south pole
Carbon Asset Management Ltd.

perspectives
climate change

CDM Standardized Baselines – from policy developments to application in Africa

The Africa Carbon Forum 2012, Addis Ababa

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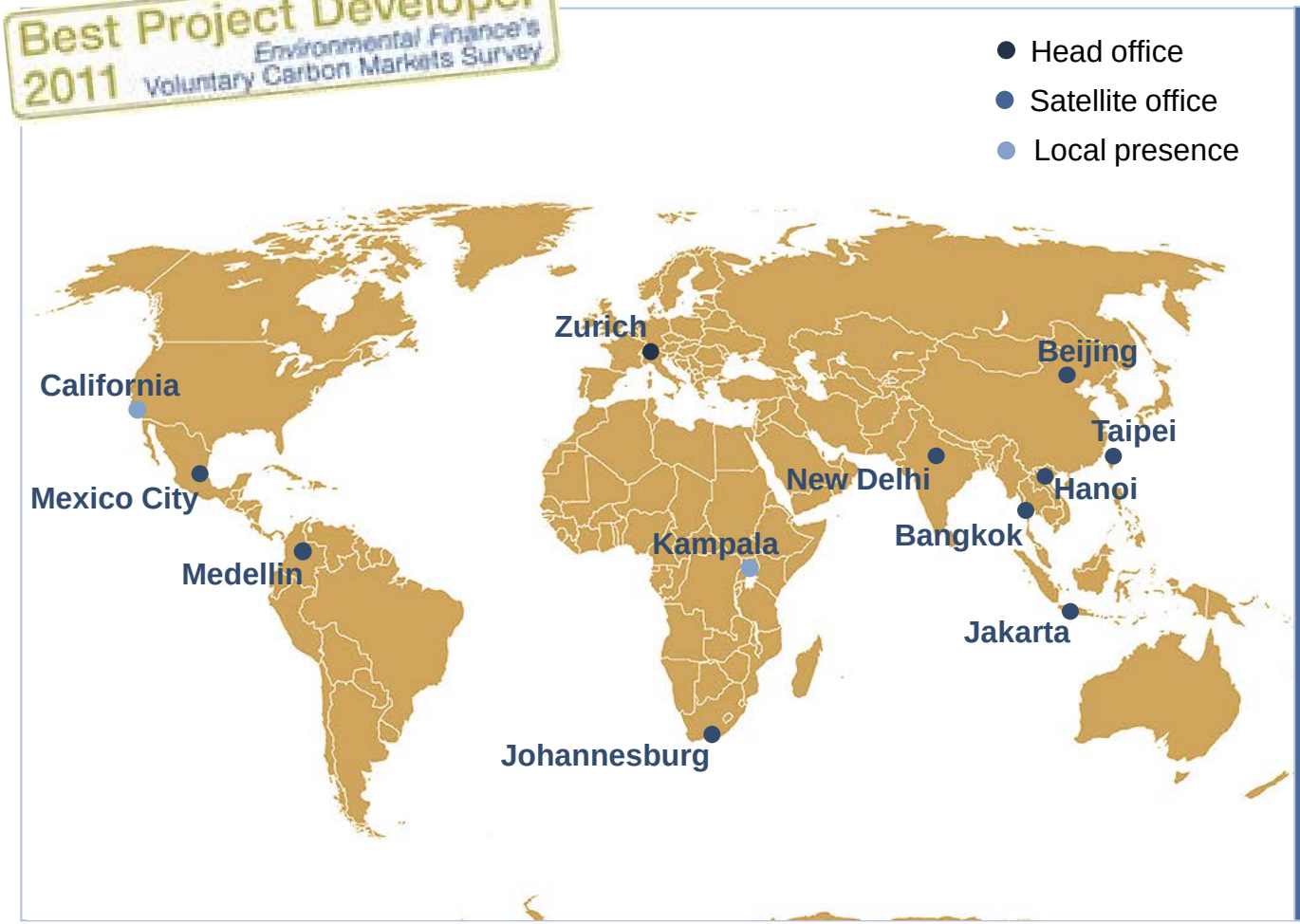
South Pole – you partner for projects and programs

Best Project Developer 2011
Environmental Finance's Voluntary Carbon Markets Survey



- 2006: Incorporation in Zurich / Switzerland
- 2011: ten offices worldwide
- 2011: Best Project Developer*
- Over 80 carbon pros from 22 countries
- Projects in 21 countries
- Specialized in high-quality “Gold Standard”
- Developing both voluntary and compliance credits

* *Environmental Finance*: Voluntary Carbon Market Survey 2011

Where do we currently stand in terms of standardization?

