

**CDM-EB107-AA-A08**

## Concept note

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# Revision of the regulatory provisions on standardized baselines

Version 01.0



**United Nations**  
Framework Convention on  
Climate Change

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## **1. Procedural background**

1. Pursuant to decision 3/CMP.6, section V, and subsequent decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) established and has been improving a process to develop, revise, update and use standardized baselines (SBs) for CDM project activities and programmes of activities (PoAs).
2. The Board, at its 105<sup>th</sup> meeting (EB 105), considered new information regarding the utilization of SBs. The Board agreed that an assessment is required with regard to potential gaps in the adequacy of current limitations in the validity of SBs for grid emission factors that are mandatory to use in the countries or regions. The Board requested the Methodologies Panel (MP) to propose solutions for the consideration of the Board at a future meeting.
3. Based on the request from the Board, the MP, at its 81<sup>st</sup> meeting, considered specific SBs whose use is mandatory but whose validity was expired and made a recommendations to the Board.<sup>1</sup> With regard to the relevant rules in general, the MP did not make a specific recommendation as it is a general policy issue rather than a technical one. However, it encouraged the secretariat to present the issue to the Board.
4. The Board, at EB 106, considered the concept note “Revision of the regulatory provisions on standardized baselines” and requested the secretariat to present a revised concept note at EB 107, adding new options, including measures to facilitate submissions from the designated national authorities (DNAs) of proposed updated SBs in time and attaching draft revised regulatory documents that reflect the proposed changes to the regulations.

## **2. Purpose**

5. The purpose of this work is to address the practical problems in the use of SBs that have emerged in part due to the existing provisions. It will complement the work of the MP referred to in paragraph 2 above.

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

### **3.1. Principles regarding the update of the standardized baselines**

6. The Board, at EB 70, agreed on the following principles on SBs to be reflected in relevant documents related to the SB framework:
  - (a) The updated SB shall not impact already registered projects up to the end of their first crediting period;
  - (b) The version of SB to be used for the registration of CDM project activities shall be the approved version applicable at the time of uploading the document for stakeholder consultation;

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<sup>1</sup> MP 81 report, paragraphs 15 and 16.

- (c) The version of SB to be used for the calculation of emission reductions during the first crediting period shall be the most conservative approved version between the one that is applicable at the start of the first monitoring period and the one applicable on the day when the first monitoring period of the project activity ends;
  - (d) For renewal of crediting period, the version of SB to be used for the emission reduction calculation for the new crediting period shall be the most conservative approved version between the one that is applicable at the time of submission of the revised PDD for the renewal of the crediting period and the one applicable on the day when the first monitoring period of the new crediting period starts;
  - (e) The additionality of a project activity shall not be reassessed in any crediting period, irrespective of the change in the additionality criterion (e.g. positive list of technologies for the sector) in the updated SB;
  - (f) An SB specified for a period of time may be constant or vary in a predetermined manner.
7. Later, these agreed principles were reflected in the relevant CDM regulatory documents. However, it came to the attention of the secretariat that the principles referred to in paragraphs 6(a) and 6(c) above may contradict each other: the former principle appears to allow the use of the same version of the SB applied at the time of registration until the end of the first crediting period, while the latter principle requires the determination of the version of SB to be applied at the time of the first monitoring period, which may not be the same as the one applied at registration. The latter principle also requires undergoing a complicated step of comparing the two versions of the SB valid at the beginning and the end of the first monitoring period,<sup>2</sup> and applying the more conservative one for the entire first crediting period. The principle referred to in paragraph 6(d) above also requires a similar but different comparison of the two versions of the SB.
8. Another aspect regarding the principles referred to in paragraph 6(c) and 6(d) above adds further complication to their implementation. These principles appear to assume that there is always a valid version of all SBs to allow for comparison. However, this is not the case in practice, as described in section 3.2 below. Consequently, there may be a situation where, at the time of the first monitoring period, a valid SB exists at the beginning of the period, but no valid one exists at the end of the period, or vice versa. There may be even a situation where there is no valid SB at both the beginning and the end of the first monitoring period even if there was one at the registration of the activity.
9. The provisions that reflect the principle referred to in paragraph 6(a) can be found in the “Standard: Determining coverage of data and validity of standardized baselines” (SB data standard) (ver. 02.0), footnote 2. The provisions that reflect the principle referred to in paragraph 6(c) and 6(d) can be found in the “CDM project standard for project activities” (PS-PA) (ver. 02.0), paragraphs 262 and 263, as presented in paragraph 13 below, and in the “CDM project standard for programmes of activities” (PS-PoA) (ver. 02.0), paragraphs 266 and 267.

