Call for public input	A6.4-MEP003-A01: Draft Standard: Setting the baseline in mechanism methodologies (v. 01.0)

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Legend for Columns

1 = Section Number in the document
2= Paragraph number
3 = Comment – the actual feedback or observation, including justification for what needs changing
4 = Proposed change – suggest the text if possible

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1	**2**	**3**	**4**
Section no.	**Para. no.**	**Comment**	**Proposed change** (Include proposed text)
Overall		• As it stands, the document is not be sufficient to guarantee higher-quality credits compared to those under the CDM. It would benefit from additional measures or guidelines to strengthen the quality assurance. • While we understand the choice for flexibility in scenario development, however that much flexibility will lead to many different unrealistic outcomes. It would be helpful if the guiding documents could regularly update and align eligible scenarios with the latest scientific research and NDCs. Given the complexity of scenario development, support for project and methodology developers could enhance consistency and realism. • For reduction credits, it is crucial to demonstrate that the host country cannot reasonably reduce emissions further. Only reductions that go beyond current residual emission levels should be eligible for credits. To ensure a conservative approach to baseline setting, we suggest that the UNFCCC determines the eligible residual emissions.	
4	12	The principles should provide examples, otherwise it is difficult to interpret and thus difficult to comply with the principles. E.g. the definition of conservativeness could benefit from further clarification regarding what constitutes "conservative" data, parameters, and assumptions. Simply stating the need for conservativeness without specifying criteria or thresholds may lead to subjective interpretations and inconsistent applications in practice. Additionally, the definition should address the need for a systematic approach in selecting the most reliable and relevant data sources, and within this approach to choose conservative data.	

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5	16	It would be sounder if it is monitored if activity or functionality is reduced and thus if leakage is occurring.	Mechanism methodologies shall specify whether any emission reductions or net removals result from a change in the level of service compared to the baseline scenario. When the level of services provided in the mitigation activity is lower than in the baseline scenario, which may occur for example in agriculture and forestry activities, any resulting leakage shall be considered and incorporated appropriately in the calculation of emission reductions and net removals. The resulting change and potential leakage should be regularly updated and monitored
5	17	We believe the geographical resolution options could benefit from being more limited in this context. When it comes to substitution, there seems to be a potential risk of creating unrealistic, high fossil-emitting counterfactuals by selecting specific geographical boundaries. To address this, a more prescriptive approach would be helpful. Allowing maximum flexibility here could lead to baselines that are difficult to verify and overly diverse. It would also be important for the choice of baseline geographical reference areas to be justified according to criteria set by the A6.4 methodologies.	
5	18	Based on the proposed activity, a minimum time frame should be specified to describe the situation prior to project implementation. Depending on the activity, different reference periods may be relevant.	
5	20	These trends are very uncertain and will result from a combination of NDCs and RCPs etc. in line with the conservative's principle, emission intensities from the 'best-case' SSP resulting in the best-case RCPs should be used.	
5.2	21 a)	For example, a mechanism's methodology might establish the baseline scenario as power consumption from the electric grid and offer methods to determine the grid emission factor for quantifying baseline emissions. However, research has shown that 1:1 electricity displacement factors often lead to significant overestimations (https://www.nature.com/articles/nclimate1451). To ensure accuracy, reduced emissions should be based on observed displacement factors from past data. If such evaluations aren't available, it would be important to conduct them moving forward.	For example, a mechanism methodology may determine the baseline scenario as the consumption of power from the electric grid and may accordingly provide methods to determine the grid emission factor to quantify baseline emissions. Moreover, they shall determine the grid replacement factor of fossil fuels through adding alternative energy sources in the past.
5.3	23	At the moment, it seems that any data source is allowed. It would be beneficial to rely on peer-reviewed literature that aligns with IPCC standards. This would help ensure the use of robust and unbiased data. In particular, publications from industry organizations could sometimes be influenced by vested interests, so a more selective approach would enhance credibility and transparency.	Delete industry or sector organizations

