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Annex 7

DRAFT GUIDELINES ON THE CONSIDERATION OF SUPPRESSED DEMAND IN CDM METHODOLOGIES

COVER NOTE

I. Executive summary

1. This note presents the proposed revised "Guidelines on the consideration of suppressed demand in CDM methodologies" (hereinafter referred to as the suppressed demand guidelines) submitted to the Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) for adoption. The draft guidelines (version 02.0) are attached to this note.

II. Background

2. The Board at its sixty-second meeting adopted the suppressed demand guidelines and adopted a work programme which envisaged a future revision to the guidelines for the further improvement of the clarity and level of detail contained in these guidelines. Following extensive consultation with stakeholders, the Methodologies Panel (Meth Panel) and the Small-Scale Working Group (SSC WG), the draft revised guidelines are presented for the consideration of the sixty-eighth meeting of the Board. The main changes in the draft guidelines (version 02.0) are highlighted in yellow (in the below document attached).

III. Key issues for decision

3. The following are identified as the key issues that require consideration and decision by the Board:

(a) Inclusion of sanitation and transportation as basic human needs;

(b) Proposed methods for determining alternative technologies available to the project proponents (e.g. interviews with relevant experts, official data from government agencies, independently commissioned studies by expert organizations/universities and surveys)

(c) Clarification that these guidelines provide generic approaches that should be used in CDM methodologies to address suppressed demand, with due adjustments to suit the particularities of a methodology. A methodology applying these guidelines need to reflect the specific characteristics of the project types and sector covered for a realistic and conservative estimation of emission reductions;

(d) Clarification that the minimum service levels indicated in the methodologies is a globally applicable value.

IV. Proposed course of actions

4. It is proposed that the draft guidelines (version 02.0) be considered and approved at the sixty-eighth meeting of the Board.

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GUIDELINES ON THE CONSIDERATION OF SUPPRESSED DEMAND IN CDM METHODOLOGIES

(Version 02.0)

I. Background

1. The modalities and procedures for a clean development mechanism (CDM) (decision 3/CMP.1 paragraph 46) state that "the baseline may include a scenario where future anthropogenic emissions by sources are projected to rise above current levels, due to the specific circumstances of the host Party". This issue is also commonly referred to as "suppressed demand".

2. In decision 2/CMP.5, Parties encouraged the Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) ~~CDM Executive Board (hereinafter referred to as the Board)~~ to "further explore the possibility of including in baseline and monitoring methodologies, as appropriate, a scenario where future anthropogenic emissions by sources are projected to rise above current levels due to specific circumstances of the host Party."

~~3. At the fifty-sixth meeting of the Board, the Board considered a recommendation by the Small-Scale Working Group (SSC WG). The Board agreed that the SSC WG should continue to address the issue where relevant in specific new methodologies and revisions of methodologies taking into account relevant approaches found in the methodologies approved by the Board.~~

3. ~~After the Board has taken action at its fifty-sixth meeting,~~ In decision 3/CMP.6, Parties reiterated their encouragement to the Board to "further explore the possibility of including in baseline and monitoring methodologies, as appropriate, a scenario where future anthropogenic emissions by sources are projected to rise above current levels due to specific circumstances of the host Party."

4. In decision 8/CMP.7, Parties requested the Board to accelerate the implementation of guidelines on suppressed demand in baselines and monitoring methodologies, prioritizing those that are more applicable to the least developed countries, small island developing States, African countries and countries underrepresented in the clean development mechanism.

5. The first version of these guidelines were prepared in response to a request by the Board at its sixty-first meeting (EB61 report, para. 40) with an aim to achieve consistency in the methods to address the situation of suppressed demand in CDM baseline and monitoring methodologies where future emissions by sources may rise above current level.

6. At its sixty-third meeting, the Board approved the work programme on suppressed demand, which envisages a revision to the guidelines for the further improvement of the clarity and level of detail contained in these guidelines.

