United Nations Framework Convention on Climate Change

STANDARDIZED BASELINES AND ITS AFRICA CONTEXT

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Kishor Rajhansa, Programme Officer
UNFCCC secretariat, SDM, Standard Setting Unit

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- **Guidelines for the establishment of sector specific standardized baselines (SB guidelines)**
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Background

Why Standardised baselines ?

- Reduce transaction costs;
- Enhance transparency, objectivity and predictability;
- Facilitate access to the CDM; and
- Scale up, while ensuring Environmental Integrity.

What is standardized baseline ?

- ✓ Baseline established for a Party or a group of Parties to facilitate the calculation of emission reductions and removals; and/or
- ✓ Used for determination of additionality for CDM project activities, while providing assurance for environmental integrity.

CMP6 decision

- Parties, PPs, and other admitted entities, through the host country's DNAs, may submit proposals for SBs, for consideration by the Board;
- Requests the Board to develop SBs, as appropriate, in consultation with relevant DNAs, taking into account the outcome of the workshop on SBs.

Background

Work done by the Board so far

- EB62 adopted the “Guidelines for the establishment of sector specific standardized baselines” (SB guidelines)
- EB63 adopted the “Procedure for submission and consideration of standardized baselines” (SB procedures)
- EB65 adopted the work programme containing following main areas.
    1. The implementation of SB guidelines.
    2. The improvement and the expansion of the scope of the SB guidelines,
    3. The implementation of the SB procedure,
    4. The development of procedures for the submission and consideration of CDM projects using standardized baselines.
- Last meeting (EB66) adopted the “guidelines for data quality in the establishment of standardized baselines” (QA/QC guidelines)

Definitions

Measures

- Broad class of GHG emission reduction activities
- Possessing common features

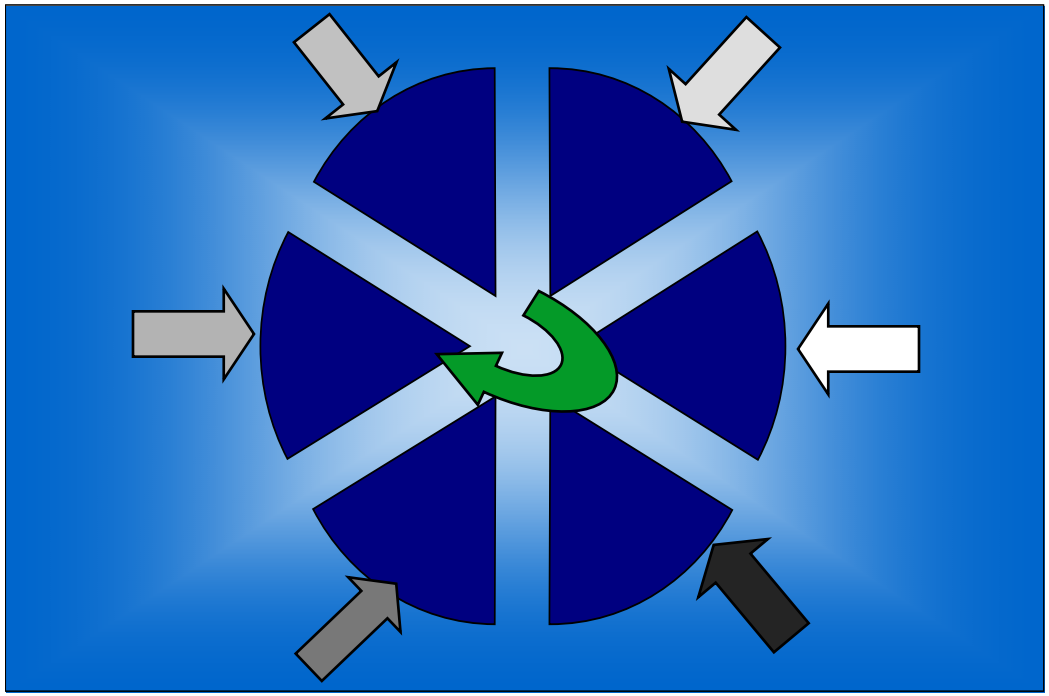
Four types of measures covered

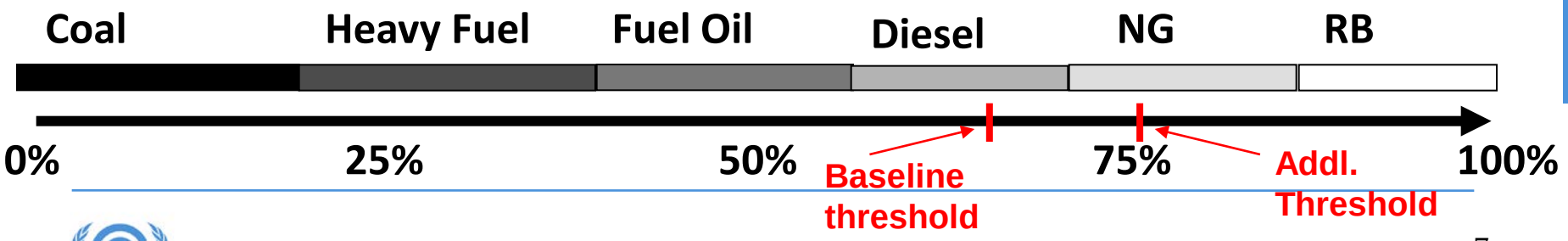
- Fuel and feedstock switch
- Switch of technology with or without change of energy sources (including renewable energy, energy efficiency improvement)
- Methane destruction
- Methane formation avoidance

