africacarbonforum

Standardized Baselines - from policy development to application in Africa

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This Session

- Standardized baselines are favored with an aim to **reduce transaction costs; increase predictability, objectivity and transparency in the decision-making process; and to enhance access to the CDM in selected sectors**. This session will discuss the challenges and opportunities for implementing standardized baselines in Africa, as well as the recently adopted "Guidelines for the establishment of sector specific standardized baselines" (EB62, July 2011).

OUTLINE

- My understanding of what SBs entail- with Guidance from EB 62
- Challenges and opportunities for implementing SB in Africa
- Proposal

Who can submit SB

- one or more Parties/countries
- Project Proponents
- International Industry organizations
- Admitted observer organizations
- THROUGH HOST COUNTRY DNA
- guided by new or existing methodologies
- Currently for stationery sources
- Not for afforestation/reforestation

WHAT SB COVER

- BASELINE ASSESSMENT

And/or ADDITIONALITY

- BASELINE EMISSION REDUCTIONS

to be applicable to possible project activities (not just one)

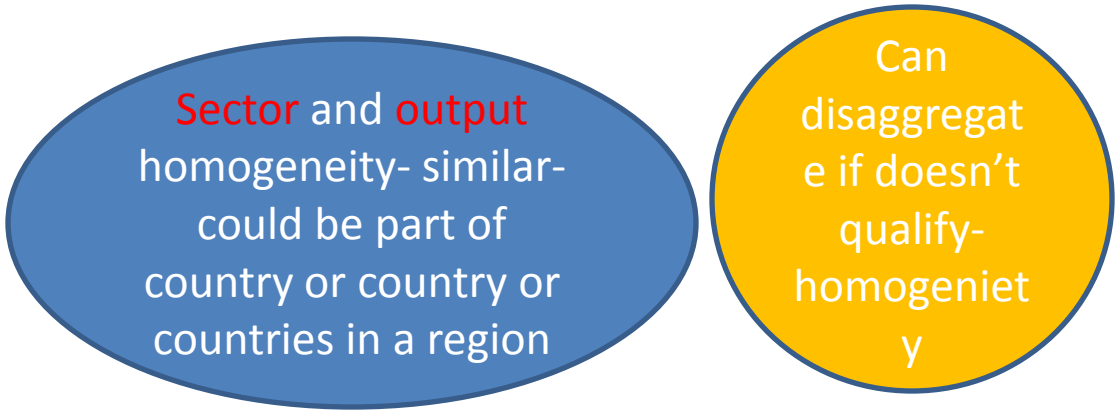
No ex post additionality as well.

Can have a POSITIVE LIST

CONDITION FOR APPLICABILITY

- SAME AGGREGATION E.G. GEOGRPAHY- Defined by homogeneity in SECTOR e.g. cement production- characterized by output it produces
- OUTPUT- Goods or services e.g. Lighting, cooking, clinker

ILLUSATRTIONS- GEOGRAPHY



SECTORS SO FAR SELECTED

- Fuel/feedstock
- Switch of technology with or without change of energy source (EE included)
- Methane Destruction
- Methane Formation avoidance

Illustrations- fuels

EB sets limits for how much output beyond which fuels can be ADDITIONAL OR ON on positive list