II. Definitions, scope and applicability

A. Definitions

7. For the purpose of these guidelines, the following definitions apply:

(a) **Income effect**: this effect occurs when the demand for a service, such as energy services, would increase in the baseline scenario over time as a result of the increase of the income of the user of the service, even without access to a better quality service;

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(b) **Rebound effect:** this effect occurs when the demand for a service, such as energy services, increase as a result of the decreased cost of the service per unit in the project scenario. For example the benefits from savings in energy demand due to technical efficiency improvement and hence reductions in greenhouse gas (GHG) emissions may result in an increase in the demand (e.g. extended operating hours in lighting);[1]

(c) **Minimum service level (MSL):** ~~The minimum service level~~is a service level that is able to meet basic human needs. ~~(e.g. basic housing, basic energy services including lighting, cooking, drinking water supply).~~ In some situations, this service level may not have been provided prior to the implementation of the CDM project activity, indicating suppressed demand with a consequent future emissions increase due to income effect, rebound effect or other technical factors such as limited availability of a service (e.g. connection to a very weak grid) or low quality of a service (e.g. aversion to pollution caused by kerosene lanterns);

(d) **Basic human needs:** for the purpose of these guidelines includes physical and physiological needs such as basic housing, basic energy services (including lighting, cooking, drinking water supply and space heating), sanitation (waste treatment/disposal) and transportation.

B. Scope and applicability

8. These guidelines provide generic approaches that should ~~can~~ be used in CDM methodologies to address ~~situations of~~ suppressed demand, with due adjustments to suit the particularities of a methodology. Approved methodologies using these guidelines, shall include conditions to demonstrate the existence of a suppressed demand situation, for example AMS-I.A "Electricity generation by the user" (ver. 15), and AMS-I.L "Electrification of rural communities using renewable energy" (ver. 01) require that project consumers are households which do not have access to any electricity before project implementation. AMS-III.AV "Low greenhouse gas emitting water purification systems" (ver. 02) requires that the project is in a region with very low access to safe drinking water. Similarly AMS-III-F "Avoidance of methane emissions through composting" (ver. 11) lists conditions to demonstrate absence of a basic waste treatment system).

9. A suppressed demand ~~It~~ situation is applicable when a minimum service level to meet basic human needs, as defined above, was unavailable to the end user of the service prior to the implementation of the project activity. Hence, these guidelines are applicable when basic human needs were not met. For example, in the pre-project scenario, households may have had only very few kerosene lamps in place that were only operated during short time periods thereby only partially meeting the basic lighting demand of the household.

10. These guidelines aim to facilitate a consistent and appropriate consideration of approaches for addressing suppressed demand. Although harmonisation of such approaches across CDM methodologies is an important objective of these guidelines, it is recognised that a methodology applying these guidelines need to reflect the specific characteristics of the project types and sector covered for a realistic and conservative estimation of emission reductions.

[1] A potential increase in the service level of other energy or non-energy services due to the rebound effect (e.g. fuel saved due to energy savings in lighting is used to meet previously suppressed cooking services) is considered as a sustainable development benefit to the host country and not considered in the calculation of emission reductions.

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11. These guidelines provide methodological approaches for two issues:

(a) The identification of the baseline technology/measure under a suppressed demand situation;

(b) The identification of the baseline service level that should be used to calculate baseline emissions in a suppressed demand situation.

12. These guidelines are not exhaustive and revisions to expand its applicability and to include other approaches may be proposed.

III. Methodological approaches

A. Identification of the baseline technology/measure

13. Methodologies for project types that face a suppressed demand situation should ~~may~~ identify the baseline technology/measure through a step-wise procedure that builds on the elements outlined below. This step-wise approach is illustrated through an example for providing lighting to households.