Applicability

- Sectors
- Stationary sources, but not A/R
- Most types of project activities
- Standardized baselines
  - For a country or a group of countries
  - Demonstrate additionality: positive lists
  - Identify baseline scenario
  - Determination of baseline emissions

General Approach





Some issues addressed by SB guidelines

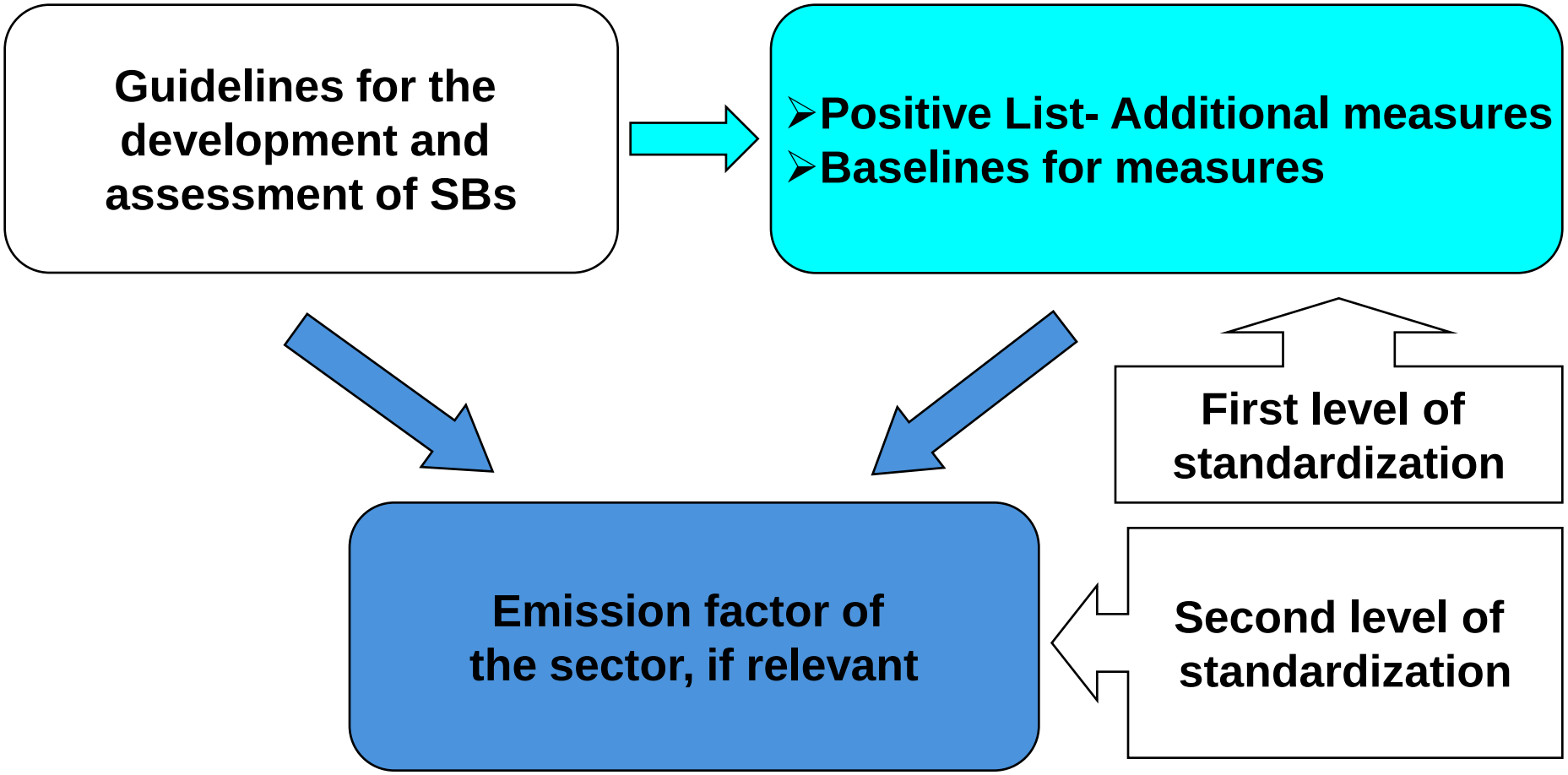
Complexity issues

- Comparative analysis or financial benchmark;
- Realistic and credible alternative;
- Baseline is the most attractive alternative while the list of alternatives is not exhaustive.

