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To cdm-info@unfccc.int
From Office@pd-forum.net
Date 11 January 2011
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Subject **Call for input on the draft "Tool for baseline scenario identification and baseline emission calculations"**

CHAIRMAN

Your contact:
Gareth Phillips
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Honourable Members of the CDM Executive Board,

Dear Mr Mahlung,

The Project Developer Forum welcomes the opportunity to provide input to the draft "Tool for baseline scenario identification and baseline emission calculations."

We welcome the efforts made to portray the many different approaches for baseline determination in one set of documents, and we believe that such documents would be a useful source when developing new methodologies. However, our concerns about applying these documents as a methodological tool are as follows:

- 1) The Tool would be incredibly complicated to apply, which runs counter to existing CMP instructions to simplify the CDM. To be frank, even our membership, which is on the frontlines of methodology development and application, had difficulty understanding the provisions of the Tool.
- 2) The Tool transfers most of the methodological decisions from the methodology development stage to the PDD development stage. This has the potential to increase uncertainty for project developers and make PDD development and the validation process more difficult and time consuming. In addition, similar project types might apply the tool in different ways leading to less standardisation and lengthening the validation process.
- 3) The Tool has been prepared in a way that it can be applied to the most complex projects, so almost any methodology that was revised to refer to this tool would become more complicated to apply, which again goes against the CMP instructions to simplify the CDM.
- 4) It is not clear why the EB / Secretariat proposed this Tool: Does the EB intend to consider each of the three Tools individually, or only as a set? Is this set of Tools intended to replace any existing Tool(s)? If so, is it proposed to apply this Tool to revisions of all existing methodologies or only to build it into new methodologies? If methodologies were revised to refer to this Tool we would strongly recommend that its use be classified as "optional"¹.
- 5) The Tool for baseline identification seems not to address the treatment of national mandatory climate change regulations (E+/E-), which we consider to be a fundamental issue that should be addressed in any such tool. Indeed, failure to address the E+/E- issue is likely to limit the application of the tool in future.

¹ Any inconsistency with the CDM website, such as the following statement, would need to be corrected: "Tools are used to calculate, determine, demonstrate, estimate, identify and/or test information relating to a CDM project activity and is usually referenced in a standard or a form. When referenced, all or specified components of the tool are required and mandatory." (Source: <http://cdm.unfccc.int/Reference/index.html>)

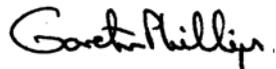
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- 6) The Tool takes implicit decisions regarding suppressed demand (treating this as "capacity expansion") that may be inconsistent with COP decisions² and would tend to make it harder for energy-poor populations to leverage carbon finance.
- 7) The Tool seems inconsistent with the current proposals to standardise the CDM, particularly Decision -/CMP6, paras 44 - 52.

We are concerned that this draft document has been written in the format of a methodological tool to be applied by projects in their PDDs, and believe that it would be more appropriate that this information is to be used as a basis for a guidance document to the Meth Panel and Project Participants in the development of new methodologies. However, any broadly applicable guidance that project participants would be required to follow would need to be vetted carefully, in detail. Requiring that an efficiency benchmark be set at the top 20% in terms of performance, for example, does not take into account different baseline scenarios and the large difference between the efficiency of the installed stock vs. the efficiency of newly sold models.

In conclusion, the Project Developer Forum would not support the introduction of this methodological Tool but would welcome similar guidance to the meth panel that could be used to improve consistency without increasing the complexity of methodologies. As always, the Project Developer Forum remains ready and willing to devote the significant resources and experience of our members to help in the development of such guidance and would welcome the opportunity to take part in any workshop organised to develop this idea further.

Yours sincerely,



Gareth Phillips

Chairman of the Project Developer Forum

² Decision 3/CMP.1 FCCC//KP/CMP/2005/8/Add.1, paragraph 46