Step 1: identify the various alternatives technologies/measures available to the project proponent that satisfy the same need as the need satisfied by the proposed project activity. These alternatives include the technology/ies that is/are currently used in the region (i.e. that is used in the situation existing prior to implementation of the project activity), in similar social, economic, environmental and technological circumstances. In order to identify technologies/measures, interviews with relevant experts, official data from government agencies, independently commissioned studies by expert organizations/universities and surveys may be used.

Example: in the case of lighting, the following alternative technologies may be identified to satisfy the same needs: small wick lamps, large hurricane lamps or pressure lamps, incandescent lamps, compact fluorescent lamps (CFLs), light-emitting diode (LED) lamps.

Step 2: identify which alternatives technologies/measures identified in Step 1 are in compliance with the local regulations. ~~If any of the identified alternatives is not in compliance with the local regulations, then exclude it from further consideration.~~ If an alternative does not comply with all mandatory applicable legislation and regulations follow the guidance in version 06 of the "Tool for the demonstration and assessment of additionality" (paragraph 20).

Example: all technologies are in compliance with local regulations and none of them is removed.

Step 3: rank the alternatives remaining after Step 2 in order of decreasing efficiency (e.g. lumen/Watt) or quality of the service provided, i.e. from the highest efficiency or quality to the lowest efficiency or quality.

Example: the technologies are ranked as follows:

1 LED lamps;

2 Compact fluorescent lamps (CFLs);

3 Incandescent lamps;

4 Large hurricane lamps or pressure lamps;

5 Small wick lamps.

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Step 4: assess the alternatives in the sequence identified in Step 3 and eliminate in that sequence those alternatives that face barriers such as the ones listed below:

(a) Income barrier, i.e. inability to meet the capital cost;

(b) Lack of infrastructure (e.g. non-existence of supply/service infrastructure);

(c) Lack of skills to operate the alternative;

(d) Technological barrier: e.g. technologies with low market share with market penetration rates of less than 5%.

Example: LED lamps, compact fluorescent lamps (CFLs) and incandescent lamps are removed, as these face barriers due to lack of infrastructure and technological barriers. The remaining two alternatives are the following:

1 Large hurricane lamps or pressure lamps;

2 Small wick lamps.

Step 5: The first alternative not eliminated by Step 4 and that is able to meet the minimum service level (see guidance below) under realistic[2] conditions is deemed as the baseline technology/measure. If several fuels can be used for the same technology, repeat the steps to identify the baseline fuel type.

Example: Large hurricane lamps or pressure lamps are identified as the baseline technology.

B. Identification of the baseline service level

14. In baseline and monitoring methodologies, the service level used to determine baseline emissions can correspond to the following levels:

(a) **The service level provided prior to the implementation of the project activity:** this approach is used for project types for which there could be significant incentives from the CER revenues to expand production (e.g. HFC-23 incineration from HCFC-22 production, N_2O abatement from adipic acid production). Capping the baseline service level to historical level avoids such incentives. However, using the historical service level is less appropriate under a suppressed demand situation, given that the demand for the service is likely to rise over time even without the CDM, once the barriers would be overcome;

(b) **The service level provided under the project activity:** this is the most commonly used approach: it is assumed that in the baseline the same service would be provided as under the project activity but with a different technology. However, this approach may not be realistic in some cases. For example, if a household receives 40 liter of clean water per day per person under the project scenario, it may not be realistic to assume that in the baseline 40 liter of water per day per person would be boiled, even if the income of the household would increase in the future. Using the project service level may also face some practical barriers, such as the difficulty of measuring the service provided under the

[2] The baseline technology shall be already available in the region of the project activity although the widespread use of it might have been hampered by initial upfront cost of purchase, low market penetration or the cost of operation.