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<sup>2</sup> The length of each monitoring period is entirely up to the project participants to decide (1 year is most common), and there may be many monitoring periods within one crediting period (7 years for project activities that opted for renewable crediting period and 10 years for those that opted for fixed crediting period).

### **3.2. Lack of update of standardized baselines on time**

10. In accordance with the “Procedure: Development, revision, clarification and update of standardized baselines” (SB procedure), SBs are to be updated regularly to reflect the latest situation of the sector in the country/region in question. In accordance with the SB data standard, a version of an SB is valid for three years by default but could be shorter or longer depending on various factors (e.g. sector growth).
11. In accordance with the SB procedure, the update of an SB needs to be initiated by the DNA (or by any person/entity through the DNA) by submitting a proposed updated SB to the secretariat. The SB procedure requires a proposed updated SB to be submitted within 270 to 180 days prior to the expiry of the current version. Such submission time frame appears to ensure that the updated SB is ready for use after undergoing the approval process when the current version expires. This assumption is supported by the fact that the SB procedure also states that the updated SB comes into force immediately after the expiry of the validity of the previous version.
12. However, the SB procedure is silent on the consequence if the submission of a proposed updated SB is delayed. Also, even if the submission is made within the specified time frame, the approval by the Board may not occur before the expiry of the current version of the SB due to various reasons during the assessment process of the proposed updated SB. Furthermore, in many instances, DNAs do not appear to be equipped or motivated to submit proposed updated SBs. Consequently, the validity of many SBs (32 of 48 approved SBs) has expired without the SBs being updated, and in one case the update was delayed by 16 months after the previous version had expired. The latter case led to a situation where the updated SB was approved as a new SB with a gap period in the validity of the two versions of effectively the same SB.
13. The lack of valid version of SBs on a continuous basis conflicts with the assumption of the rules in the PS-PA (ver. 02.0), paragraphs 262 and 263, which require, for a registered CDM project activity that applied an SB that standardizes baseline emissions, the following:
  - (a) For the first crediting period:
    - (i) Compare the valid versions of the SB on the first day and the last day of the first monitoring period, and apply the more conservative version for that period;
    - (ii) For the subsequent monitoring periods:
      - a. Apply the same version of the SB if it is a constant SB and does not require an ex post application, or if it is a dynamic SB;
      - b. Apply the latest version of the SB on the first day of each monitoring period if the SB is a constant SB that requires ex post application of standardized values;
  - (b) For the second and third crediting periods:
    - (i) Compare the valid versions of the SB at the time of submission of a request for renewal of crediting period and on the first day of the first monitoring period, and apply the more conservative version for that period;

- (ii) For the subsequent monitoring periods, apply the same rule as subparagraph (a)(ii) above.

- 14. The current PS-PA contains no guidance on what value should be used if there is no valid version of the applied SB at the time of monitoring. To date, five project activities have been registered, applying an SB that standardizes baseline emissions.<sup>3</sup>
- 15. The same rules apply to component project activities (CPAs) under a registered CDM PoA.<sup>4</sup> To date, two PoAs<sup>5</sup> have been registered applying an SB that standardizes baseline emissions, which have included 51 CPAs to date.

### 3.3. Consideration

- 16. It is not feasible to expect DNAs to continue submitting proposed updated SBs on time as it would require resources and time for DNAs. If the actual or potential number of CDM activities in the sector in the country/region that may apply a particular SB is small, the continual updating of the SB may not be needed in the first place. Therefore, it is unavoidable to continue to face a situation where, for some SBs, updating is delayed, or there is no update at all and no valid version anytime in the future.
- 17. The current rules appear to ensure the application of conservative parameter values as much as possible. However, for the project activities and PoAs registered with an SB, the lack of a valid SB at the time of monitoring would make it impossible for the project participants or the coordinating/managing entities to follow the current rules. On the other hand, the length of any monitoring period is at the discretion of the project participants or the coordinating/managing entities; therefore, the availability of a valid SB and the version of SB to compare can be artificially controlled by the project participants or the coordinating/managing entities. Nevertheless, since updating SBs is not the responsibility or not within the control of individual project participants or coordinating/managing entities, a possible solution should be made that is the least burdensome for them.
- 18. Also, the current rules referred to in paragraph 13 above are not consistent with the requirements in the relevant methodological tools and SBs, which provide for upfront options of ex ante and ex post determination of parameter values; if the ex ante option is chosen, the values are valid until the end of the same crediting period.<sup>5</sup> These inconsistencies need to be resolved.

