EB40 – Methodologies

EB40 – Annotated agenda item 3b

Common practice analysis

EB39 request

Secretariat to undertake an assessment of implications of removing a common practice analysis from the procedure of additionality demonstration for renewable energy project activities

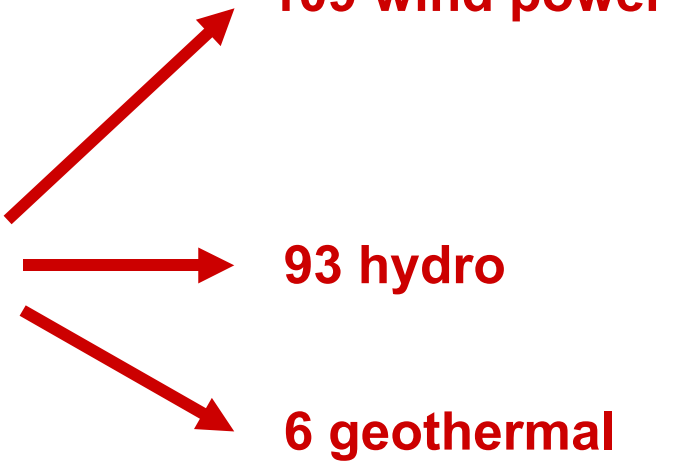
Key features of assessment:

-Based on registered large-scale projects

-Consultations with DOEs

Assessment of registered project activities

208 project activities applying ACM0002



- 109 wind power
- 93 hydro
- 6 geothermal

Demonstration of additionality:

- -Investment analysis
- -Barrier analysis
- -Investment analysis + barrier analysis

Assessment of registered project activities

Wind power project activities:

- Investment analysis → 34
- Barrier analysis → 8
- Investment analysis + barrier analysis → 67

Barriers claimed:

→ Investment barrier (lack of financial resources, financial or investment risk, non-payment of revenue by purchaser) as main barrier

→ Technological barrier and lack of expertise

→ Regulatory risk

→ Prevailing practice

Observations:

→ Most countries especially large ones, where most of project activities are located, have fiscal or financial policies to overcome disadvantages of wind power generation vis-à-vis other sources

→ In some of these countries significant capacity has been added in last decade

Assessment of registered project activities

Hydro power project activities:

- Investment analysis → 41
- Barrier analysis → 23
- Investment analysis + barrier analysis → 29

Barriers claimed:

→ Investment barrier (lack of financial resources, financial or investment risk, non-payment of revenue by purchaser) as main barrier

→ Lack of infrastructure or location, leads to higher cost

→ Hydrological risks

→ Regulatory risk

→ Prevailing practice

Observations:

→ No project activity mentions technology barrier or first-of-its-kind barrier

→ In most countries large scale Hydro projects are public or government sector planned activities with budgetary allocations for construction

Assessment of registered project activities

Geothermal project activities:

- Investment analysis → 2
- Barrier analysis → 2
- Investment analysis + barrier analysis → 2

Barriers claimed:

→ Main barrier used is investment barrier or aspects that increase cost of power generation vis-à-vis fossil fuel

Conclusions

Implications of removing a CP analysis from the procedure of additionality demonstration for RE project activities using barrier analysis

→ Most of the barriers are related to escalation of cost of undertaking projects

→ If barriers claimed are applicable to similar projects, then CP is important to show that due to these barriers similar projects are not taken up

→ If barriers are specific to the project activity and not to generic type of project, and barrier analysis does not provide comparison with other projects:

- Either CP should be done to show why similar projects happen or

- Investment analysis to be used.

→ If prevailing practice is chosen as barrier, without CP it can not be verified if it is a barrier

→ A suggestion: CP analysis can be omitted for RE project activities in Africa and LDCs

DOEs inputs

→ CP analysis is not difficult to conduct for RE projects, specially has DOE have to only verify latest information, remaining coming from existing similar projects

→ DOEs in their validation have rejected RE projects of all types on additionality grounds, apart from solar energy, which were additional in all cases

→ Barrier analysis alone not sufficient to demonstrate additionality and in such cases CP analysis is needed

→ In favour of maintaining CP analysis for RE projects

→ A few suggestions

- Technologies with low level of penetration should be considered additional

- Preparation of matrix of technology which are deemed as not CP and it updation annually will help tranparency

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Report on energy efficiency work

EB's work on Energy Efficiency

Scoping paper for EE tool and guidance submitted :

1. **Conclusions on previous reports on issues with EE methodologies and key lessons from EE in other countries**
2. **Focus on SSC methodologies as most of the EE project are of small size, eligible under small-scale. SSC methodologies can be used for programme design.**
3. **Technical guidelines needed for issues identified in EE methodologies (e.g. equipment life).**
4. **Existing large-scale methodologies can be revised to incorporate methodological issues such as autonomous EE improvement (AEEI).**

EB's work on Energy Efficiency

Scoping paper for EE tool and guidance submitted :

- **Recommendations for quick work that can be taken up by EB, particularly for methodologies using domestic technologies having homogeneous output and where standardization is possible.**
- **For such technologies deemed savings approach is simple and scalable.**
- **Approaches suggested for Net-to-Gross savings (including free riders, rebound effect etc.) which include surveys or default values.**
- **To enhance efficiency of work, recommended approach of "Framework + Annex", where framework represent common areas for similar technology group (e.g. domestic equipment) including additionality, baseline scenario and "annex"represent technology specific information and tables of default values, which can be added to framework with each new case received.**

EB's work on Energy Efficiency

Secretariat working on following :

- **Monitoring the progress of deemed saving based EE methodology SSC192 (previous SSC140 and SSC170) submitted to small-scale working group.**
- **Some tools already being developed and reviewed by Meth Panel.**

  - Baseline load vs. efficiency of equipment.

  - Benchmarking tool for EE in domestic appliances e.g. the one referred in NM0235.

  - Guidance on equipment lifecycle is already in place for standard methodologies.

For EB41 :

- **Prepare list of tools/ guidance and brief on each of them**
- **Main EE methodological issues to be addressed in consultation with Meth Panel**
- **Specific guideline for PoA based EE activities**