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project as well as for the baseline. For example, measuring the light output of a kerosene lamp could be challenging;

(c) **A minimum service level:** globally applicable conservative thresholds as MSL are defined in respective methodologies where applicable. ~~This service level is a 'choice' that reflects that the service provided prior to the implementation of the project activity would increase if it were not suppressed by the lack of income and high unit costs of the service. The service level is set at a level that satisfies basic human needs and makes possible the development of the type of project. However, the financial viability cannot be the only criteria for the determination of the minimum service level. This service level allows an increase above the levels provided prior to the implementation of the project activity, taking into account the income and rebound effect. Such an approach may provide opportunity for technological leapfrogging to a low emission path and clean development.~~ Further guidance on ~~defining~~ determining this level is provided below.

15. In some situations, it may also be appropriate to use two or more service levels and respective baseline technologies/measures to cumulatively add up to the project service level. In this case, it is assumed that the minimum service level would be provided, as per the procedure outlined below, by the technology/measure that does not face the relevant barriers and can realistically provide the minimum service level (e.g. hurricane lamps) and that the difference between the project service level and minimum service level would be provided by another technology (e.g. incandescent lamps), once the income would have further increased, for example AMS-.I.E "Switch from Non-Renewable Biomass for Thermal Applications by the User" (ver. 04) and AMS-II.G "Energy efficiency measures in thermal applications of non-renewable biomass" (ver. 3) indicate that there is a ladder of choices in the progression toward the use of improved cooking services.

C. Determination of the minimum service level

16. The minimum service level should be realistic and reasonable. ~~but not overly conservative~~ . ~~The minimum service level should be so chosen that over a long time horizon, it will always be reached (with rare exemptions, such as a protracted conflict or a regional/global economic collapse).~~

17. For establishing a minimum service level the following approaches may be used:

(a) National/international peer reviewed research or relevant studies (e.g. the World Health Organization recommendations on per capita safe drinking water);

(b) Benchmarks that take into account that emissions will rise to achieve the international/national development goals;

18. For example in AMS-I.L "Electrification of rural communities using renewable energy" (ver 01), the minimum level for electricity services such as lighting, provision of thermal comfort in rural households is based on national/international peer reviewed research or relevant studies and benchmarks that take into account that emissions will rise to achieve the international/national development goals i.e. lighting service equivalent to two 15 W CFLs run for 5 hours per day for 365 days, one 100 W fan/TV run for 5 hours per day for 365 days and a 10 W radio run for 5 hours per day for 365 days leading to an estimated electricity consumption of 250 kWh per user per year is set (see SSC WG 35, annex 5, para. 2).

19. Further, in setting the minimum service level, the following should be taken into account:

(a) Environmental integrity of the emissions reductions has to be safeguarded;

(b) Climatic zones may be taken into account where feasible;

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~~(c) Financial viability of the CDM project cannot be predominant determining criteria,~~

(c) Normative decisions have to be clearly referenced and explained;

(d) Decisions regarding suppressed demand have to be re-evaluated and updated periodically based on recent data to ensure they are based on realistic assumptions.

Financial viability of the CDM project cannot be a determining criterion in setting the MSL.

20. ~~As already indicated in paragraph 12 above, t~~The minimum service level does not prevent the achievement of higher service levels through the implementation of the CDM project activity. As illustrated in examples below, however, the minimum service level aims to recognize that realistic baselines need to be differentiated according to the attained level/quality of service. Referring to Figure 1, it may be realistic to assume that few litres of purified water per day per person supplied by a purification device through the CDM project, in a region lacking water supply services and having low penetration of point of use water purification devices, would have a baseline comprising of fossil fuel and/or non renewable biomass (NRB) use for boiling water. However when 40 litres of purified water per day per person are supplied through the CDM project only the first few litres of purified water would qualify the NRB/fossil fuel baseline and a different baseline would apply to the remaining quantity of water (e.g. emissions associated with a public distribution system).

