

Agenda item 4.1 (a)

Paragraph 19 of the annotated agenda

Concept note on “Simplification of the process for the development and approval of SBs”

CDM EB 99

Bonn, Germany, 23 to 26 April 2018



Procedural background

- Decision 3, CMP.13
 - Requested the Board to continue to simplify the process for the development and approval of SBs and to support DNAs in developing SBs upon the request of the DNAs.
- Board's workplan 2018
 - Under project “110 Further development of SBs framework”.
- This concept note was prepared by the secretariat, based on the lessons learned and input from the MP.



Purpose

To present the potential areas for simplification of the process for the development and approval of SBs and other areas for improvement in the regulatory documents related to SBs.

- a) "Procedure: Development, revision, clarification and update of standardized baselines" (**SB procedure**);
 - b) "Standard: Determining coverage of data and validity of standardized baselines" (**SB data standard**);
 - c) "Guideline: Quality assurance and quality control of data used in the establishment of standardized baselines" (**QA/QC guideline**).
- Separate work for the revision of the SB guidelines.



Key issues and proposed solutions

Issue 1: Costly and cumbersome SB procedures, in particular, the requirement of an assessment report

Issue 2: Potential use of the data of the CDM project activities or PoAs to establish SBs

Issue 3: Validity of SBs

Issue 4: Lack of clarity on the requirements for the data used for SBs

Issue 5: Addressing non-response from DNAs



Current requirements

- Under bottom-up process, the DNA shall submit an assessment report (**AR**) prepared by a DOE.
- The SB procedure provides options to receive financial support from the secretariat for preparing an **AR** (**Three times**) or decide to omit an **AR** (**Twice**).
- An **AR** is not required, in cases where no data collection/processing is required to establish SB (e.g. SB for regulations on LFG destruction).



Current status

- Out of **38 approved SBs (ASBs)**:
 - a) DNAs submitted ARs prepared by DOEs: **4 ASBs**;
 - b) DNAs decided to omit ARs (thus prepared by secretariat): **22 ASBs**;
 - c) DNAs requested to receive financial support: **0 ASB**;
 - d) ARs were not required (no data collection/processing): **6 ASBs**;
 - e) ARs were not prepared because of top-down development: **6 ASBs**



Issue summary

- Preparation of the **AR** by a DOE is mostly done through its desk review. There may be a redundancy of the work in the work carried out by the DOE and the Sec/MP.
- SB procedure does not require preparation of an **AR** for top-down process.
- The options are provided only for development of a new SB, not for the update of the approved SB.
- Financial support is the big concern to DNAs for development/update of SBs. Only a few of the approved SBs have been updated.
- Lack of clarity - Three times for financial support **vs** Twice for omission



Possible solutions

- **Solution 1-1:** Remove the requirement of submitting an AR.
- **Solution 1-2:** Provide the same options regarding the preparation of an AR for an update as for those of new SBs.
- **Solution 1-3:** Provide assistance to all DNAs for preparation of an AR and remove current eligibility criteria. Increasing the cap on number of submissions per country may be also considered.

Recommended solution

- The Board may wish to consider **Solution 1-2** above.



Issue summary

- Development of SBs could benefit from the vast amount of data for registering individual registered CDM PAs/PoAs.
- Whether it should be allowed for a new SB to directly use the data from a different CDM PA or PoA registered or to be registered in the same host country.
- The following issues, at least, should be taken into account:
 - a) Different data vintages used;
 - b) Different options from the grid emission factor tool applied.



Possible solutions

- **Solution 2-1:** Simplify the process of bottom-up development of new SBs, by using the data from a CDM PA/PoA which was registered or is currently under request for registration.
 - ❑ This change would significantly reduce the time and resource required.
 - ❑ The issues (different vintages, different options, etc) should be further considered to define the conditions.

Recommended solution

- Development of SBs using data from CDM project activities or PoAs is possible under existing SB framework.
 - However, the same SB procedures should be followed even if information is sourced from registered PDDs and PoA-DDs. The liability lies with a DOE who prepare an assessment report for a new SB, not one who has validated the registered CDM project activity based on which a new SB is developed.
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Issue summary

- All SBs approved so far have the default validity period (i.e. 3 years)
- Standard allows DNAs to propose alternative lengths for the validity.
- The criteria in para 23 (a) to (f) are vague and not very easy to apply.
- 3 years is too short, especially for SBs covering a group of Parties.
- DNA shall submit updated SB btw 270 to 180 days prior to the expiry date. AR report is also required. Data collection is challenging.



Possible solutions

- **Solution 3-1:** Expand the criteria of para 23, to allow longer validity for a SB where more than one Party is involved.
- **Solution 3-2:** Clearly indicate the option to choose longer validity in the SB procedures.

Recommended solution

- **Solution 3-1** may be subjective, as pointed out by MP. Therefore, the Board may wish to consider only **Solution 3-2** above.



Issue summary

- Re requirements on data currentness (> 2 years), it is not clear from when two years should be counted.
- Re requirements on data coverage and data currentness, distinction between activity data or other type of data is not clear.



Possible solutions

- **Solution 4-1:** Clarify the requirements on data currentness (> 2 years).
 - In case of bottom-up, two years should be counted from the date when initial submission of the proposed SB is deemed complete.
 - In case of top-down, two years should be from the date of finalizing the “DSB development plan” form.
- **Solution 4-2:** Describe the difference between activity data and non-activity data more clearly.

Recommended solution

- The Board may wish to consider both **Solution 4-1** and **Solution 4-2** above.



Issue 5: Addressing non-response from DNAs

Issue summary

- In many paragraphs of the SB procedure, it is stated that *if the DNA fails to provide the requested input within the deadline, the secretariat shall suspend processing the submission until it receives the requested input*. This is open-ended.

Possible solutions

- **Solution 5-1:** Set a deadline for the DNA to provide the requested input (e.g. one year). Alternatively, the secretariat may confirm with the DNA its intention to continue the consideration of the submission, and if no response is received after the follow up, the submission will be deemed withdrawn.

Recommended solution

- The Board may wish to consider **Solution 5-1** above.



Impacts

The proposed changes will make the existing process for the development and approval of SBs more user-friendly and facilitate the development and update of SBs without compromising the integrity of SBs.



Subsequent work and timelines

Based on the guidance from the Board on this concept note, the secretariat will prepare a revision of regulatory documents.



Recommendations to the Board

The secretariat recommends that **the Board consider this concept note and provide any guidance** regarding the potential areas for simplification of the process for the development and approval of SBs and other areas for improvement in the regulatory documents related to SBs.



Thank you



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