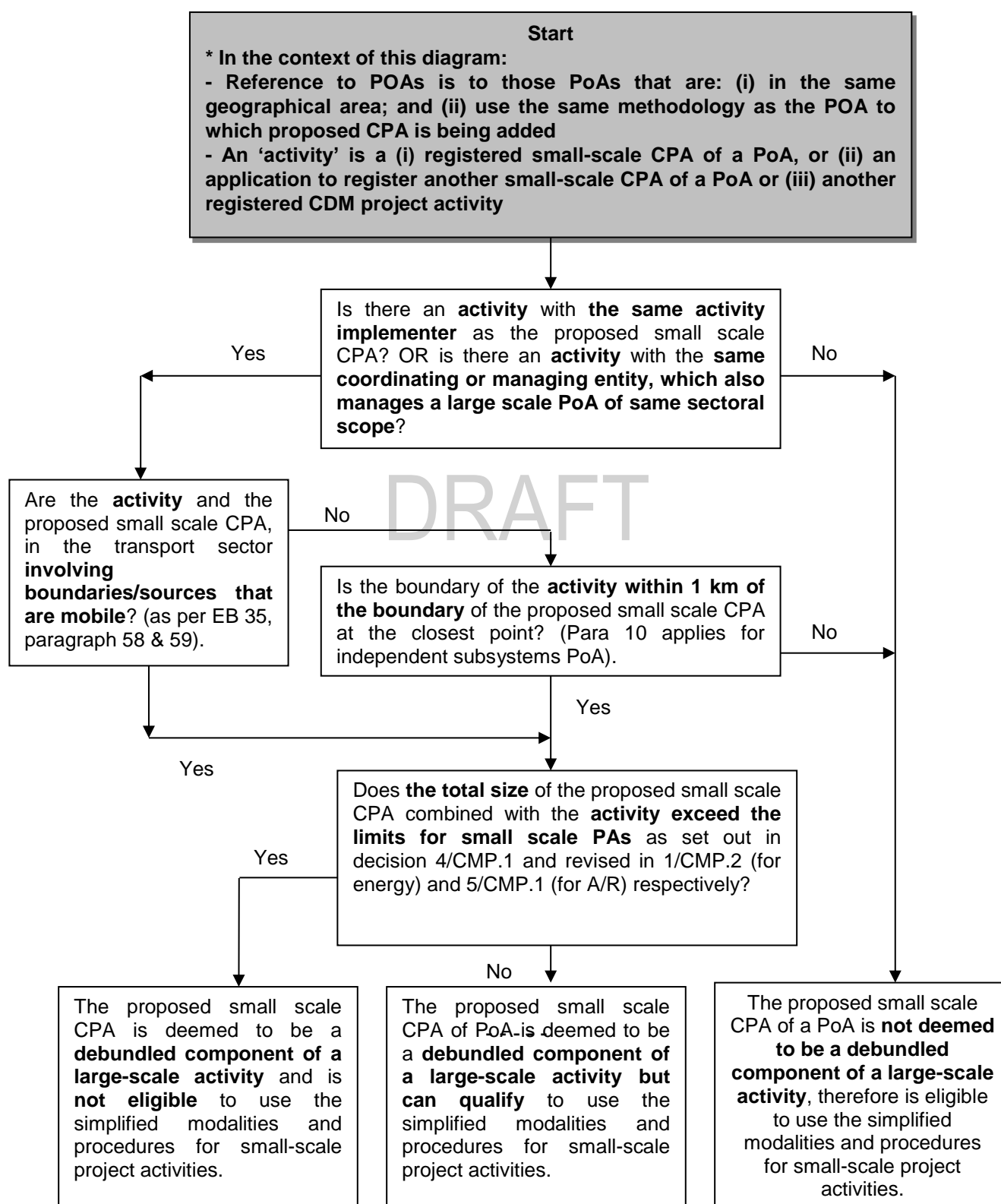
<sup>7</sup> Limits have been revised as set in paragraph 28 of decision 1/CMP.2.

<sup>8</sup> i.e., 15 kW installed capacity or 0.6 GWh annual energy savings or 0.6 ktCO<sub>2</sub>e annual emission reductions.