~~Examples for different service levels and the ranking of baseline technologies~~. ~~different services and technologies.~~

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Illustration 1: Water pyramid

Hierarchy of water requirements (after Abraham Maslow's (1908-1970) hierarchy of needs), WHO – Technical Notes for Emergencies Technical Note No. 9 Draft revised: 7.1.05 Minimum water quantity needed for domestic use in emergencies

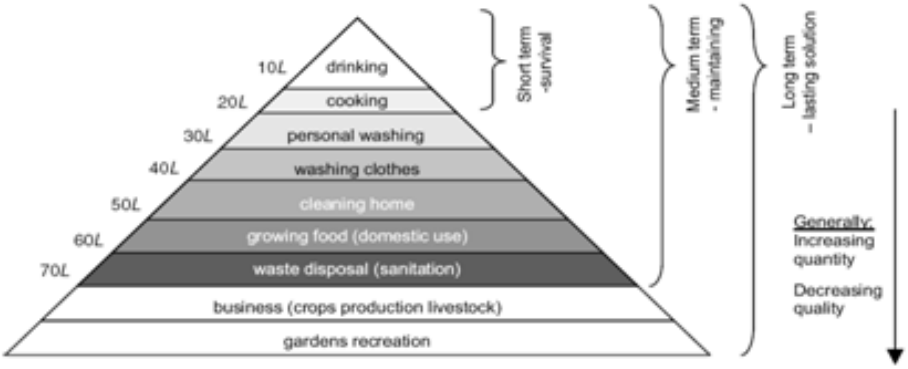
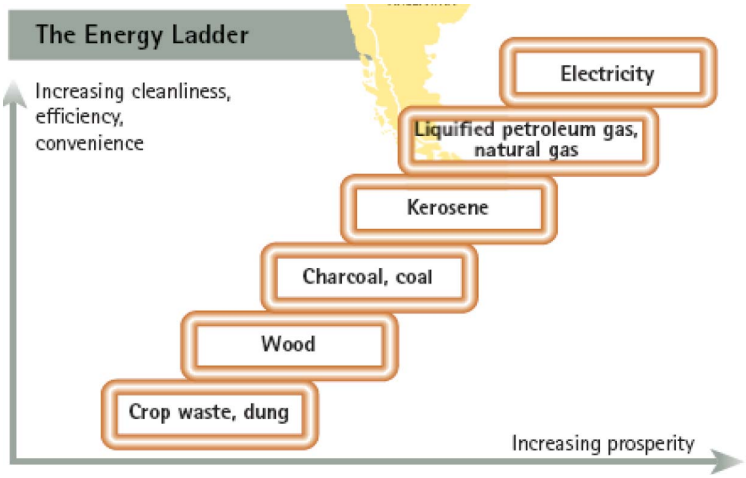


Illustration 2: Energy ladder

"Importance of Increasing the Usability of the CDM and Gold Standard Methodologies for Improved Cook Stoves" Brenda Doroski, Partnership for Clean Indoor Air, U.S. Environmental Protection Agency at the 'Practitioners Workshop on AMS-I.E, AMS-II.G and AMS-I.C: CDM methodologies for household cooking energy supply' 26 October 2009



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Appendix 1

Summary of comments received from the stakeholders on version 01 of the guidelines during the call for public inputs (from 30 September to 30 October 2011)[1]

Comment	Action
PD Forum: include details about how to recognise situations in which "suppressed demand" may be relevant	Further guidance and examples added in paragraph 8 of version 02.0 of the guidelines
World Bank: considering that the concept of suppressed demand is applicable to a wide range of sectors, it is useful to develop criteria on the applicability of suppressed demand that could apply in the baseline assessment of wide range of sectors	Further guidance added in paragraph 10 of version 02.0 of the guidelines
World Bank: the steps and procedures proposed on identification and application of the suppressed demand need to be consistent with the procedures of combined tool to identify the baseline scenario and demonstrate additionality and other guidelines related to baseline assessment. *Additional clarification received through further communication:* the main change that is needed is to identify alternatives that would exist to meet the baseline conditions meeting MSL	Additional guidance to identify alternatives to meet the baseline conditions was added, however, exact steps of combined tool were not replicated in version 02.0 of the guidelines
World Bank: the procedures for identification and application of the suppressed demand also need to be incorporated into the guidelines for the establishment of sector specific standardized baselines and procedure for submission and consideration of standardized baselines	Not implemented in version 02.0 of the guidelines. This may be a very challenging task, however will be analysed in the future
World Bank: in projects/programs with suppressed demand, the methods for identification of baseline technology/measure need to allow for the use of sampling and surveys/participatory appraisal/expert assessment/other applicable methods in the assessment of suppressed demand	Further guidance added in paragraph 13, Step 1 of version 02.0 of the guidelines