Baseline

- **EB Guidance and procedures on standardized baselines**

Additionality

- SSC guidance: positive list
- Micro scale additionality: projects are deemed additional under specific conditions
- Methodology-specific (e.g. Benchmark)
- **EB Guidance and procedures on standardized baselines**

ER calculations

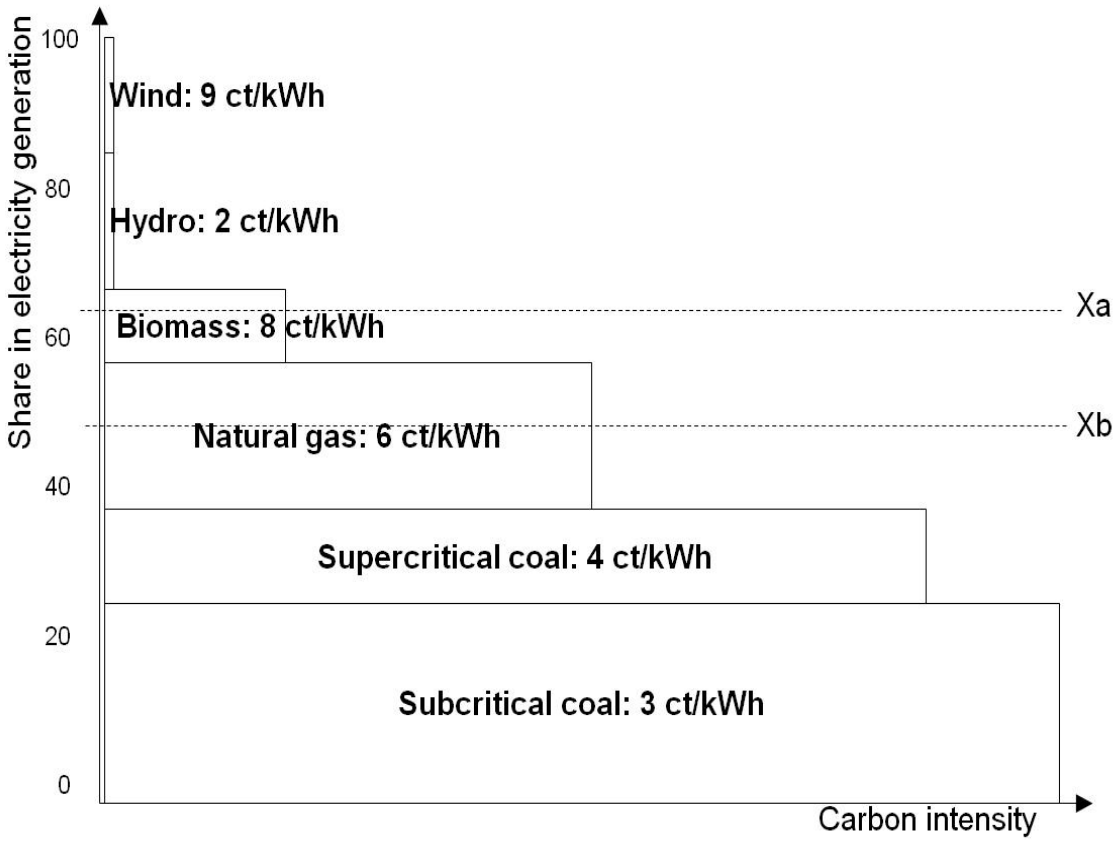
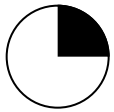
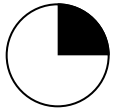
- Methodology specific (e.g. Default value)
- Grid Emission Factor Tool
- **EB Guidance and procedures on standardized baselines**