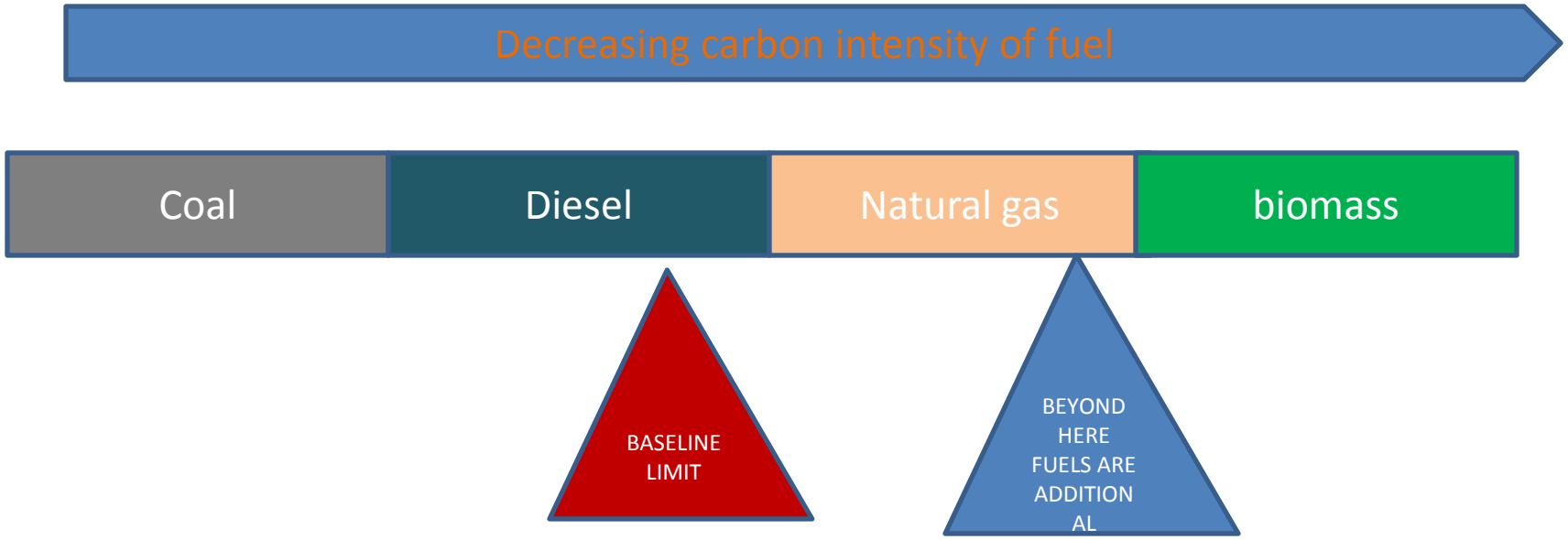
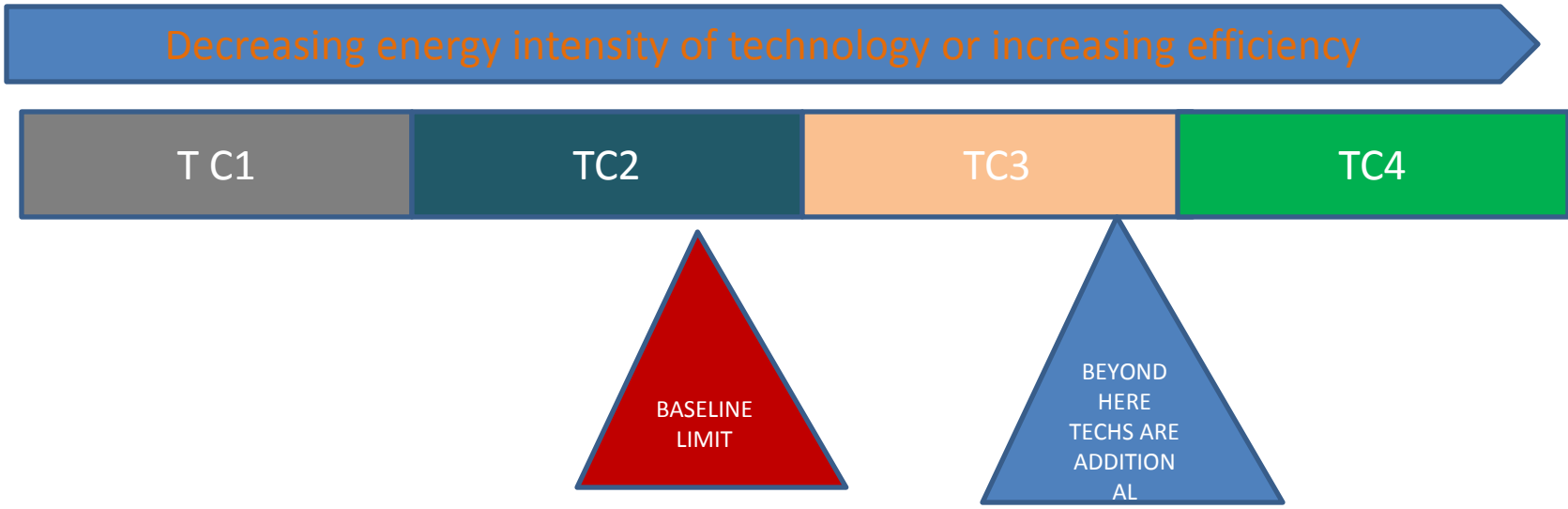