[1] Complete inputs available at <https://cdm.unfccc.int/public_inputs/2011/eb63_02/index.html>.

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Comment	Action
PD Forum: suggests that the PP is given a choice to identify and select the baseline technology based on: (a) Either consideration of technology used in the scenario prior to the implementation of the project activity (based on interviews with relevant experts, official data from government agencies, independently commissioned studies by expert organizations/universities, surveys or sampling); (b) Or using the 'ranking' procedure in the guidelines. We suggest also that Step 2 of the 'ranking' procedure is amended to include the situation in which local regulations "are systematically not enforced and that non-compliance with those requirements is widespread in the country", so as to be consistent with other tools and guidelines	Further guidance added in paragraph 13, Step 1 and Step 2 of version 02.0 of the guidelines
PD Forum: little explanation is given as to which approach will be deemed appropriate for which sectoral scope/methodology. In particular, for Option 2 (project service level), questions remain about when it is possible to assume this as the baseline without considering a different layer of demand up to the minimum service level or whether it is possible that the chosen minimum service level could actually exceed the project service level	Not implemented in version 02.0 of the guidelines. This issue is better addressed in respective methodologies rather than in the guidelines
PD Forum: provide consistency along the document of the term minimum service level	Implemented in version 02.0 of the guidelines
PD Forum: we suggest that, while the guidelines state that financial viability of the CDM cannot be the predominant determining criteria, this should be used as a 'reality-check'. There are several methodologies approved today that have never been used because the maximum revenue in the best case simply is insufficient to even cover the transaction costs from developing the PDD to validation and verification	No action was taken, unable to see a way to address the issue of financial viability through these guidelines

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Comment	Action
PD Forum: development of a positive list of already approved/acknowledged minimum service levels for e.g. electricity consumption, light hours and water purification based on guidance provided by, for example, the UN and WHO. We suggest that workable and realistic default values are defined for key areas to reduce transaction costs associated with identifying the baseline service level	No action was taken; this issue is better addressed in respective methodologies rather than in the guidelines
PD Forum: development of a matrix to establish which approach is appropriate for which sectoral scope/methodology. This can be based in part on existing practices	No action was taken; this issue is better addressed in respective methodologies rather than in the guidelines
PD Forum: develop further detail for the procedure to be followed to identify the minimum service level. To achieve this, it is suggested that a step-wise approach (possibly supplemented by a worked example) is developed along the lines of that given in Section A	An example was added in paragraph 18 of version 02.0 of the guidelines
World Bank: in situations where information on minimum service levels does not exist or varying minimum service levels are reported, a procedure for defining default values of minimum service levels by DNAs and its communication to the UNFCCC need to be specified to avoid the variations in the minimum service levels identified by the project proponents. Guidelines on the procedure for requesting the revision to a minimum service level approved by DNA or EB for situations in which approved minimum service level is not relevant to the project/program contexts need to be adopted. It is suggested that the UNFCCC secretariat maintain a public database that lists minimum service levels considered applicable and appropriate according to technologies, countries, and regions. Designated national authorities (DNAs) could make recommendations on minimum service levels if they are not appropriate to the specific country circumstances. *Additional clarification received through further communication:* this aspect is very important so as to consider application of these	Not implemented in version 02.0 of the guidelines. MSL per country would be very challenging to deal with under the context of the CDM