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<sup>3</sup> The lack of a valid version of SBs on a continuous basis would also have an implication on the registered project activities that applied an SB where the use of the SB is mandatory as specified in the SB and in accordance with the PS-PA. Currently two SBs fall under this category. However, both of these SBs are the type of SBs referred to in paragraph 13, hence the implications are already covered by this concept note and there are no additional implications.

<sup>4</sup> Contained in paragraphs 266 and 267 of the PS-PoA (ver. 02.0).

<sup>5</sup> For example, ASB0039-2018: Grid emission factor for Mongolia's national electricity grid states:

- 3. Clean development mechanism (CDM) project activities and programmes of activities (hereinafter referred as project activities) can apply this standardized baseline under the following conditions:
  - (a) The project activity is implemented in Mongolia and is connected to Mongolia's national electricity grid;

19. Furthermore, as explained in section 3.1 above, the principle behind the current rules referred to in paragraph 13 above appears to be inconsistent with the principle referred to in paragraph 6(a) above.

### 3.4. Proposed solution

20. Based on the consideration described in the previous subsection, it is proposed that the current rules be revised as follows:
- (a) Revise the rules on the update of SBs so that there may be a gap period in the validity between the two versions (pre- and post-update) of the same SB;
  - (b) Include measures to facilitate submissions from the DNAs of proposed updated standardized baselines in time so that the gap period does not occur;
  - (c) Revise the rules for project activities regarding the implications of the expiry, update or revision of the applied standardized baseline, including the impact of the gap period in the validity of an SB in the following manner:
    - (i) A registered CDM project activity that chose at registration the ex ante option to determine baseline emissions or parameter values intervals as per the applied methodology and/or applicable methodological tool and applied a valid SB for this purpose<sup>6</sup> shall apply the same version of the SB for the purpose of monitoring until the end of the first crediting period, irrespective of whether the applied version of the SB expires, or is updated or revised;
    - (ii) A registered CDM project activity that chose at registration the ex post option to determine baseline emissions or parameter values at regular intervals as per the applied methodology and/or applicable methodological tool, may, at any time during the first crediting period, switch to the ex ante option to determine these values, apply an SB valid at the time of the switch and apply the same version of the SB for the rest of the same crediting period.<sup>7</sup> Such switch and application of an SB shall undergo the post-registration change approval process and the SB shall be valid when the post-registration change approval request is submitted;

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- (b) The CDM approved methodology that is applied to the project activity requires the determination of CO<sub>2</sub> emission factor(s) through the application of the grid tool;

- (c) The project activity uses the ex ante options for both the operating margin and build margin grid emission factors, as described in the grid tool, and therefore no monitoring or recalculation of the emission factor during the crediting period is required.

<sup>6</sup> The project activities that apply the SBs for which the use is mandatory automatically fall under this category.

<sup>7</sup> Switching from the ex post to ex ante option during a crediting period is already allowed as clarified by the MP and approved by the Board at EB 102 (AM\_CLA\_0280: Clarifications on updating DATEBaselineRetrofit of ACM0002 and on changing the grid emission factor calculation approach from ex post to ex ante) <<https://cdm.unfccc.int/methodologies/PAmethodologies/clarifications/69901>>.

- (iii) At each renewal of crediting period, a registered CDM project activity shall choose the ex ante or ex post option<sup>8</sup> and follow the same rules in terms of the use and validity of SBs as in subparagraphs (i) and (ii) above;
- (d) Revise the rules for PoAs regarding the implications of the expiry, update or revision of an applied SB, including the impact of the gap period in the validity of an SB in the following manner, taking into account the specific rules applicable to PoAs:
  - (i) A registered CDM PoA that chose at registration the ex ante option for a generic CPA to determine baseline emissions or parameter values as per the applied methodology and/or applicable methodological tool and applied an SB for this purpose<sup>9</sup> shall apply the version of the SB valid at the time of inclusion of a corresponding CPA for the purpose of monitoring for the CPA until the end of its first crediting period irrespective of whether the applied version of the SB expires, or is updated or revised. If no valid version of the applied SB is available at the time of inclusion of a corresponding CPA, baseline emissions or parameter values shall be calculated in accordance with the applied methodology and/or applicable methodological tool and applied to the CPA until the end of its first crediting period;
  - (ii) A registered CDM PoA that chose at registration the ex post option for a generic CPA to determine baseline emissions or parameter values at regular intervals as per the applied methodology or methodological tool, may, at any time during the first PoA period, switch to the ex ante option to determine these values by revising the generic CPA. In doing so, if there is an SB valid at the time of the switch, the revised generic CPA may apply the SB. All corresponding CPAs that have been included before the switch have to switch to the ex ante option and apply the SB valid at the time of the switch or calculate baseline emissions or parameter values in accordance with the revised generic CPA. Any new corresponding CPA shall apply the version of the SB valid at the time of its inclusion, or if no valid version of the SB is available at the time of inclusion or the calculation of baseline emissions or parameter values is chosen in accordance with the revised generic CPA, those values shall be calculated for the CPA in accordance with the applied methodology and/or applicable tool. Such revision of generic CPA shall undergo the post-registration change approval process for the PoA, and the switch of included CPAs to the ex ante option shall undergo the post-registration change notification process;
  - (iii) At each renewal of the PoA period, a registered CDM PoA shall choose the ex ante or ex post option for each generic CPAs individually. Included CPAs shall, at their respective renewal of crediting period, follow the option specified by the corresponding generic CPAs;
- (e) Remove the duplication of the same rule that would be created as a result of subparagraph (c)(i) above and place it in the most relevant regulatory document.

