Initiative on Standardized Baselines

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Why are we interested in standardized baselines?

- Reduce transaction costs, complexity and uncertainty.
- Enhance transparency and objectivity.
- Facilitate access to the CDM/Enhance regional distribution.
- Promote the scaling-up of mitigation actions while ensuring environmental integrity.

How CDM procedures can be further streamlined while ensuring environmental integrity?
Carbon Finance Unit Initiative on Standardized Baselines and Potential CDM Reform

Dialogue with DNAs

Input to UNFCCC process

Analytical work on SBs and CDM fast tracking

Piloting and testing

Fast Track CDM

Broadening the CDM for a spectrum of LULUCF activities and generalization of the E-rule

Registration through a standardized eligibility checklist with validation & verification in one step

Simplified Monitoring requirements as a result of SBs

Simplified PoA procedures for PoAs targeting micro-activities

Standardized baselines (to simplify baseline and additivity determination)

Increased DNA role
1) Standardized baselines for CDM projects and programs

- Review approved methodologies: identify opportunities for standardized approaches.
- Develop check list kind of registration form to further enhance efficiency.
- Identify steps for generalization of E-policy rules (e.g., energy efficiency standards, policy interventions in the transport sector and city-wide programs).

2) Regulatory procedures improvements: CDM project cycle & fast track CDM

- Propose modifications to the existing procedures & institutional framework to enhance CDM efficiency, scale-up CDM and increase accessibility of CDM to low income regions.
- Identify best options for the development of “fast track” procedures for CDM activities.
- Assess possible modalities for the extension of standardization to the CDM (e.g. policies crediting and systemic approaches such as city-wide crediting).

3) Broadening and improving the CDM for LULUCF projects

- Analyze issues associated with non-permanence & identify measures to address these issues.
- In order to expand the scope of eligible land activities under the CDM: analyze issues associated with other land activities.
- Outline procedures to extend standardized approaches to land uses.
Work Program on Standardized Baselines and Potential CDM Reform

- Contribute to baseline standardization based on simplification of existing methodologies focus Low income countries/regions & CDM broadening including policies and city-wide approaches – study targeted Nov. 2011;
- Contribute to CDM reform and a potential fast track CDM based on standardized approaches – study targeted Nov. 2011;
- Contribute to broadening and improving the CDM for AFOLU projects: landscape approaches, permanence – study targeted Nov. 2011;
- Consultation, knowledge sharing, consensus building – ongoing.
- Next phase: country/region specific baselines and capacity building (DNAs) embedded in pipeline development.
Standardized baselines for CDM projects and programs

- Introduction of standardized elements in already approved SSC in renewable energy, energy efficiency, transport and waste management sectors.

- Technologies relevant to: underrepresented countries/regions/project types.

- Preliminary list of technologies:
  - Renewable energy (off grid)
  - Rural electrification (new methodology)
  - Cookstove
  - solar water heaters
  - Heating & cooling, building
  - Transformers, T&D system
  - Transport (introduction of new technology/modal shift)
  - Biogas avoidance/recovery (composting/domestic biodigestors)
Potential Fast Track CDM
Streamline approach for CDM project (micro-project activity)

Fast track for projects in LDCs/SIDs etc. (micro project):

1. Standardized check list/technology specific/relevant to LICRs.
2. Automatic registration if project complies with criteria in check list.
3. Verification by DOE of 1) conformity with check list; and 2) monitoring.

Proposal, to be developed along with the principles:
- Environmental integrity/Conservativeness
- Safeguards for implementation (e.g. high efficiency lighting)

Improvements to regulatory procedures
Potential Fast Track CDM
CPAs with micro-project activity

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<th>PoA (currently)</th>
<th>Fast track PoA</th>
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<tr>
<td>PoA &amp; CPA PDD by CME</td>
<td>PoA PDD only - by CME</td>
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<td>Validation by DOE</td>
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<td>Registration EB</td>
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<td>Verification DOE</td>
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<td>Issuance CERs</td>
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Fast track for PoA in LDCs/SIDs etc. (micro CPAs):

1. **Only PoA PDD (i.e. not CPA-DD)** to be prepared for registration. Units/CPAs do not need to be validated at inclusion.
2. **PoA PDD validated by DOE**. Should contain check list of eligibility requirements and must comply with additionality requirements for micro scale CDM projects.
3. **Monitoring** periodically undertaken for representative sample of all units included in PoA.
4. **Verification** - DOE ensure units comply with eligibility criteria i.e. verification = “quasi validation”. *Risk of liability much less than at point of registration.*
5. **Issuance** of CERs with verification report once approved by EB.

Improvements to regulatory procedures
THANK YOU

The World Bank Carbon Finance Unit

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