

Agenda item 4.1.

Paragraph 22 of the annotated agenda

Analysis on methodologies for application of the combined tool

CDM EB 99

Bonn, Germany, 23 to 26 April 2018



Procedural background

- EB92 considered the approach proposed by the MP to expand the applicability of the Combined Tool; and
 - Requested MP to incorporate the approach into the Tool, and to a) ensure that it will not add unnecessary burden to the PPs in Step 1 of the tool; and b) carefully analyse whether the application of the revised tool conflicts with any of the existing applicability of methodologies.
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- EB96 considered an information note analysing the potential issues that may conflict with the new Tool;
 - Requested the MP to further elaborate pros and cons of the two options presented in information note to address the issue with nine methodologies that provide a pre-defined baseline and refer to the Additionality Tool.



Purpose

- This document presents the analysis on the methodologies in which Additionality Tool is currently referred to and the implication if the Additionality tool is displaced by the proposed revised Combined Tool after Board's approval.



Key issues and proposed solutions

- The analysis was preformed by both the MP members and the Secretariat independently, focusing on the following 59 methodologies:
 - a) Group 1: 45 methodologies currently referring to the Additionality Tool;
 - b) Group 2: 7 methodologies currently referring to both Combined Tool and Additionality Tool;
 - c) Group 3: 7 methodologies currently referring to neither Combined Tool and Additionality Tool.
- The focused areas cover both additionality demonstration and baseline emission calculation.



Key issues and proposed solutions

- Changing reference from combined tool to additionality tool would not have conceptual issues/conflicts with Group 2 and Group 3 methodologies. However, for Group 1:
 - **No conflict identified** in the 36 (out of 45) methodologies;
 - **Conflict identified** in remaining 9 methodologies (AM0020, AM0031, AM0046, AM0086, AM0091, AM0101, AM0113, ACM0013, ACM0016) which apply a mixed approach, i.e. meth provides a pre-defined baseline, and additionality demonstration is addressed by referring to the additionality tool.

Following 2 options discussed at MP to resolve conflict within these methodologies:

- **Option 1:** Not to change from additionality tool to combined tool
 - **Option 2:** Change to combined tool, but only for the purpose of additionality demonstration.
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Key issues and proposed solutions

a) Pros and cons for Option 1: Not to change from Additionality Tool to Combined Tool.

Pros:

- **Beneficial to practitioners** who have already developed institutional memory about the additionality tool;
- May permit users of existing or future methodologies with a **pre-defined baseline to apply** a streamlined standard for additionality;
- **Other carbon market mechanism** use additionality tool for demonstration of additionality.

Cons:

- **Create burden** in terms of documentation control, (i.e. when the combined tool is revised, the additionality tool will also need revision);
- **Perception of complexity** by having more than one additionality standard;
- **No potential benefits** of keeping additionality tool as only 32 projects have been registered applying any of these 9 methodologies.



Key issues and proposed solutions

b) Pros and cons for Option 2: Change to combined tool, but only for the purpose of additionality demonstration.

Pros:

- Allows the combined tool to be **applied in almost all methodologies**, which ensures the consistency among different methodologies;
- **Reduced burdens** in terms of documentation control;
- **Simplifying and streamlining** the CDM by having one main additionality standard instead of two.

Cons:

- Would require **revision methodologies** which refers to additionality tool.

If EB selects option 2, MP recommends to maintain the additionality tool so that other carbon markets can still refer to it.



Impacts

- Where possible, alignment with the proposed revised Combined tool after Board's approval will improve the clarify, consistency and environmental integrity in baseline identification and additionality demonstration.



Recommendation

- The Board may wish to take note of this information note and provide further guidance.



Thank You



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