Illustration- technologies

in addition-
should show barriers, not commercially attractive $/Output greater
not requested by law



SAPP electricity example

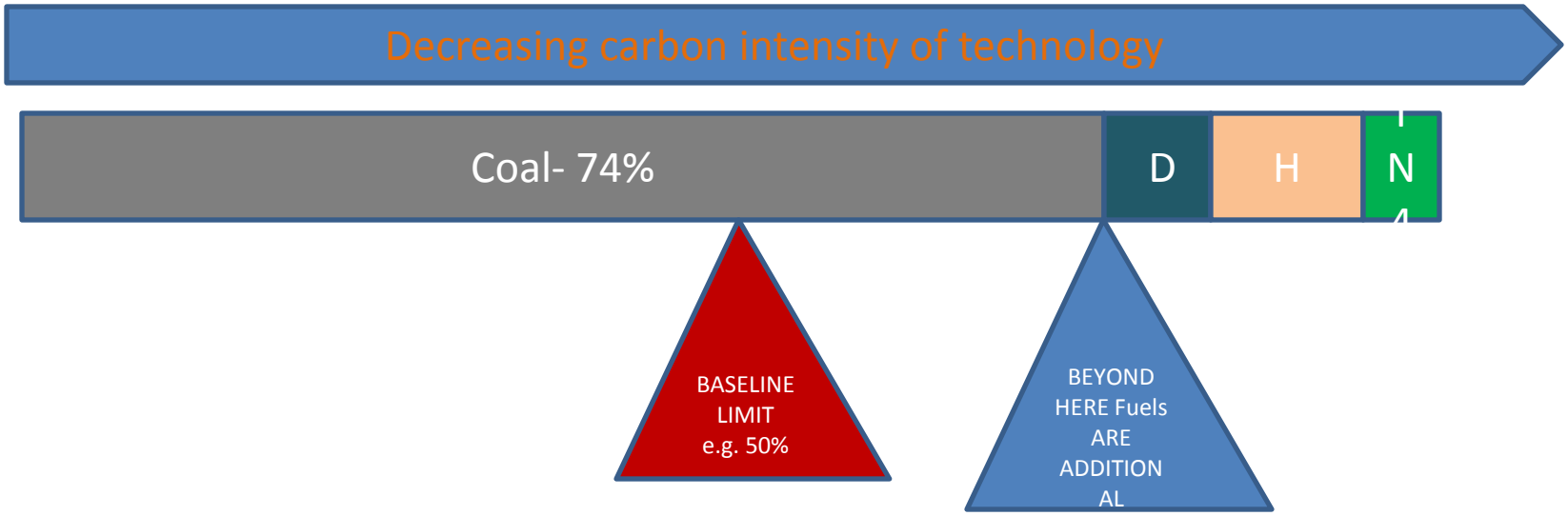
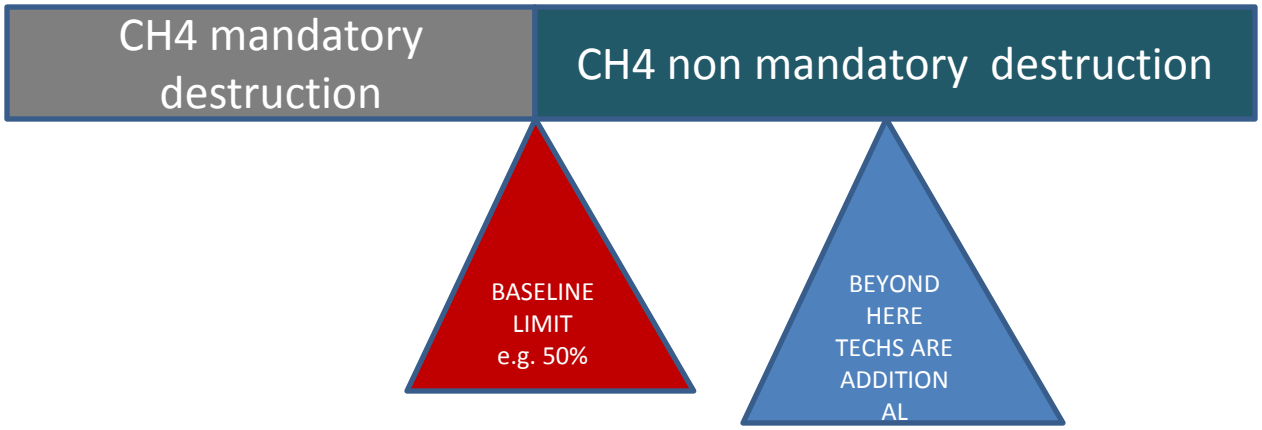