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<sup>8</sup> Switching from the ex post to ex ante option at the time of renewal of crediting period is already allowed as clarified by the same clarification referred to in footnote 7 above.

<sup>9</sup> The PoAs that apply the SBs for which the use is mandatory automatically fall under this category.



21. The proposed text of revised provisions in the regulatory documents is contained in appendices 1–4.

#### **4. Impacts**

22. The proposed changes to the current rules on SBs would resolve the conflict of the principles previously agreed by the Board, and the gap between the underlying assumptions of the existing rules and the reality of such rules, thereby addressing the practical issues that some registered CDM project activities and PoAs that applied SBs are currently facing.

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

23. If the Board agrees to change the current rules on SBs as contained in appendices 1–4, they will be published as amendments or revisions of the relevant regulatory documents.

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

24. The secretariat recommends that the Board consider the proposed solution presented in section 3.4 above and adopt the amendment/revision of the relevant regulatory documents contained in appendices 1–4 with immediate effect, and request the MP to revise the affected methodologies, methodological tools and SBs under the top-down revision process, as appropriate.

## **Appendix 1. Draft amendments to “Procedure: Development, revision, clarification and update of standardized baselines” (version 05.2)**

### **1. Changes to section 8.1.1. Submission of a proposed updated standardized baseline**

1. The existing paragraphs 147 and 150 shall read as follows:

147. The DNA submitting the proposed updated standardized baseline shall submit the following documentation to the secretariat through a specified e-mail account made available on the UNFCCC CDM website between 270 to 180 days prior to the date when the validity of the current standardized baseline expire:<sup>1</sup>
- (a) The duly completed “Approved standardized baseline update request form” (CDM-ASU-FORM);
  - (b) The proposed updated standardized baseline, highlighting the proposed changes to the approved standardized baseline;
  - (c) A spreadsheet<sup>2</sup> containing all data used and the calculations performed for the establishment of the proposed updated standardized baseline;
  - (d) A quality control report prepared in accordance with the “Guideline: Quality assurance and quality control of data used in the establishment of standardized baselines”;
  - (e) An assessment report on the proposed updated standardized baseline containing the information referred to in paragraph 18 above and prepared in accordance with paragraph 148 below.
  - (f) All additional documentation supporting the submission (e.g. statistics and/or, studies etc.), where applicable;
  - (g) Letters of approval on the proposed updated standardized baseline from all the DNAs of the Parties to which it applies.
150. The secretariat shall make every effort to inform the DNA(s) in advance of the period for requesting update of the approved standardized baseline. In doing so, the Board may, upon request from the DNA(s), decide to request the secretariat to provide technical support to the DNA(s) for the preparation of the request without prejudice to the outcome of the subsequent request. It remains the responsibility

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<sup>1</sup> Any delay in the submission from this time frame may create a gap period between the expiry of the current standardized baseline and the entry-into-force date of the updated standardized baseline. If such gap period is created, the Board may provide guidance on which values are to be used during the gap period when approving the updated standardized baseline.

<sup>2</sup> In an accessible and verifiable (unprotected) format.

of the DNA(s) to ensure that all actions are taken in accordance with this section of the procedure in a timely manner.