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Comment	Action
guidelines with development of standardized baselines (as DNAs need to submit this for approval). Also, as this information (on MSL) at sector level policy planning stage in a country is very important (for e.g. rural electrification) and concerned line ministries may not aware of importance of this aspect, DNA has a very important role to work with concerned line ministries as inclusion/exclusion of this in to the planning has significant implications on the amount of funding that is needed for that policy implementation	
World Bank: the guidance needs to also include situations in which the project service level(s) either exceed(s)/is (are) smaller than the minimum service level(s), and the treatment of project service level relative to the minimum service level and baseline and the procedures to be followed in the calculation of the emission reductions need to be clarified	No action was taken; this should be specified at a methodology level
World Bank: even when minimum service level recommendations exist (e.g. WHO recommendation on indoor temperatures, liters of clean water per person per day etc.), they may not be expressed in energy units. The conversion of minimum service levels to relevant energy units and GHG emission calculations can depend on several factors. In such situations, guidance on conversion of minimum service level requirements into emissions levels needs to be included in the specific contexts of the methodology. *Additional clarification received through further communication:* Agree that it should be dealt at a methodology level , but would be appropriate to provide a guidance on approaches that needs to be followed	No action was taken; this should be specified at a methodology level
Atmosfair/Borda Indonesia: comment on AMS-III.F "Avoidance of methane emissions through composting"	No action was taken, the revision request from Atmosfair resulted in a revision to AMS-III.F that now includes consideration of suppressed demand. Any further inputs can be sent via regular channels or through the commenting system on this methodology

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Comment	Action
Caiyang Wu: I would propose following simplified approach. (a) Define categories of basic human needs: starting with: (a) lighting; (b) cooking; (c) drinking water; (d) space heating. (b) Set up quantitative criteria of basic human needs: default values based on equivalent unit consumption but varying due to different climate condition and location	(a) Space heating was added to the list of basic needs; (b) No action was taken, the issue is better addressed in respective methodologies

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Appendix 2

Summary of comments received by the Joint Coordination Workshop (24-25 March 2012) on version 01 of the guidelines

Comment	Action
Discussed whether regional MSL values can be included however the conclusion was that only universally applicable values should be pursued for the time being in methodologies as it will be challenging in the context of CDM to develop methods to determine and assess country specific values that will be attained through development	This is clarified in paragraph 14(c) in version 02.0 of the guidelines
Provide further explicit guidance on translating Minimum Service Level (MSL) to GHG emission equivalent. Overall guidance on suppressed demand can improve consistency but the specific approaches have to be developed for each project type	No action was taken; this will be specified at the methodology level
Provide robust sampling and monitoring rules	No action was taken; this will be specified at the methodology level using the "Standard for sampling and surveys for CDM project activities and programme of activities"
Improve guidance on suppressed demand through an honest, transparent process with input from stakeholders. Retain operational simplicity	Efforts are being made to improve the guidance and retain operational integrity with a transparent process of consulting stakeholders
Address suppressed demand, sustainable development and geographical equity	Sustainable development and geographical equity are co-benefits of suppressed demand
Take long term planning and perspective with regard to CDM projects on what is the best approach to meeting suppressed demand	No action was taken; further thinking would be required as to how this could be done under the CDM
NAMAs and new market mechanisms may be required to truly address suppressed demand	No action was taken; any complimentary steps are necessary and beneficial

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Appendix 3

Summary of comments received by the small group (working on suppressed demand) of the Methodologies Panel on version 01 of the guidelines (MP 54)

