73rd CDM Executive Board Meeting

Highlights

The last meeting of the CDM Executive Board took place from 27-31 May 1013 and preceded the Bonn UNFCCC intercessional conference. Below is a short summary of key decisions taken. For more information, see here.

New approach on consideration of government policies (E- policies)

The CDM Executive Board had put in place the E-/E+ rules to avoid perverse incentives for policy makers to introduce policies which increase GHG emissions (E+ policies) or not to adopt policies which lower GHG emissions (E- policies).

The old E+/E- rules were as follows:

- E+ policies: Disregard policies adopted after 1997 which "give comparative advantages to more emissions-intensive technologies or fuels over less emissions-intensive technologies or fuels" (referred to as E+ policies) in setting the baseline.
- E- policies: Disregard policies and measures adopted after 2001 which "give comparative advantages to less emissions-intensive technologies over more emissions-intensive technologies" (referred to as E- policies) in setting the baseline.

At EB73 the Board decided to revise the rule for E-. The old rules meant that incentive policies such as such as feed-in tariffs for renewable electricity could be disregarded in an investment analysis. The old rules were unclear whether this provision also holds for the demonstration of additionality.

The Board agreed at EB73 on a new E- rule under which for seven years after a new policy has been implemented, it does not have to be taken into account for the additionality demonstration or baseline setting. The new provision avoids short term perverse incentives and aims to ensure that in the longer term the policies are fully reflected in the additionality assessment.

Standardized baselines

The Board agreed to a revised work programme on standardized baselines:

- A generic standard for standardized baselines will be developed which sets out principles and general rules.
- The current sector-specific guidelines for standardized baselines will be revised. This document was heavily criticised by us and many others, including the Meth Panel. The Board agreed that road testing and consultation with practitioners and stakeholders will be vital to ensure workable guidelines.
- The Board approved the first two standardized baselines (charcoal in Uganda, South African power pool grid emission factor).
- The Board postponed work to 2014 on detailed guidelines for setting country specific market penetration thresholds. These guidelines were strongly criticised by the Methodologies Panel and others. It is unclear if

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such guidelines will be necessary once the main guidelines towards standardized baselines has been developed and revised.

Work programme on standardization of additionality

The Board endorsed a work programme on standardization of the additionality assessment. The work programme focuses on specific methodologies (appliances and waste management) – rather than generic solutions which may be technically and politically challenging to endorse – and aims to develop more objective approaches to assess additionality of projects in these sectors.

New methodologies for nitric acid plants

After 2 years of delay, the Board finally revised the methodologies for N2O destruction projects in nitric acid plant.

The Meth Panel's research had shown that the methodologies (AM0028, AM0034 and AM0051) provided a disincentive to use better performing primary catalysts. The use of less efficient primary catalysts can lead to inflated baselines which may result in the issuance of too many CERs for such projects.

In its previous recommendation for ACM0019, the Meth Panel recommended introducing the following default emission factors starting with the values of 4.4, 5.9 and 8.2 kgN2O/tHNO3 for low, medium and high pressure ammonia burners and decreasing every year by 0.2 to take into account the technological development in the sector. The new additional baseline suggestions by the Meth Panel are weaker: 5, 7 and 9 kgN2O/tHNO3 for low, medium and high pressure ammonia burners.

There is now only one methodology (ACM0019) available for nitric acid plants for both old plants starting operation before 2005 and newer plants. For newer plants projects have to now use a conservative benchmark which decline over time to 2.5 kg N2O / t nitric acid. Older plants have to use the lower value of either a) the historic baseline campaign emissions of the specific plant and b) a benchmark which is based on the upper uncertainty band of the IPCC default values and which declines over time as well. The new methodology is more conservative and will give less credits to some plants, while others will still receive the same amount of credits.

The next CDM EB meeting will take place from 22 - 26 July 2013 in Bonn. For more information see here.

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