## **2. Changes to section 9. Validity of new, updated and revised standardized baselines**

### **2. The existing paragraph 178 shall read as follows:**

178. The year indicated in the reference number of an approved standardized baseline shall be replaced by the year when an updated standardized baseline comes into force (e.g. ASB0003-2013 replaced by ASB0003-2016) if the Board approves the updated standardized baseline in accordance with paragraph 174(a) above. The version number of the updated standardized baseline shall also be reset to 01.0 (e.g. from 02.1 to 01.0). The approved updated standardized baseline shall come into force immediately after the expiry of the validity of the standardized baseline for the previous period from the date as indicated in the approved updated standardized baseline for the purpose of publishing a PDD or PoA-DD for global stakeholder consultation, submitting a request for registration, or submitting a request for renewal of the crediting period or PoA period in accordance with the "CDM project cycle procedure for project activities" or "CDM project cycle procedure for programmes of activities". If a PDD or PoA-DD applying the standardized baseline for the previous period has already been published for global stakeholder consultation, the project participants or the coordinating/managing entity shall revise the PDD or PoA-DD applying the updated standardized baseline. If, after the publication of the PDD or PoA-DD for global stakeholder consultation, the applied standardized baseline has expired and no valid updated standardized baseline is available at the time of submission of a request for registration or renewal, the project participants or the coordinating/managing entity shall revise the PDD or PoA-DD replacing the standardized baseline with the corresponding parameter values calculated by themselves in accordance with the applied methodology and/or applicable methodological tool. In these cases, the DOE shall not publish the revised PDD or PoA-DD for global stakeholder consultation, but shall submit it when it submits a request for registration unless otherwise decided by the Board when it approves the updated standardized baseline. The updated standardized baseline shall be valid for the period indicated in the approved updated standardized baseline.

## Appendix 2. Draft amendments to “CDM project standard for project activities” (version 02.0)

### 1. Changes to section 9.5. Data and parameters

1. The existing paragraphs 262 and 263 shall read as follows and insert a new paragraph after paragraph 262:

262. For a registered CDM project activity that chose at registration the ex ante option to determine baseline emissions or parameter values in accordance with the applied methodology and/or applicable methodological tool and applied an applicable standardized baseline valid at the time of the submission of the request for registration for this purpose, the project participants shall apply the same version of the standardized baseline for the purpose of monitoring until the end of the first crediting period. ~~applying an approved standardized baseline that standardizes baseline emissions, the project participants shall apply, in the first monitoring report of the first crediting period, the version of the applied standardized baseline that contains the more conservative standardized value(s)<sup>1</sup> of the parameter(s) (e.g. emission factors) between those in the latest version<sup>2</sup> applicable on the first day of the first monitoring period and those in the latest version applicable on the last day of the first monitoring period.<sup>3</sup> In the subsequent monitoring reports for the first crediting period, the project participants shall apply:~~

~~(a) The same version of the standardized baseline as the one applied in the first monitoring report, if the registered CDM project activity applies:~~

~~(i) An approved constant standardized baseline that standardizes baseline emissions and that does not require an ex post application of the standardized values; or~~

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<sup>1</sup>—A more conservative value(s) provides lower baseline emissions. However, if standardized parameters (e.g. the grid emission factors) as an approved standardized baseline are also used for the purpose of determining the project emissions and/or leakage emissions, a more conservative value(s) provides lower GHG emission reductions.

<sup>2</sup>—The latest version of the applied standardized baselines, referred to in paragraphs 262 and 263, does not refer to the previous version that is still valid after a major and/or minor revision in accordance with the “Procedure: Development, revision, clarification and update of standardized baselines” but refers to the latest version only.

<sup>3</sup>—See EB 70 meeting report, paragraph 45(c). For example, if version 01.0 is the latest version of the applied standardized baseline at the first day of the first monitoring period, while version 02.0 is the latest version at the last day of the first monitoring period and contains more conservative values, version 02.0 applies to the first monitoring report. However, if version 01.0 is the latest version both at the first and last days of the first monitoring period, then version 01.0 applies to the first monitoring report.

