

**CDM-EB77-AA-A07**

## Draft Standard

---

# Determining coverage of data and validity of standardized baselines

Version 02.0

DRAFT



**United Nations**  
Framework Convention on  
Climate Change

## COVER NOTE

### 1. Procedural background

1. The Executive Board of the clean development mechanism (hereinafter referred to as the Board), at its sixty-second meeting, adopted the “Guidelines for the establishment of sector specific standardized baselines” (the SB guidelines).
2. Subsequently, the Board, at its sixty-fifth meeting, revised the SB guidelines (EB 65 report, annex 23). The revised SB guidelines stipulate that standardized baselines should be developed with the most recent three years of data available at the time of submission of the standardized baselines. Also, all the relevant parameters used for the development of the standardized baselines should be updated every three years.
3. Also at its sixty-fifth meeting, the Board agreed to the “work programme on standardized baselines” (the work programme) (EB65 report, annex 22), where the Board requested the secretariat to work further on the determination of vintage of the relevant data, as well as the frequency of update of the relevant parameters used in the guidelines based on lessons learned and to make recommendations to the Board if any revision is needed.
4. The Board, at its seventy-third meeting, provided feedback on the concept note on the further revision of the standardized baseline regulatory framework. The concept note presented similar requirements under CDM methodologies, and the rationale for defining requirements on data vintage and validity of standardized baselines. The Board agreed to develop guidelines on data vintage and frequency of update of standardized baselines.
5. At its seventy-fifth meeting, the Board considered the draft standard for determining coverage of data and validity of standardized baselines and requested the secretariat to revise the draft, for consideration by the Board at a future meeting, taking into account the inputs provided by the Board.

### 2. Purpose

6. The aim of this document is to define requirements on the coverage period and currentness of the data used to develop standardized baselines and to determine the validity of approved standardized baselines.

### 3. Key issues and proposed solutions

#### 3.1. Differentiation of requirements on coverage period and currentness

7. Based on inputs from the Board at its seventy-fifth meeting, the draft standard no longer makes the distinction between primary data and secondary data. Instead, it is clarified that data coverage requirements are applicable only to the activity data monitored over a period of time.

8. Data coverage requirements are applicable only to parameters collected over a period of time, where the default of three years of data is proposed. One year of data is allowed in the case of a standardized baseline developed for LDCs or SIDS and/or applicable to facilities with total installation capacities below the small-scale threshold of 15 MW or annual emissions below 60 kt CO<sub>2</sub>, or facilities where data were not monitored and recorded.
9. For activity data, the data currentness shall be no more than two years except for situations where the standardized baseline is for LDCs or SIDS or applicable to facilities with total installation capacities below the small-scale threshold of 15 MW or annual emissions below 60 kt CO<sub>2</sub>. For cost data, the data currentness shall be no more than five years. For any other data such as net calorific values and emission factors of technologies, the most recent data available shall be used, provided that the data are representative and relevant, taking into account possible trends and changes in the sector since the data was collected.

### **3.2. Validity of standardized baselines**

10. The requirements to adjust the validity of standardized baselines are currently defined qualitatively, because it is considered that more experience is needed with implementing standardized baselines and understanding the characteristics of sectoral and regional circumstances. Once such experience has been gained, more specific guidance shall be given on how to take into account those circumstances. Therefore, it is proposed that the standard should be revisited, no later than after the assessment of 20 standardized baselines applying the requirements of this standard, in order to implement lessons learned.

## **4. Impacts**

11. The standard for determining coverage of data and validity of standardized baselines elaborates the requirements that intend to ensure environmental integrity, while capturing the specificities of sectors in different countries. The standard aims to provide certainty and clarity on the approaches and requirements for determining coverage of data and validity of standardized baselines to the developers and users of standardized baselines.

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

12. If the Board agrees, the provisions of this standard may be incorporated in a future revision of the “Guidelines for the establishment of sector-specific standardized baselines” (proposed new name “Standard for development of standardized baselines”) once the requirements for standardized baselines are stabilized.

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

13. The secretariat recommends that the Board consider and approve the Standard for determining coverage of data and validity of standardized baselines.

<b>TABLE OF CONTENTS</b>	<b>Page</b>
<b>1. INTRODUCTION .....</b>	<b>5</b>
1.1. Background .....	5
1.2. Objectives .....	5
<b>2. SCOPE, APPLICABILITY, AND ENTRY INTO FORCE .....</b>	<b>6</b>
2.1. Scope .....	6
2.2. Applicability .....	6
2.3. Entry into force .....	6
<b>3. DEFINITIONS .....</b>	<b>7</b>
<b>4. DATA COVERAGE PERIOD .....</b>	<b>7</b>
<b>5. DATA CURRENTNESS .....</b>	<b>8</b>
<b>6. VALIDITY OF STANDARDIZED BASELINES.....</b>	<b>9</b>

DRAFT

# **1. Introduction**

## **1.1. Background**

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), at its sixth session, decided that Parties, project participants, as well as international industry organizations or admitted observer organizations through the host country's designated national authority (DNA), may submit proposals for standardized baselines applicable to new or existing methodologies, for consideration by the Executive Board of the clean development mechanism (hereinafter referred to as the Board).
2. To establish standardized baselines for a group of project activities in a country or a group of countries, extensive data is required on output,<sup>1</sup> performance in terms of energy intensity and greenhouse gas (GHG) emissions in the sectors of country(ies). In order to ensure environmental integrity in the development of standardized baselines it is critical that the data used is most representative of the sectoral circumstances, i.e. that it reflects the recent developments in a sector and accounts for any change in economic, social, technological and environmental conditions over time.