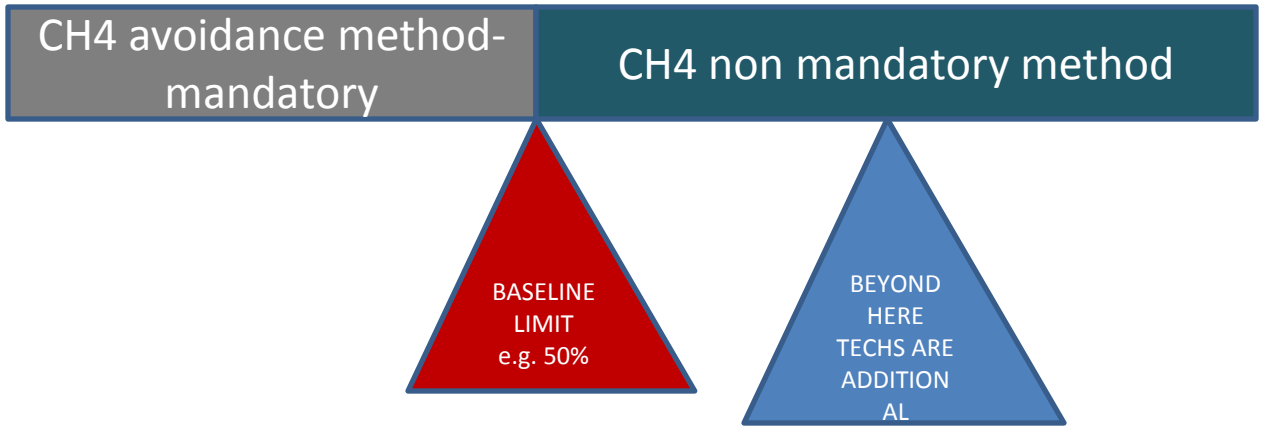


Illustration Methane Destruction





Some requirements

- Limits set by EB for regions and sectors (but can be informed by Parties etc)
- EB sets vintage of data to be used and frequency of revising SBs