- (ii) ~~An approved dynamic standardized baseline<sup>4</sup> that standardizes baseline emissions; or~~
- (b) ~~The latest version of the standardized baseline applicable on the first day of each monitoring period, if the registered CDM project activity applies an approved constant standardized baseline that standardizes baseline emissions and that requires an ex post application of the standardized values.<sup>5</sup>~~
- 262<sub>bis</sub>. For a registered CDM project activity that chose at registration the ex post option to determine baseline emissions or parameter values at regular intervals in accordance with the applied methodology and/or applicable methodological tool, the project participants may, at any time during the first crediting period, switch to the ex ante option to determine these values and apply an applicable standardized baseline valid at the time of the switch, and apply the same version of the standardized baseline for the purpose of monitoring for the rest of the same crediting period.<sup>6</sup> Such switch and application of an standardized baseline shall undergo the post-registration change approval process in accordance with the “CDM project cycle procedure for project activities”, and the standardized baseline shall be valid when the post-registration change approval request is submitted.
263. For a registered CDM project activity ~~applying an approved standardized baseline that standardizes baseline emissions~~, if the selected type of crediting period is renewable, the project participants shall, at each renewal of the crediting period, choose the ex ante option or the ex post option to determine baseline emissions or parameter values in accordance with the applied methodology and/or applicable methodological tool, and shall follow the same rules in terms of the use and validity of standardized baselines as in paragraphs 262 and 262<sub>bis</sub> above. ~~apply, in the first monitoring report for the second and third crediting periods, the version of the applied standardized baseline that contains the more conservative standardized value(s) of the parameter(s) (e.g. emission factors) between those in the latest version applicable on the submission date of the request for renewal of the crediting period and those in the latest version applicable on the first day of the first monitoring period in the new crediting period.<sup>7</sup> In the subsequent monitoring~~

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<sup>4</sup> See EB 70 meeting report, paragraph 45(f). A “constant standardized baseline” refers to a standardized baseline without a dynamic factor(s), such as approved standardized baselines ASB0001, ASB0002, ASB0003 and ASB0004. On the other hand, a “dynamic standardized baseline” refers to a standardized baseline with a dynamic factor(s) (e.g. autonomous improvement factors). For example, one option in the calculation of baseline emissions in the methodology AM0070 requires that a specific electricity consumption of a certain class and design of refrigerators be reduced annually by a fixed percentage of autonomous improvement factors. Therefore, a standardized baseline developed using the methodological approach of AM0070 can be a dynamic standardized baseline.

<sup>5</sup> This refers to an approved standardized baseline that requires project participants to use the latest standardized value(s) of baseline emission parameter(s) in the latest version of the standardized baseline for the monitoring reports subsequent to the first monitoring report.

<sup>6</sup> Switching from the ex post to ex ante option during a crediting period is already allowed as clarified by the MP and approved by the Board at EB 102 (AM\_CLA\_0280: Clarifications on updating DATEBaselineRetrofit of ACM0002 and on changing the grid emission factor calculation approach from ex post to ex ante) < <https://cdm.unfccc.int/methodologies/PAMethodologies/clarifications/69901>>.

<sup>7</sup> See EB 70 meeting report, paragraph 45(d).

reports for the second and third crediting periods, the project participants shall apply:

- (a) The same version of the standardized baseline as the one applied in the first monitoring report of the respective crediting period, if the registered CDM project activity applies:
  - (i) An approved constant standardized baseline that standardizes baseline emissions and that does not require an ex post application of the standardized values; or
  - (ii) An approved dynamic standardized baseline that standardizes baseline emissions; or
- (b) The latest version of the standardized baseline applicable on the first day of each monitoring period, if the registered CDM project activity applies an approved constant standardized baseline that standardizes baseline emissions and that requires an ex post application of the standardized values.

## **Appendix 3. Draft amendments to “CDM project standard for programmes of activities” (version 02.0)**

### **1. Changes to section 9.3.5. Changes to programme or project design**

1. The existing paragraph 238 shall read as follows:

238. Changes to a registered CDM PoA shall be limited to:

- (a) Changes to the programme boundary to expand the geographical coverage or to include additional host Parties;
- (b) The following revisions to the eligibility criteria for inclusion of CPAs in the PoA:
  - (i) Mandatory revision to the eligibility criteria due to the revision or replacement of the applied methodologies by the Board subsequent to placing them on hold;<sup>39</sup>
  - (ii) If a revision to the eligibility criteria is required by the Board due to an issue related to environmental integrity having been identified;
  - (iii) If the use of positive lists or related provisions is introduced or modified based on the valid version of the “Methodological tool: Demonstration of additionality of small-scale project activities” or the “Methodological tool: Demonstrating additionality of microscale project activities”;
  - (iv) If the geographical boundary of the PoA is expanded within the host Party or to include one or more host Parties;
  - (v) If there is an addition or change of technologies/measures with or without addition or change of applied methodologies in the registered PoA-DD as referred in subparagraph (e) below;
  - (vi) A revision to the eligibility criteria pertaining to the demonstration of additionality;
- (c) Removal of applied methodologies and/or standardized baselines from the registered PoA-DD;
- (d) Changes to the capacity<sup>40</sup> range specified in the registered PoA-DD;
- (e) Addition of new components or extension/addition of technologies/measures that introduce complementary technologies/measures involving mass and/or energy transfer to/from the original technologies/measures described in the registered PoA-DD.<sup>41</sup>
- (f) Removal of a component or technology/measure described in the registered PoA-DD;

