

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

A6.4-MEP003-A01 (v.01.0)			
1	2	3	4
Section no.	Para. no.	Comment	Proposed change (Include proposed text)
2	5(c)	The definition of Best available technology (BAT) states that ' <i>....., and that is available, meaning accessible off the shelf, or via a tendering or direct contracting process, or by direct implementation by the end user, at the scale required for implementation, under viable conditions, taking into consideration costs and benefits</i> '. It is suggested to include reference to geography (e.g., national) too explicitly in the definition, as also cited in the case of ' Best performing comparable activities '.	Best available technology (BAT) – the practice/technology/measure that provides a similar output and is most effective in reduction of emissions or enhancement of removals of greenhouse gases (GHG), and that is available in the baseline geographical reference area , meaning accessible off the shelf, or via a tendering or direct contracting process, or by direct implementation by the end user, at the scale required for implementation, under viable conditions, taking into consideration costs and benefits;
2	5(n)	The definition of ' Sector ' is provided in context of national economy further referring to defined output(s) (e.g., electricity), whereas in such cases it could be regional as well.	The sector definition in certain circumstances might need to be extended to regional level too.
4	12(e)	As 12(d) already states that crediting baseline shall be below BAU level, so in context of 12(e) ' Encourage ambition over time ' the reference of crediting period renewal should be indicated. As at the time of renewal too, the baseline would be updated. This also has linkage to section 5.1 para no. 19.	(e) Encourage ambition over time. At the time of renewal , crediting baselines for emission reductions shall decrease over time and crediting baselines for removals shall increase over time to encourage ambition.
5.1	16	The para states ' <i>...emission reductions or net removals...</i> '. The word net should be applicable in both cases.	' <i>...net emission reductions or net removals...</i> '.

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5.1	19	<p>The para 19, which is under the section “General requirement” states “<i>Mechanism methodologies shall encourage ambition through decreasing the crediting baseline for emission reductions activities, or increasing the crediting baseline for activities involving removals, over time.</i>”</p> <p>How this can increase over time the required own contribution of host countries (host country entities) as creditable ER volumes will decrease, but will it encourage ambition? To encourage ambition in project-based crediting would it not rather be necessary to require increasing mitigation performance of projects over time? Under sectoral/jurisdictional crediting approaches decreasing crediting baselines (and setting them below BAU) can more plausibly encourage increase in ambition.</p> <p>The para 19, further states “<i>This may be operationalized either as an annual change relying on an annual improvement, or as a larger step-change at the renewal of the crediting period, with justification and where applicable. For example, if an NDC aligned baseline, as determined in section 8 of this document, includes a downward trend, this would be fulfilled.</i>”</p> <p>Para 19 implies to encourage ambition through increasing mitigation performance of crediting activity over time but agree to flag to MEP to bring clarity on country level ambition vs activity level ambition?</p> <p>Furthermore, linked to the previous comment on 12(e), reference of encouraging ambition being part of mechanism methodology does not sound appropriate, as it would get covered with baseline update at the time of renewal.</p>	<p>Mechanism methodologies shall have the crediting baseline decreasing for emission reductions activities, or increasing the crediting baseline for activities involving removals, over time. This may be operationalised either as an annual change relying on an annual improvement, or as a larger step-change at the renewal of the crediting period, with justification and where applicable.</p>
5.4	28	<p>The text ‘...the benefits of avoiding undue flexibility and disaggregation in project-specific approaches, which could lead to uncertainties in setting such baselines.’ Is unclear.</p>	-
6	30	<p>Para 30, SECTION 6 states “This section sets out how the approaches for setting the baseline referred to in paragraph 36 of the RMP shall be implemented in mechanism methodologies”. Para 13 (SECTION 5) States “Mechanism methodologies shall specify the approach to setting the baseline scenario of the mitigation activity. Mechanism methodologies shall apply one of the three approaches specified in paragraph 36 of the RMPs for setting the baseline scenario for each of the components of the mitigation activity”</p>	<p>Suggest making para 30 explicit that the three approaches (6.1, 6.2 and 6.3) are optional, aligned with para 36 of the RMP:</p> <p><i>“Each mechanism methodology shall require the application of one of the approach(es) below to setting the baseline, while taking into account any guidance by the Supervisory Body, and with justification for the appropriateness of the choices, including information on how the proposed baseline approach is consistent with paragraphs 33 and 35 above and recognizing that a host Party may determine a more ambitious level at its discretion:</i></p> <p><i>A performance-based approach, taking into account: (i) Best available technologies that represent an economically feasible and environmentally sound course of action, where appropriate; (ii) An ambitious benchmark approach where the baseline is set at least at the average emission level of the best performing comparable activities providing similar outputs and services in a defined scope in similar social, economic, environmental and technological circumstances; (iii) An approach based on existing actual or historical emissions, adjusted downwards to ensure alignment with paragraph 33 above.”</i></p>