MRV

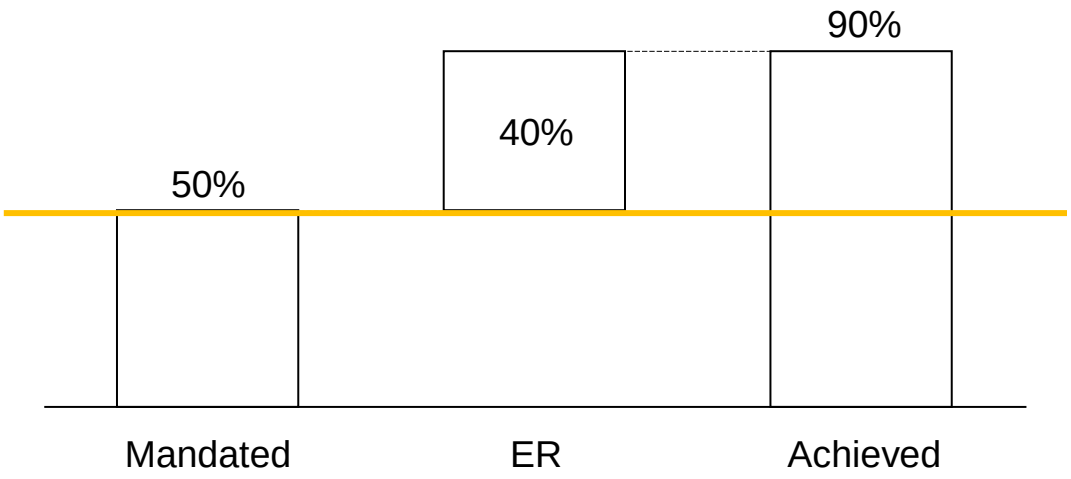
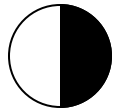
- Only methodology specific (e.g. Default value)

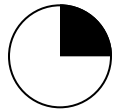
The EB Guidance is not the only tool for standardization

The EB Guidance on Standardized Baselines distinguishes between 4 measures

Measure	Standardization	Relevance for Africa
Fuel/feed stock switch		
Technology switch		 Industrial  Household

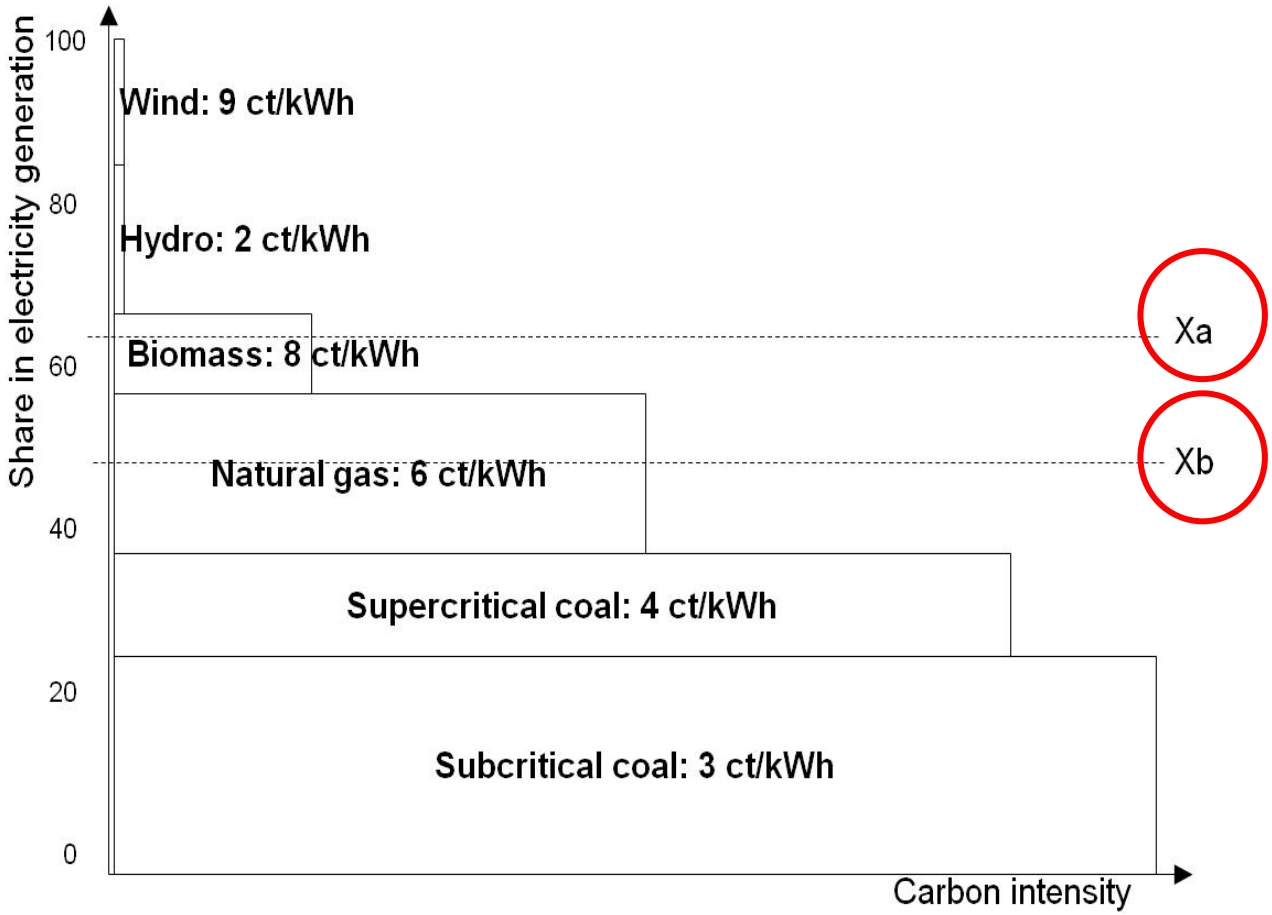
The EB Guidance on Standardized Baselines distinguishes between 4 measures, continued