## **1.2. Objectives**

3. The aim of this Standard is to define requirements on the coverage and currentness of the data used to develop standardized baselines and requirements on validity of approved standardized baselines. This Standard also intends to complement the guidance on data quality as contained in the Guidelines for quality assurance and quality control of data used in the establishment of standardized baselines.
4. The requirements intend to reflect the national trends in the development of the sector (e.g. pace of technology evolution, volatility of fuel prices, growth rates) and changing circumstances in the sector. The requirements also recognize that data availability in a sector in a given country may be limited.

---

<sup>1</sup> As per the definition in the latest approved version of the Guidelines for the establishment of sector specific standardized baselines.

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

### **2.1. Scope**

5. The Standard sets the requirements on the coverage period and currentness of the data used to develop standardized baselines and requirements on validity of approved standardized baselines and thus the frequency of update of standardized baselines.<sup>2</sup>
6. The Standard does not provide guidance on how the data shall be processed to develop standardized baselines.

### **2.2. Applicability**

7. If standardized baselines are developed using an approved clean development mechanism (CDM) methodology or methodological tool, the requirements from the respective approved CDM methodology or methodological tool shall be followed for determining coverage period and currentness of data and the validity of the standardized baselines.
8. If such requirements are not specified in the methodology or methodological tool, or if standardized baselines are developed using an approach not based on an approved CDM methodology or methodological tool, this Standard shall be followed for requirements on data coverage period or currentness or the validity of the standardized baselines.
9. Due to specific national or sectoral circumstances, deviations<sup>3</sup> from the requirements may be proposed with due justification, as part of the submission of a standardized baseline for approval by the Board, or as general inquires following the Modalities and procedures for direct communication with stakeholders.

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

10. The date of entry into force is the date of publication of the report of the seventy-seventh meeting of the Board on 21 February 2014. The Standard will be revisited after its application in 20 proposed standardized baselines.

---

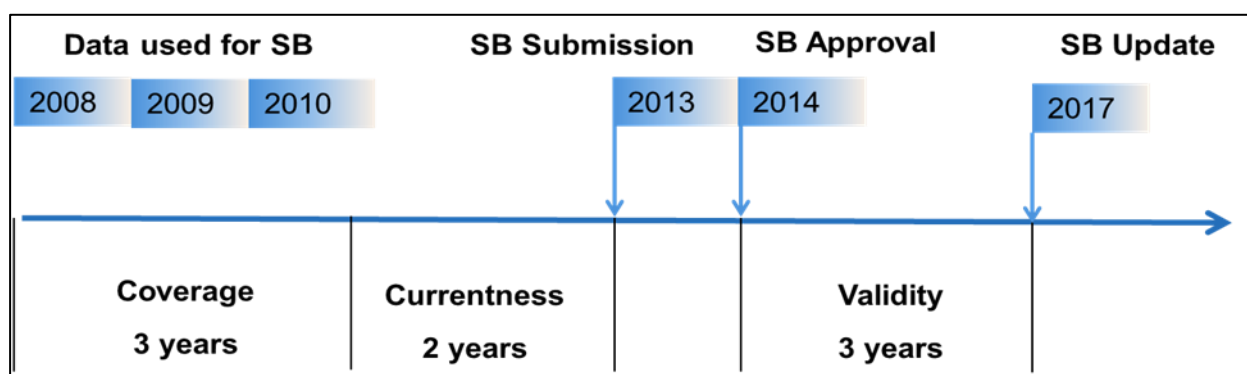
<sup>2</sup> The developers of standardized baselines have the option of updating a standardized baseline after its validity expires, but clean development mechanism (CDM) project activities cannot apply the standardized baseline after the validity of the existing version expires for the purpose of submitting projects for registration, until an updated version of the standardized baseline is submitted and approved. The process of approval of the updated version could take some time. Therefore, in order that no gap occurs, the submission of an updated standardized baseline should take place before the validity of the existing version of the standardized baseline expires, as required by the latest approved version of the "Procedure for development, revision, clarification and update of standardized baselines". Registered project activities can continue using the standardized baseline applied at the time of registration (even if its validity expires) and do not have to apply the updated standardized baseline until the end of their crediting period.

<sup>3</sup> At its seventy-sixth meeting, the Board requested the secretariat to revise the "Procedure for development, revision, clarification and update of standardized baselines" with the view to including a procedure to request deviations. Once this request is addressed in the revised procedure, proposed deviations from this standard should be processed as per the procedure.

