

Draft Standard: Additionality:

<i>Reference</i>	<i>Open Issues</i>	<i>Views</i>	<i>Decision on way forward / Further guidance to MEP</i>
Definitions-	High-income countries: Countries classified by the World Bank Group as high-income countries; ¹ <i>(only needed for a sub-option under Option A.2)</i> ;	<i>To delete such reference to HI countries</i>	
Para 12	Mechanism methodologies shall ensure that the provisions to demonstrate additionality consider all national or sub-national policies that are applicable to the relevant Article 6.4 activity and its alternatives [and that are considered to be enforced as per the provisions in section Error! Reference source not found. (Option A.2)].	<i>Impacted by above and decision on option A2</i>	
Para 27	Option A.1: All legal requirements shall be deemed to be enforced	<i>To keep this with language on Parties intention</i> <i>Reference:</i> <i>Para 75 of the Meth Standard states ""</i>	<i>Language suggested with reference to Para 75 of meth standard-. Regulatory analysis shall require demonstration that the proposed activity represents mitigation that exceeds any mitigation that is required by law or regulation unless the law or regulation refers to or formally integrates the mechanism as an instrument for implementation. A law or regulation applicable to the proposed activity that may require a certain technological, performance or management action shall be considered, noting that regulatory environments vary.</i>

¹ Latest version available at the start time of the start of validation or verification of an Article 6.4 activity, as applicable: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>.

Para 28	<p>Option A.2: For [high income countries] [countries other than LDCs and SIDS], all legal requirements shall be deemed to be enforced. For other countries, legal requirements shall only be deemed to be unenforced if:</p> <p>(a) Non-enforcement is widespread (i.e., legal requirements are not enforced in more than 50% of the relevant cases) and can be documented through credible and current evidence; [and</p> <p>(b) Non-enforcement persists no longer than [5][X] years after the entry into force of the relevant legal requirements.]</p>	<i>To be deleted</i>	
Para 29	<p>The mechanism methodology shall specify the appropriate frequency for updating the analysis, taking into account the context of the type of activity, as follows:</p> <ul style="list-style-type: none"> • Where the analysis is applied by activity participants, as referred to in paragraph Error! Reference source not found. the analysis shall be conducted • [Option B.1: at each verification of emission reductions or net removals] <p>[Option B.2: at the latest at each renewal of the crediting period];</p>	<i>Some prefer Option B1</i>	
Para 30 Lock in	<p>Mechanism methodologies shall ensure that an Article 6.4 activity:</p> <p>a) Does not lead to the adoption or the prolongation of the lifetime of technologies or practices that are incompatible with achieving global net zero</p>	<i>Few members say that this should be tech neutral;</i>	

	<p>emissions by mid-century, taking into account different national circumstances by countries;</p> <p>b) Is consistent with the host country's long-term low-emission development strategy (LT-LEDS), as referred to in Article 4.19 of the Paris Agreement (where the host country has submitted one);</p> <p>c) For technologies or practices with a long lifetime, relies on a technology or practice that is among those within the lowest greenhouse gas intensity in the relevant region taking into account the lifetime of the technology or practice; and</p> <p>d) Does not involve a technology or practice that constitutes an inefficient use of a resource that is important for mitigating climate change or achieving other policy objectives (e.g., inefficient use of biomass which could enhance pressure with regard to competing uses of land).</p>	<p><i>A member does not support the use of the term global net zero emissions</i></p>	
Para 32)	<p>The analysis shall consider socio-economic contexts, existing infrastructure and any path dependencies (e.g., whether a country intends to decarbonize more strongly based on electrification or more strongly based hydrogen infrastructure).</p>	<p><i>Some SB members do not agree with this example</i></p>	<p><i>Example to be deleted</i></p>

Para 40, 41, 42	<p>40. The analysis of the financial viability of Article 6.4 activities without revenues from A6.4ERs shall not include any transaction costs associated with generating A6.4ERs (e.g., costs for preparing the PDD, validation and verification, fees to be paid to the UNFCCC).</p> <p>41. Option C.1: No text.</p> <p>42. Option C.2: When considering the revenues from A6.4ERs, this shall only include the net benefit to activity participants, after subtraction of relevant transaction costs.</p>	<i>relation between 40 & 42 needs to be more clear.</i>	<p>Para 40 says that when not considering the revenues from a6.4, the transaction costs should not be included</p> <p>42 says that when considering the revenues, the costs should be included and only net benefit considered</p>
Para 44	<p>The simple cost analysis shall demonstrate that:</p> <p>(a) The implementation of an Article 6.4 activity is associated with costs and does not generate any cost savings or revenues other than from A6.4ERs;</p> <p>Option C.1: No text.</p> <p>Option C.2:</p> <p>Revenues from A6.4ERs can cover the costs associated with the Article 6.4 activity.</p>		

<p><i>Para 51</i></p>	<p>An Article 6.4 activity shall only be considered additional if the analysis demonstrates that:</p> <p>(a) The Article 6.4 activity would not meet the required financial benchmark without revenues from A6.4ERs;</p> <p>Option C.1: No text.</p> <p>Option C.2:</p> <p>(b) Revenues from A6.4ERs make the determining difference in increasing the financial performance of the Article 6.4 activity; and</p> <p>(c) Revenues from A6.4ERs can raise the financial performance at or above the required financial benchmark.</p>	<p><i>What is the difference between 51 (a) and (b)</i></p> <p>a. the project IRR is above the benchmark</p> <p>b. the project IRR is below the benchmark</p> <p>c. Similar to (a)[so suggest to delete c]</p> <p>(One member supports c)</p> <p><i>Example:</i></p> <p>(a) The project IRR is 5% and crosses the benchmark of 10% with 6.4 ER.</p> <p>(b) project IRR is 5% and the IRR increases to 9% with 6.4 ER but still below the benchmark of 10%</p> <p>(c) Project IRR is 5% and is now 11% above benchmark with</p>	
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		6.4 ER [Similar to a]	
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<p><i>Request mandates</i></p>	<p><i>for</i></p> <p>The MEP identified the following areas for further work on the Standard:</p> <ul style="list-style-type: none"> • Amendment to include methodological requirements for mitigation actions implemented at larger scales (e.g., programmes of activities or large-scale crediting programmes); • To include provisions to update the section of the PDD on additionality at the renewal of the crediting period. 		<p><i>The SBM requests the MEP to continue the work on the additionality standard, in particular,</i></p> <ul style="list-style-type: none"> • Further amendment to include methodological requirements for mitigation actions implemented at larger scales (e.g., programmes of activities or large-scale crediting programmes); • To include provisions to update the section of the PDD on additionality at the renewal of the crediting period. <p>In doing so, the SBM....further guidance ..</p>
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	<p>Further, the MEP would like to seek a mandate from the SBM to:</p> <ul style="list-style-type: none"> • Initiate work on a methodological tool for Common practice analysis; • Further explore issues related to the possible confidentiality of data needed for the investment analysis; • Prepare a concept note on potential issues from the financing of activities through public funding 	<p><i>Differing views on the concept note on public funding</i></p>	<p><i>The SBM requests the MEP to</i></p> <ul style="list-style-type: none"> • Initiate work on a methodological tool for Common practice analysis; • Further explore issues related to the possible confidentiality of data needed for the investment analysis • <i>Prepare a concept note on potential issues from the financing of activities through public funding (Undecided)</i> <p><i>In doing so, the SBMguidance....</i></p>
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