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6.1	35	<p>BAT seems to be defined as best environmentally and economically viable technology already used but without a threshold on market penetration.</p> <p>This seems overly conservative as it could lead to a situation where a single project might define the baseline even if marginal in the market.</p> <p>Further, the circular reference to para 35 is unclear.</p> <p>The publication of BATs by host countries as part of any relevant policy and/or regulation should also be considered without requiring any further approvals from the SB. Guidelines for identification of such can be provided to host countries, similar to what proposed under option 3 of the Para 35 and with a requirement to publish all underlying data/info used to identify BATs so that VVBs can validate it during the registration process.</p>	-
6.1	36	<p>According to RMP para 36 i) “Best available technologies that represent an economically feasible and environmentally sound course of action, where appropriate”. The MEP draft standard defines “Best available technology (BAT) – the practice/technology/measure that provides a similar output and is most effective in reduction of emissions or enhancement of removals of greenhouse gases (GHG), and that is available, meaning accessible off the shelf, or via a tendering or direct contracting process, or by direct implementation by the end user, at the scale required for implementation, under viable conditions, taking into consideration costs and benefits.”</p> <p>Breaking down the definitions, it would imply:</p> <ul style="list-style-type: none"> • Effectiveness: the most effective option in either reducing emissions or enhancing the removal of greenhouse gases (GHG). • Availability: BAT is accessible and ready for use. This can be through: <ul style="list-style-type: none"> • Off the Shelf: The technology or measure is readily available for purchase and use without the need for significant customization. • Tendering or Direct Contracting: The technology or measure can be acquired through formal procurement processes • Direct Implementation by the End User: The end user can directly implement the technology or measure without needing intermediaries. • Scale and Viability: BAT must be implementable at the required scale and under viable conditions. This means it should be practical and feasible to deploy the technology or measure at the necessary scale for the intended application. • Consideration of Costs and Benefits: The selection of BAT involves evaluating both the costs and benefits. This ensures that the chosen technology or measure is not only effective but also economically viable, providing a balance between expenditure and the environmental benefits achieved. <p>Thus, it is our reading from the definition and options provided under para 35 of the MEP’s draft to define BAT, the baseline BAT based on a single project if marginal in the market is implicit and will likely be ruled out, because one can present argument on the basis of its economic viability and the barriers, that’s why the technology is still marginal in the given geographical reference area?</p>	-
6.2	-	6.2 Ambitious benchmark approach. This approach reads like a less conservative variation of the BAT approach. Unclear if both approaches are optional or if there are cases where to prefer one over the other. It might be useful to also include a table to provide a snap shot of which approach is most relevant in which context/conditions.	-
6.2	40(d)	It is stated that ‘The coverage may be of one or three years...’. Reference to data being most recent available should also be indicated, as cited later in para 44.	-

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Section no.	Para. no.	Comment	Proposed change (Include proposed text)
6.3.3	-	6.3.3 Downward adjustment. It seems this is required for dealing with uncertainty and not to incentivize ambition. Unclear then if other elements need to be defined in respective methodologies to incentivize ambition.	-
6.3.3	52	<p>"52. The same downward adjustment method shall be applied by all activities applying the mechanism methodology under similar circumstances."</p> <p>Unclear and confusing what similar conditions entails. Does it mean that all countries would need to do the same downward adjustment? This does not seem justified, neither from an uncertainty of data perspective nor to incentivize ambition.</p> <p>As per RMP, downward adjustment seems applicable only to "iii) An approach based on existing actual or historical emissions, adjusted downwards to ensure alignment with paragraph 33 above."</p> <p>Para 33 of RMP states "Mechanism methodologies shall encourage ambition over time; encourage broad participation; be real, transparent, conservative, credible and below 'business as usual'; avoid leakage, where applicable; recognize suppressed demand; align with the long-term temperature goal of the Paris Agreement; contribute to the equitable sharing of mitigation benefits between the participating Parties; and, in respect of each participating Party, contribute to reducing emission levels in the host Party, and align with its NDC, if applicable, its long-term low GHG emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement."</p>	
7	57	Given the requirements to establish the baselines using different approaches proposed under the Section 6, it is essential that the requirements set in the para 57 for BAU establishment and their relevance should be revisited, as for example, under the approach 3 in the section 6 where the downward adjustment should be applied for historical emissions, wouldn't then the BAU that uses the continuation of historical situation is of little/no relevance?.	
7	58 (b)	More guidance on " ... in similar social, economic, environmental and technological circumstances and providing similar outputs as the mitigation activity" should be provided to avoid different interpretations.	
8	62	<p>"62. The adjusted baseline shall be based on an estimation of emission reductions and removals necessary to achieve NDCs, if applicable, and LT-LEDS where they have been submitted;"</p> <p>This seems overly conservative, noting that many countries have conditional NDCs and LEDS to receiving international support.</p> <p>Para 7 of the draft states " Mechanism methodologies shall require demonstration that the activity does not constrain but aligns with the policies, options and implementation plans of the host Party with regard to the latest nationally determined contribution (NDC) of the host Party, <u>if applicable</u>, its long-term low greenhouse gas emission development strategies (LT-LEDS), <u>if it has submitted one</u>, and the long-term temperature goals and long-term goals of the Paris Agreement."</p> <p>Para 61 "To ensure alignment with RMP para. 33 with respect to aligning to the long-term temperature goal of the Paris Agreement, and with the host Party NDC, <u>if applicable</u>, and its LT-LEDS, <u>if it has submitted one</u>, mechanism methodologies shall include the definition of, or require the selection and quantification of, a baseline level adjusted for such alignment. When not included in the methodology itself, such selection and quantification may be implemented <u>either by standardized baselines</u> or <u>at the level of a mitigation activity following the procedures in the mechanism methodology</u>."</p> <p>Para 63 "Further Baseline Tools for factors or quantitative methods for this adjustment will be developed for this purpose."</p> <p>The condition in which NDC shall be used is unclear e.g., under which circumstances, the NDC can be deemed "not applicable" for the purpose of baseline adjustments</p>	

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Appendix 1, section 8	15	<p>Suppressed demand is indicated, however, how it would be operationalised is not cited anywhere earlier in the document.</p> <p>Reference to the Draft Standard on Demonstration of additionality and mention of Suppressed demand without further details is not clear as MEP's status is still "Work in progress"</p>	-