**Figure 1. Flowchart of the step-wise approach for determining the occurrence of debundling**



**Figure 2. Flowchart of the step-wise approach for determining the occurrence of debundling under a programme of activities (PoA)**



### Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
04.0	30 March 2015	Published within annex 9 to the annotated agenda of EB83. Revision to reclassify this document from a Guideline to a Tool.
03.0	28 May 2010	EB 54, Annex 13 To provide an exempt from the debundling check for project activities comprising of small independent subsystem/measures no greater than 1% of applicable SSC threshold implemented in multiple locations.
02.0	28 May 2009	EB 47, Annex 32 The revision to introduce the clarification of the Board at its forty-seventh meeting that provides derogations from the debundling for provisions for POAs involving “micro-scale” applications, i.e. where the implemented units are 1% of the small-scale thresholds.
01.0	30 November 2007	EB 36, Annex 27 Initial adoption.
Decision Class: Regulatory		
Document Type: Tool		
Business Function: Methodology		
Keywords: debundling, programme of activities, SSC project activities, transport, type (i) projects		

## **Appendix 4. Draft methodological tool. Demonstration of additionality of small-scale project activities**

DRAFT

## REFERENCE NUMBER

# Draft Methodological tool

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## Demonstration of additionality of small-scale project activities

Version 10.0

DRAFT

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## **1. Introduction**

1. This methodological tool provides:

- (a) a general framework to demonstrate and assess the additionality of a small scale project activity; and
- (b) a positive list of technology and project activity types that are defined as automatically additional.

## **2. Scope, applicability, and entry into force**

### **2.1. Scope**

- 2. This methodological tool provides a general framework for demonstrating and assessing additionality and is applicable to a wide range of project types.
- 3. In validating the application of this methodological tool, Designated Operation Entities (DOEs) shall carefully assess and verify the reliability and creditability of all data, rationales, assumptions, justifications and documentation provided by project participants to support the demonstration of additionality. The elements checked during this assessment and the conclusions shall be documented transparently in the validation report.

### **2.2. Applicability**

- 4. The use of the methodological tool “Demonstration of additionality of small-scale project activities” is not mandatory for project participants when proposing new methodologies. Project participants and coordinating/managing entities may propose alternative methods to demonstrate additionality for consideration by the Executive Board.
- 5. Once this methodological tool is included in an approved methodology, its application by project participants using this methodology is mandatory

### **2.3. Entry into force**

- 6. Immediately upon adoption of the methodological tool at the eighty-third meeting of the Board (17 April 2015).

## **3. Normative references**

- 7. Project participants shall follow the applicable provisions for the demonstration of additionality in the CDM Project Standard.
- 8. This methodological tool refers to the following document: “Non-binding best practice examples to demonstrate additionality for SSC project activities” (EB 35 Annex 34).

## **4. Definitions**

- 9. The definitions contained in the Glossary of CDM terms shall apply.

## 5. Methodology procedure

10. Project participants shall provide an explanation to show that the project activity would not have occurred anyway due to at least one of the following barriers:
  - (a) Investment barrier: a financially more viable alternative to the project activity would have led to higher emissions;
  - (b) Technological barrier: a less technologically advanced alternative to the project activity involves lower risks due to the performance uncertainty or low market share of the new technology adopted for the project activity and so would have led to higher emissions;
  - (c) Barrier due to prevailing practice: prevailing practice or existing regulatory or policy requirements would have led to implementation of a technology with higher emissions;
  - (d) Other barriers: without the project activity, for another specific reason identified by the project participant, such as institutional barriers or limited information, managerial resources, organizational capacity, financial resources, or capacity to absorb new technologies, emissions would have been higher.
11. Documentation of barriers, as per paragraph 1 above, is not required for the positive list of technologies and project activity types that are defined as automatically additional for project sizes up to and including the small-scale CDM thresholds (e.g. installed capacity up to 15 MW). The positive list comprises of:
  - (a) The following grid-connected and off-grid renewable electricity generation technologies:
    - (i) Solar technologies (photovoltaic and solar thermal electricity generation);
    - (ii) Off-shore wind technologies;
    - (iii) Marine technologies (wave, tidal);
    - (iv) Building-integrated wind turbines or household rooftop wind turbines of a size up to 100 kW;
  - (b) The following off-grid electricity generation technologies where the individual units do not exceed the thresholds indicated in parentheses with the aggregate project installed capacity not exceeding the 15 MW threshold:
    - (i) Micro/pico-hydro (with power plant size up to 100 kW);
    - (ii) Micro/pico-wind turbine (up to 100 kW);
    - (iii) PV-wind hybrid (up to 100 kW);
    - (iv) Geothermal (up to 200 kW);
    - (v) Biomass gasification/biogas (up to 100 kW);
  - (c) Project activities solely composed of isolated units where the users of the technology/measure are households or communities or Small and Medium