Issues specific to performance benchmark

- Performance benchmark and additionality;
- Free riders;
- Data intensity is much lower (design data on specific energy, specific raw material and facility data on output)

Standardised baselines- Two phases of standardisation



AFRICA context of Standardised Baselines

Very relevant for Africa

1. Complexity developing SBs is passed on to few entities (Secretariat, EB, DNA), however scalability is high with lower efforts at project developer's end.
2. Low cost of transaction and saving of time in PDD development, validation and monitoring.
3. Many sectors (or sub-sectors) exist in Africa with distributed impact, where opportunities for improvement are immense (e.g. charcoal, cook stoves, cement, power). An ideal situation for PoA using SBs.
4. Data availability issues are addressed in SB guidelines.
5. As the technology penetration in many sectors is not very high, the positive list could bring ample opportunities, and the baseline threshold could be quite attractive for CDM.

AFRICA context of SBs

Possible sectors for SBs based on their mitigation and growth potential

Industrial (mostly infrastructure industries)

1. Cement (technology switch including waste energy recovery, feedstock/fuel switch including cement blending)
2. Power generation using cleaner fuels, solar, hydro, wind, biomass residues (technology switch, fuel switch)
3. Charcoal (Technology switch)

Household Energy

1. Cook stoves (Technology and fuel switch)
2. Energy efficient lighting (Technology switch)

Transport (modal shift incl. public transport, energy efficiency)

Agriculture and forestry (A/R, pumping EE)

Ongoing Work on implementation of SB guidelines and SB procedure

Products for 2012	
Development the thresholds for baseline and additionality and their implications for sectors covered by the guidelines	➢ Consultant/s hired. ➢ Sectors to be focused initially depending upon data availability (Steel/Aluminum, Cook Stoves, Cement could be possible candidates) ➢ Key deliverables are Guidelines for development of thresholds, assessment of thresholds and thresholds for three (possibly) sectors. ➢ Implications of threshold will be tested with real data from sectors of two countries (possibly). ➢ To be delivered in Q3 2012.
QA/QC guidelines	➢ QA/QC guidelines are approved by EB66. ➢ Some data templates to be developed. ➢ Procedure on submission of data template to be ready in Q2.

Ongoing Work on implementation of SB guidelines and SB procedure

Products for 2012	
Guidelines with expanded applicability to afforestation and reforestation projects	➢ The first draft on A/R SB guidelines is discussed with ARWG. ➢ To be ready in Q4 2012.
Guidelines with expanded applicability to transport sector projects	➢ The finalisation of consultant and drafting ToR is going on. ➢ To be ready in Q4 2012
Procedures: ➢ Modalities for support to countries with less than 10 CDM projects ➢ Procedure for the submission of projects using SBs (Potential revision in existing PCP, PS, VVS) ➢ Procedure on submission of data template	➢ The work is underway. ➢ To be ready in Q2-Q3 2012

Ongoing Work on implementation of SB guidelines and SB procedure

Products for 2012	
Workflows for the submission of standardized baselines	➢Forms for submission of standardised baseline are ready and to be uploaded on website shortly. ➢Manual workflow of submission will be maintained till web-based workflow is not in place. ➢Web-based workflow is to be ready in Q4 2012.
Web-based system for the submission of the data needed for the development and assessment of standardized baselines	➢The purpose is: (i)To facilitate DNAs to submit the data needed for SB. (ii)To generate the standardized baselines and the positive list of measures based on data. ➢To be ready by Q4 2012.

Ongoing Work on implementation of SB guidelines and SB procedure

Products for 2012-2013	
Guidelines and/or software for the determination of sector wide baseline emission factors in consultation with practitioners	➢ Two or three sector specific workshops to be organised with practioners to receive inputs (in September 2012). ➢ Three or four more workshops planned in 2013. ➢ Concept to be presented to Board in Q4. ➢ Product delivery planned for 2013.
Database on the cost of technologies	➢ This is web-based database and software. ➢ Required to demonstrate positive list under standardised baselines. ➢ Work is going on finalisation of initial concept note. ➢ Consultant is hired for networking with various industry organisations, technology manufacturers and international institutions. ➢ Data to be collected in 2012. ➢ Approval of final concept by Board in Q3. ➢ Product delivery is for 2013.

Ongoing Work on implementation of SB guidelines and SB procedure

Products for 2012-2013	
Results of the testing of the guidelines in some sectors in collaboration with relevant practitioners and other standard setting bodies	➢ Purpose is to improve SB guidelines based on feedbacks from several stakeholders during implementation. ➢ Improved guidelines to be delivered in 2013

Products for 2013	
Annex to the guidelines defining vintage of the relevant data and frequency of update of the relevant parameters.	➢ Purpose is to review the vintage and frequency based on lessons learnt in first year. ➢ Revise SB guidelines (if required) based on lessons learnt in Q3 2013.

THANK YOU!

krajhansa@unfccc.int

Kishor Rajhansa, Programme Officer

UNFCCC secretariat, SDM, Standard Setting Unit