OPPORTUNITIES

- Paramount to retain environmental integrity
- **reduce transaction costs; increase predictability, objectivity and transparency in the decision-making process; and to enhance access to the CDM in selected sectors**
- When established can be adopted by PPs at LOW transaction costs
- It can work e.g for GEFs- can speed up uptake of RE/EE
- Immediate opportunity for GEFs-avoid PPs calculating each time
- Better in a coordinated planning systems
- DOE validation of such coordinated systems provide EB with informed Decision making
- EB giving support in dealing with data collection and handling-QC/QA, Sampling/survey guidelines
- Use of SB-voluntary/complimentary –not mandatory
- EB can have discretion on LDC, SIDS FOR countries with <10 CDM registered projects etc on say data vintage
- Have a Central Authority to calculate SB rather than all DNAs/PPs
- EB is still open to suggestions

challenges

- Intention good-Still many grey areas-work in progress
- Many contested areas in terms of interpretation- aggregation, sector homogeneity as was the case in developing Methodologies
- Made simple matter too complex e.g. by determination of additionality/baseline using Xa, Xbs
- SB determination under EB scrutiny-stringent-Xa, Xb, vintage, frequency
- SB- expected to be conservative, secure, transparent, traceable- making SB determination Data intensive
- Requires DNA to be in the fore front-good and bad-too much responsibility with minimal resources- to Interact with all data providers-Worse if regional countries are involved.
- Requires that DNAs have well designed data systems, well trained personnel, culture of data quality fit for SBs +data vintage (often not available)
- In Africa there is generally poor culture of data capture , management and centralized systems

- Demands advanced QC/QA
  - Data to be --Relevant (activity data and EF); complete (no missing data), current (vintage), reliable consistent (same format), accurate (no errors), objective (no bias), credible sources
  - Prefer primary data by DNA, 2ndary by DNA, then other sources.
  - Data collection follows specific sampling and survey guidelines (all maths)
  - DNA to request for data of certain types in certain format and be able to review data before use, keep data management for registered SB for 5 years.
- Data to be verified by DoE
- DATA SHOULD BE KEPT FOR 5 YEARS AFTER SB SUBMISSION!

CONCLUSIONS

- SBS HAS A PLACE BUT NO SUBSTANTIAL REDUCTION IN TRANSACTION COSTS EXCEPT -some SHIFTED FROM PP TO DNA
- NEED TO BALANCE ENVIRONMENTAL INTEGRITY WITH TRANSACTION COSTS
- EB INVOLVEMENT-TOO STRINGENT
- Many areas are still to be contested-Still a lot left to interpretation-geography, sector
- SBS MAY BE GOOD FOR CERTAIN SECTORS AND REGIONS IN COUNTRIES OR COUNTRIES BUT CAN BE CHALLENGING FOR CERTAIN REGIONAL ARRANGEEMNTS- DNA ENDORSEMENT AND DATA PROVISION
- AT MULTI COUNTRY LEVEL NEED COORDINATED PLANNING E.G. ELECTRICITY. SAPP GEF IS AN EXAMPLE
- SERIOUSLY CONSIDER CENTRALIZED BODY TO UNDERTAKE SB THAN ALL DNAS

SOME THOUGHTS

- Many projects have failed due to poor description of additionality
- WHY NOT MAKE ALL RENEWABLE ENERGY AND ENERGY EFFICIENCY ADDITIONAL
- SO MANY BARRIERS STILL IN DEVELOPING AND DEVELOPED COUNTRIES THAT INCENTIVES ARE REQUIRED- WHY EVEN BOTHER BARRIER ANLYSIS
- Both developed and developing countries have had to introduce incentives for RE/EE. Past success based on National support.
- RE tariffs high already to justify commercially unattractive, $/KW still high
- Private sector investment- conditions of investment-Cant preach investment analysis- barrier analysis still relevant
- WE ALL KNOW RE/EE REDUCES CARBON EMISSIONS-Obvious environmental integrity
- Needed substantial discretion for LDCs/SIDS to catch up. Africa Needs it
- SE4ALL AIMS FOR 2030
- WWF AIMS FOR 100% RE BY 2050
- **STILL NEED FOR SIMPLIED APPROACHES**