Comment	Action
It should be explicitly stated if these guidelines are applicable only for basic human needs or if they are also applicable to other cases such as the industry needs	This is clarified in version 02.0 of the guidelines, paragraph 9
Include as basic human needs sanitation and transportation	This is included in version 02.0 of the guidelines, paragraph 7
Providing specific guidance in this document for different sectors would be very difficult, this issue should have to be considered at a methodology level	Noted
As per decision of the Board at this moment only approved methodologies will be revised to address the issue of suppressed demand	Noted
In order to identify the technologies, surveys and modelling may be used. These should not be used for the minimum service level	Language was added in Step 1 of version 02.0 of the guidelines to take this comment into account
The use of the historical situation will be prescribed in the methodology, the same regarding non-compliance of regulation	Noted
Provide consistency along the document of the term minimum service level	Implemented in version 02.0 of the guidelines
Data vintage should be clarified in the guidelines, how would the MSL be updated?	Not implemented in version 02.0 of the guidelines, further analysis is required based on the experience gained

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Appendix 4

Summary of comments received by the Small Scale Working Group on version 02.0 of the revised guidelines (SSC WG 37)

Comment	Action
Definition of minimum service level: addition of the following text "other technical factors such as limited availability of a service (e.g. connection to a very weak grid) or low quality of a service (e.g. aversion to pollution caused by kerosene lanterns)"	Implemented in version 02.0 of the guidelines
Integrating suppressed demand in transportation methodologies would be extremely challenging	Noted
Inclusion of the following examples in the guidelines: AMS-I.A "Electricity generation by the user" and AMS-III.AV "Low greenhouse gas emitting water purification systems"	Implemented in version 02.0 of the guidelines
Rephrase the section on Step 2 regarding non-compliance with all mandatory and applicable legislation and regulations or remove it	Implemented in version 02.0 of the guidelines, language changed
Step 3: efficiency or quality criteria may be difficult to apply in the case of waste treatment, other ways of ranking may be necessary in that case, for example, financial parameters such as cost/per ton of solid waste treated, etc.	This was not implemented in version 02.0 of the guidelines, as further examples were not added in the guidelines in this section
Step 5: footnote added on realistic conditions "The baseline technology shall be already available in the region of the project activity although the widespread use of it might have been hampered by initial upfront cost of purchase, low market penetration or the cost of operation"	Implemented in version 02.0 of the guidelines
Paragraph 14 (a): example in the parenthesis above may be removed, one example could be methodologies like AMS-III Q "Waste energy recovery (gas/heat/pressure) projects" (ver 04) or any other methodologies which restricts it s application to the historical capacity or capping emission reductions potential	This was not implemented in version 02.0 of the guidelines, as further examples were not added in this paragraph of the guidelines

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Comment	Action
Paragraph 18: modification to the paragraph to show that electricity consumption in itself is not a service level, but what is powered by electricity can be indicative of a MSL	Implemented in version 02.0 of the guidelines
Paragraph 19: include that climatic zones may be taken into account where feasible	Implemented in version 02.0 of the guidelines

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Appendix 5

Summary of comments received by the Methodologies Panel on version 02.0 of the revised guidelines (MP 56)

Comment	Action
Integrating suppressed demand in transportation methodologies would be challenging. The reason for this is that transport is a "derived demand" as opposed to a demand with a direct benefit. There is a direct benefit of consuming e.g. food, water, and heat, and a minimum consumption level can be set related to the direct benefit. However the benefit of transport is that it allows the consumer to do another thing, e.g. access job, school, and health care. It is more difficult to select a minimum consumption level for access to these services that fulfill human rights	Noted
Clarify that Figure 1 and 2 are examples	Implemented in version 02.0 of the guidelines

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History of the document

Version	Date	Nature of revision(s)
02.0	2 July 2012	Published as an annex to the annotated agenda of EB68 Revision to add: • Consistency in the definition of the MSL throughout the guidelines; • Sanitation and transportation as basic human needs; • Examples in several sections of the guidelines; • General clarifications and further guidance.
01	EB 62, Annex 6 15 July 2011	Initial adoption.
Decision Class: Regulatory **Document Type**: Guideline **Business Function**: Methodology		