- (g) Changes to the technologies/measures that result in the same technologies/measures as in the registered technologies/measures as per the definition of “the same technologies” in paragraph 167(b) above;
- (h) Any consequential changes to the application of methodologies, standardized baselines and/or the other methodological regulatory documents resulting from the changes referred to in subparagraphs (a)–(g) above, including change to or addition of other methodologies, other standardized baselines and/or other methodological regulatory documents, or application of a baseline scenario that is more appropriate as a result of the proposed or actual modifications to the PoA;
- (i) Voluntary update of the applied methodologies or the other applied methodological regulatory documents to later valid versions of them, or voluntary change to other methodologies, provided that all requirements in the updated/changed methodologies or the other methodological regulatory documents are met;
- (j) Revision of generic CPA to:
  - a. Apply an applicable and valid standardized baseline under the ex ante option to determine baseline emissions or parameter values;
  - b. Switch from the ex post option to the ex ante option to determine baseline emissions or parameter values and calculate these values in accordance with the applied methodology and/or applicable methodological tool, or apply an applicable and valid standardized baseline.

## 2. Changes to section 10.5. Data and parameters

2. The existing paragraphs 266 and 267 shall read as follows:

266. For a registered CDM PoA that chose at registration the ex ante option for a generic CPA to determine baseline emissions or parameter values in accordance with the applied methodology and/or applicable methodological tool, and applied an applicable standardized baseline for this purpose to the generic CPA,<sup>1</sup> the coordinating/managing entity shall apply the version of the standardized baseline valid at the time of inclusion of a corresponding CPA for the purpose of monitoring for the CPA until the end of its first crediting period. If no valid version of the applied standardized baseline is available at the time of inclusion of a corresponding CPA despite the fact that the corresponding generic CPA applied the standardized baseline, the coordinating/managing entity shall calculate baseline emissions or parameter values in accordance with the applied methodology and/or applicable methodological tool and apply them to the CPA until the end of its first crediting period. ~~For an included CPA applying an approved standardized baseline that standardizes baseline emissions, the coordinating/managing entity shall apply, in the first monitoring report of the first crediting period, the version of the applied~~

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<sup>1</sup> The PoAs that apply the SBs for which the use is mandatory automatically fall under this category.



standardized baseline that contains the more conservative standardized value(s)<sup>2</sup> of the parameter(s) (e.g. emission factors) between those in the latest version<sup>3</sup> applicable on the first day of the first monitoring period and those in the latest version applicable on the last day of the first monitoring period.<sup>4</sup> In the subsequent monitoring reports for the first crediting period, the coordinating/managing entity shall apply:

(a) The same version of the standardized baseline as the one applied in the first monitoring report, if the included CPA applies:

(i) An approved constant standardized baseline that standardizes baseline emissions and that does not require an ex post application of the standardized values; or

(ii) An approved dynamic standardized baseline<sup>5</sup> that standardizes baseline emissions; or

(b) The latest version of the standardized baseline applicable on the first day of each monitoring period, if the included CPA applies an approved constant standardized baseline that standardizes baseline emissions and that requires an ex post application of the standardized values.<sup>6</sup>

266<sub>bis</sub>. For a registered CDM PoA that chose at registration the ex post option for a generic CPA to determine baseline emissions or parameter values at regular intervals in accordance with the applied methodology or methodological tool, the coordinating/managing entity may, at any time during the first PoA period, switch to the ex ante option to determine these values by revising the generic CPA. In

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<sup>2</sup> More conservative values provide lower baseline emissions. However, if standardized parameters (e.g. the grid emission factors) as an approved standardized baseline are also used for the purpose of determining the project emissions and/or leakage emissions, more conservative values provide lower GHG emission reductions.

<sup>3</sup> The latest version of the applied standardized baselines, referred to in paragraphs 266 and 267, does not refer to the previous version that is still valid after a major and/or minor revision in accordance with the "Procedure: Development, revision, clarification and update of standardized baselines" but refers to the latest version only.

<sup>4</sup> See EB 70 meeting report, paragraph 45(c). For example, if version 01.0 is the latest version of the applied standardized baseline at the first day of the first monitoring period, while version 02.0 is the latest version at the last day of the first monitoring period and contains more conservative values, version 02.0 applies to the first monitoring report. However, if version 0.10 is the latest version both at the first and last days of the first monitoring period, then version 01.0 applies to the first monitoring report.