### 3. Definitions

11. The definitions contained in the Glossary of CDM terms shall apply.
12. The following definitions apply under this Standard (as per figure 1):
  - (a) **Data coverage period** - the period for which data on the operation of facilities is collected for the establishment or update of a standardized baseline;
  - (b) **Data currentness** - the time gap between the end of the data coverage period and the submission of:
    - (i) The standardized baseline; or
    - (ii) The update of the standardized baseline;
  - (c) **Validity of standardized baselines** - the period during which a version of an approved standardized baseline may be used by project participants to submit a CDM project activity or component project activity (CPA) for registration;
  - (d) **Activity data** - data on the magnitude of activities resulting in emissions or removals taking place during a given period of time, usually collected from facilities, such as output production, actual energy consumption, actual feedstock consumption, energy generation, number of livestock, etc. This does not include parameters that describe the property or characteristics of fuels, feedstocks or technologies, such as net calorific values, fuel/feedstock emission factors, design specific energy consumption, design specific feedstock consumption, etc.

Figure 1 Illustration of key definitions



### 4. Data coverage period

13. With regard to the data coverage period, this standard only sets requirements for activity data.
14. By default, activity data of three years are required to develop new standardized baselines or to update approved standardized baselines. Data of three years are considered necessary to capture seasonal variations and variations of the activity data from year to year (e.g. hydro power energy generation).

15. One year of activity data may be used for the initial submission of a standardized baseline, if one or more of the following conditions are met:
- (a) The standardized baseline is developed for least developed countries (LDCs) or small island developing States (SIDS); or
  - (b) The standardized baseline is derived based on data from a set of facilities where each facility either has a total installed capacity below the small-scale threshold of 15 MW or has annual emissions below the small-scale threshold of 60 kt CO<sub>2</sub>; or
  - (c) Three years of activity data for the sector have not been collected or recorded by any party within the past five years and the DNA, or other entities developing the standardized baseline, have to initiate monitoring and recording of activity data to develop the standardized baseline.
16. For any update of an approved standardized baseline, only the requirement of paragraph 14 above apply and the provisions of paragraph 15 above do not apply. Therefore, the DNA should continue the collection of data to ensure that three years of activity data are available for the update of the standardized baseline.
17. In order to establish a dynamic standardized baseline, a minimum of five years of historical activity data should be used for reflecting expected future trends. In the absence of five years of data, three years of historical data may be used with due justifications.
18. The requirements on the data coverage period are not applicable to data other than activity data, including cost data or parameters that describe the property and characteristics of fuels, feedstocks or technologies, such as net calorific values (GJ/tonne) and emission factors (e.g. tCO<sub>2</sub>/TJ).

## **5. Data currentness**

19. For activity data, the most recent data available shall be used, and the data currentness shall be no more than two years. The data currentness of activity data may be up to five years for the initial submission and up to three years for any subsequent update, if one of the following conditions are met:
- (a) The standardized baseline is developed for LDCs or SIDS; or
  - (b) The standardized baseline is derived based on data from a set of facilities where each facility either has a total installed capacity below the small-scale threshold of 15 MW or has annual emissions below the small-scale threshold of 60 kt CO<sub>2</sub>.
20. For the information on capital costs and operating costs, the most recent data available shall be used and the data currentness shall not be more than five years.
21. For data other than cost data and activity data (such as net calorific values, design energy consumption, design feedstock consumption etc.), the most recent data available shall be used, provided that the data are representative and relevant, taking into account possible trends and changes in the sector since the data were collected. Where data are available from multiple sources, an older source may be used if it can be justified to be more accurate, representative and relevant.



## 6. Validity of standardized baselines

22. For the first version of approved standardized baselines and their subsequent updates, the default validity of standardized baselines is three years.
23. The DNA may propose alternative lengths of the validity of standardized baselines as part of the submission of a standardized baseline. The following factors may be considered for determining longer or shorter validity:
- (a) Currentness and coverage period of the data used to develop the standardized baselines (more current data increasing validity);
  - (b) Evolution of technologies (faster technology improvement reducing validity);
  - (c) Sector growth (e.g. construction of new facilities) (higher rate of growth reducing validity);
  - (d) Volatile and dynamic pricing of fuels or feedstock (higher volatility and higher dynamics in pricing reducing validity);
  - (e) Accounting for autonomous technological improvement to develop a dynamic standardized baseline (inclusion of autonomous improvement factor increasing validity);
  - (f) Trend of changes in the baseline emission factors between two versions of the standardized baselines (higher variability in emission factor reducing validity).

### Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
02.0	03 February 2014	Published as an annex to the annotated agenda of EB 77. This version incorporates feedback from both the Board at its seventy-fifth meeting and the sixty-second meeting of the Meth Panel.
01.0	16 September 2013	Initial publication as an annex to the annotated agenda of EB 75.

Decision Class: Regulatory

Document Type: Standard

Business Function: Methodology

Keywords: data collection and analysis, standardized baselines

---