Enterprises (SMEs) and where the size<sup>1</sup> of each unit is no larger than 5% of the small-scale CDM thresholds;

- (d) Rural electrification<sup>2</sup> project activities using renewable energy sources in countries with rural electrification rates less than 20%; the most recent available data on the electrification rates shall be used to demonstrate compliance with the 20 per cent threshold. In no case shall data be used if older than three years from the date of commencement of validation of the project activity.

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### Document information\*

<i>Version</i>	<i>Date</i>	<i>Description</i>
10.0	30 March 2015	Published within annex 9 to the annotated agenda of EB83. Revision to reclassify this document from a Guideline to a Tool.
09.0	20 July 2012	EB 68, Annex 27 -Title changed from Attachment A of Appendix B to "Guidelines on the demonstration of additionality of small-scale project activities" ; -Expanded positive list to include isolated units (5% of SSC threshold), renewable electrification in countries with <20% electrification rate, selected off-grid technologies.
08.0	29 September 2011	EB 63, Annex 24 To include guidelines on positive list of grid-connected renewable electricity generation technologies that are automatically defined as additional.
Decision Class: Regulatory Document Type: Tool Business Function: Methodology Keywords: additionality, positive list, SSC project activities		

\* This document, together with the 'General Guidance' and all other approved SSC methodologies, was part of a single document entitled: Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities until version 07.

<sup>1</sup> That is the size of each unit under 750 kW installed capacity or under 3000 MWh of energy savings per year or 3000 tonnes of emission reductions per year.

<sup>2</sup> Rural electrification for the purpose of this document is defined as a project activity for supplying renewable electricity to facilities and energy consumers that do not have access to any electricity distribution system/network such as a national grid or regional grid. Such electricity end-use facilities may include but are not limited to households, public buildings, and/or small, medium and micro enterprises. Electricity uses may include but are not limited to interior lighting, street lighting, refrigeration, or agricultural water pumps.

**History of the document: Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities**

Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities contained both the General Guidance and Approved Methodologies and 'Attachment A to Appendix B' until version 07. After version 07 the document was divided into separate documents: 'Attachment A to Appendix B', 'General Guidance', and separate approved small-scale methodologies (AMS).		
<b>Version</b>	<b>Date</b>	<b>Nature of revision(s)</b>
07	EB 22, Para. 59 25 November 2005	References to "non-renewable biomass" in Appendix B deleted.
06	EB 21, Annex 22 20 September 2005	Guidance on consideration of non-renewable biomass in Type I methodologies, thermal equivalence of Type II GWhe limits included.
05	EB 18, Annex 6 25 February 2005	Guidance on 'capacity addition' and 'cofiring' in Type I methodologies and monitoring of methane in AMS-III.D included.
04	EB 16, Annex 2 22 October 2004	AMS-II.F was adopted, leakage due to equipment transfer was included in all Type I and Type II methodologies.
03	EB 14, Annex 2 30 June 2004	New methodology AMS-III.E was adopted.
02	EB 12, Annex 2 28 November 2003	Definition of build margin included in AMS-I.D, minor revisions to AMS-I.A, AMS-III.D, AMS-II.E.
01	EB 7, Annex 6 21 January 2003	Initial adoption. The Board at its seventh meeting noted the adoption by the Conference of the Parties (COP), by its decision 21/CP.8, of simplified modalities and procedures for small-scale CDM project activities (SSC M&P).
<b>Decision Class:</b> Regulatory <b>Document Type:</b> Standard <b>Business Function:</b> Methodology		