<sup>5</sup> See EB 70 meeting report, paragraph 45(f). A "constant standardized baseline" refers to a standardized baseline without a dynamic factor(s), such as approved standardized baselines ASB0001, ASB0002, ASB0003 and ASB0004. On the other hand, a "dynamic standardized baseline" refers to a standardized baseline with a dynamic factor(s) (e.g. autonomous improvement factors). For example, one option in the calculation of baseline emissions in the methodology AM0070 requires that a specific electricity consumption of a certain class and design of refrigerators be reduced annually by a fixed percentage of autonomous improvement factors. Therefore, a standardized baseline developed using the methodological approach of AM0070 can be a dynamic standardized baseline.

<sup>6</sup> This refers to an approved standardized baseline that requires project participants to use the latest standardized value(s) of baseline emission parameter(s) in the latest version of the standardized baseline for the monitoring reports subsequent to the first monitoring report.

doing so, if there is an applicable standardized baseline valid at the time of the switch, the coordinating/managing entity may apply the standardized baseline to the revised generic CPA. For all corresponding CPAs that have been included before the switch, the coordinating/managing entity shall switch to the ex ante option and apply the standardized baseline or calculate baseline emissions or parameter values in accordance with the applied methodology and/or applicable methodological tool as per the revised generic CPA. After the switch, for all new corresponding CPAs, the coordinating/managing entity shall apply the version of the standardized baseline valid at the time of their inclusion or, if no valid version of the standardized baseline is available at the time of their inclusion or the calculation of baseline emissions or parameter values has been chosen as per the revised generic CPA, the coordinating/managing entity shall calculate these values in accordance with the applied methodology and/or applicable methodological tool for the CPAs. Such revision of a generic CPA shall undergo the post-registration change approval process for the PoA, and the switch of all included CPAs to the ex ante option shall undergo the post-registration change notification process in accordance with the “CDM project cycle procedure for programmes of activities”;

267. At each renewal of the PoA period, the coordinating/managing entity shall choose the ex ante option or the ex post option to determine baseline emissions or parameter values in accordance with the applied methodology and/or applicable methodological tool for each generic CPA individually, and shall follow the same rules in terms of the use and validity of standardized baseline as in paragraphs 266 and 266<sup>bis</sup> above. ~~For an included CPAs applying an approved standardized baseline that standardizes baseline emissions,~~ if the selected type of crediting period in accordance with the corresponding generic CPA is renewable, the coordinating/managing entity shall ensure that each CPA, at its respective renewal of the crediting period, is consistent with the corresponding generic CPA in terms of ex ante or ex post determination of baseline emissions or parameter values, including the application of a standardized baseline as applicable. ~~apply, in the first monitoring report for the second and third crediting periods, the latest version applicable on the first day of the first monitoring period in the new crediting period.<sup>7</sup> In the subsequent monitoring reports for the second and third crediting periods, the coordinating/managing entity shall apply:~~

- ~~(a) The same version of the standardized baseline as the one applied in the first monitoring report of the respective crediting period, if the included CPA-DD applies:~~
  - ~~(i) An approved constant standardized baseline that standardizes baseline emissions and that does not require an ex post application of the standardized values; or~~
  - ~~(ii) An approved dynamic standardized baseline that standardizes baseline emissions; or~~
- ~~(b) The latest version of the standardized baseline applicable on the first day of each monitoring period, if the included CPA applies an approved~~

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<sup>7</sup>—See EB 70 meeting report, paragraph 45(d).

constant standardized baseline that standardizes baseline emissions and that requires an ex post application of the standardized values.

## Appendix 4. Draft amendments to “Standard: Determining coverage of data and validity of standardized baselines” (version 02.0)

### 1. Changes to section 2.1. Scope

1. This standard sets the requirements for the coverage period and currentness of the data used to develop, revise and update standardized baselines and the requirements for the validity of approved standardized baselines and thus the frequency of update of standardized baselines.<sup>2</sup>

Footnote 2: The developers of standardized baselines have the option of updating a standardized baseline after its validity expires, but project activities cannot apply the standardized baseline after the validity of the existing version expires for the purpose of submitting project activities for registration, until an updated version of the standardized baseline is submitted and approved by the Board. The process of approval of the updated version could take some time. Therefore, in order to ensure 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 version of the “Procedure: Development, revision, clarification and update of standardized baselines” (SB procedure). ~~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 periods.~~

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### Document information

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01.0	14 September 2020	Published as an annex to the annotated agenda of EB 107. This document takes into account the guidance from the Board at EB 106 as well as addresses a new issue identified.

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