Measure	Standardization	Relevance for Africa
Methane destruction		

Methane avoidance	• Baseline: common waste disposal practice
	• EF: determined according to “Tool to determine methane emissions avoided”
	• Additionality:
	  • Financial
	  • Barrier
		

The benefits for standardized baselines are very obvious...

Reading Xa and Xb from an existing graph to define baseline and additionality is substantially easier than existing approaches:



....but elaborating the standardized baselines according to the EB Guidelines will often be very challenging....

Main challenges:

- Data availability:
  - Very detailed data required on existing technologies, efficiencies, costs
  - Data might be confidential, not be collected

  => Data restriction might rule out certain sectors

  Aggregation/technology:
  - For industrial sectors especially the definition of technology could be problematic
  - Different levels of aggregation could lead to different results

- Thresholds:
  - Very high thresholds (currently 80% and 90%) could lead to exclusion of additional projects
  - Low thresholds does not catch free-riders

  => Good compromise needs to be found

.... and for certain project types baseline/additionality is not the major challenge

- Additionality:
  - Other simplified approaches already exist (eg. positive list)

  ⇒For many HH project types additionality is not a main stumbling block

- Emission factors:

  Calculating of non-renewable biomass factor still very cumbersome & expensive

  ⇒For certain project types (eg. cookstove) the calculation of GEF is more expensive than baseline determination

- Monitoring and verification:

  THE key factor for determining success of scaling-up small scale PoAs

  ⇒Standardization in MRV is currently not very advanced, and not covered by the EB Guidelines

The EB Guidance is ONE important tool to achieve a standardized CDM

Sector with high relevance for Africa should benefit from the EB Guidelines

EB Guidelines should work well for establishing baselines of **HH projects**, eg. Cookstove, SWH,.. projects since:

- Relatively few (and homogeneous) technology options
- Efficiency data of technology available or could be collected
- Threshold setting less contentious

Standardized baseline could be combined with simplified additionality, default factors and sampling to creat CDM projects with very low transaction costs.

EB Guidelines can drastically simplify **methane destruction** projects in Africa, since often:

- No requirement to destroy methane
- EB Guidelines eliminates need to perform costly baseline studies

South Pole is looking for partners to put the conceptual work into practice

DNAs have a key role for defining standardized baselines

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Thank you for your attention!