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5.3	25	How can we determine which uncertainties are irrelevant if they aren't required to be quantified? It seems there may be a contradiction between the use of "shall" and "may" in this section.	
6.1	31 a)	How is the economically viable option continuously verified? This might change during a project cycle	
	35 a)	This approach could carry the risk that host parties might underperform in their NDCs if they determine the Best Available Technology (BAT) in advance. This might unintentionally lower their ambition to further reduce emissions. Additionally, it could create groups with a vested interest in opposing more stringent environmental regulations.	
6.2	Overall	The assumption that additional activities from projects will directly replace other activities may not hold true from an economic perspective. Similar to electricity production, it's important to evaluate how much of the product is genuinely replacing more carbon-intensive activities and how much is simply contributing to an overall expansion of production. A thorough assessment would help ensure a more accurate understanding of the impact	
6.2	44	The data quality requirements should be more stringent.	44. The data used ***shall*** be both of high quality and recent, with a vintage of no more than 3 years older than the year the activity PDD is submitted for global stakeholder consultation.
6.3.2	49	As mentioned in previous comments, the intensity should be quantified based on historical displacement rates rather than per unit of output. The current approach seems to rely on an attributional LCA to assess the impact of decisions, which, as research has shown, can lead to flawed results (https://onlinelibrary.wiley.com/doi/full/10.1111/jiec.12074). A shift toward a more accurate method could improve the reliability of the outcomes.	The mechanism methodology shall further define the methods to quantify the emissions or removals, or emissions or removals intensity, of the baseline as tCO2-eq per unit output. ***This should be corrected by a displacement factor that determines to what extend carbon intensive activities have been displaced through adding new output from more carbon efficient activities in the past and should be continuously updated.***
6.3.3	53 a)	A 10% threshold seems quite low, especially considering how inaccurate some of the previous baselines have been found. Would it be more beneficial to consider various potential development pathways in the country for which the baseline is being set and then chose the most optimistic?	
	c)	We believe this undermines the value of stakeholder input and the process of developing this document. If decisions about the calculation are left solely to the supervisory body and the host country. It would be more effective to establish a solid and consistent approach that must be followed by all countries in the guidance documents right now.	Delete: (c) Other factors or quantitative methods by the host Party that are specified to the Supervisory Body for approval.

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7	59	We suggest the removal of this section. It is important to keep in mind that this could create market actors with an incentive to maintain a law that is systematically not enforced.	
7		If the goal is to be conservative, what is the rationale behind calculating a BAU scenario? It might be more appropriate to define the baseline as the "green-supreme scenario." Additionally, I would suggest adding a sentence indicating that projects that would occur in any plausible scenario should not be credited.	Add 'If the implementation of the proposed mitigation activity is plausible in any given scenario without the crediting mechanism in place, the activity is not eligible as it is the same as the baseline scenario.'
8	61	The party shall show that the derived baseline is in line with the NDC, the (potentially submitted) LT-LEDs	
Appendix	1	You mention that methodologies were perverse incentives could occur should not be eligible. Having actors that have a financial interest in keeping a law systematically not enforced can count as such a perverse incentive. Given the appendix, I want to give emphasize again to our point to section 7 paragraph 59	
Appendix	8	Rebound effects can also occur when you produce more electricity or any given output and do not replace for example fossil infrastructure, but just add to it. This goes back to our comment to section 6.3.2 49 that production expansion should be corrected for a replacement factor of the unit of output with a more efficient technology. The reasoning with suppressed demand should be either omitted here, or elaborated upon in much more detail, maybe making an additional tool necessary to determine when demand can be considered suppressed.	15. Mechanism methodologies shall ensure that rebound effects (i.e., an increase in product use or service level as a result of the implementation of a mitigation activity, e.g., when introducing energy-efficient appliances, *or expanding the provision of electricity or other products*) are accounted for.