

Agenda item 3.1.

Paragraphs 6 and 7 of the annotated agenda

**Tool: Analysis of lock-in risk, and revision of the
Standard: Demonstration of additionality in mechanism
methodologies**

Methodological Expert Panel - 12th meeting

9 to 13 March 2026

Bonn, Germany



Procedural background

At SBM 015, the Supervisory Body adopted the "**Standard: Demonstration of additionality in mechanism methodologies**" and requested the MEP to initiate work on a methodological **Tool for the analysis of lock-in risk**, including a robust analysis of the key issues, taking into account inputs from the scientific community and relevant stakeholders.

MEP 008 while continuing to work on the Tool identified that some of the its elements may better fit within the Additionality standard and therefore decided to seek a mandate from the Supervisory Body to recommend such elements.

At SBM 018 the SBM mandated the MEP to revise, as necessary, the **Standard**, noting that some elements identified in the work of the draft Tool "Analysis of lock-in risk" may better fit into the standard.



Procedural background

MEP 011 agreed to seek input from stakeholders on the draft version of the methodological tool, and to make any changes to the Standard, *if required*, based on the inputs to the draft Tool.

MEP 011 also agreed, in parallel with the call for public inputs, to road test the proposed methodological tool using hypothetical A6.4 activities, to identify areas for improvement and clarification.

At SBM 020, the Supervisory Body, noting that the draft “Methodological tool: Analysis of lock-in risk” is currently published for stakeholder inputs, **requested the MEP to ensure its alignment with the “Standard: Demonstration of additionality in mechanism methodologies, including consideration of relevant national circumstances of Parties”** when finalizing the tool for recommendation to the Supervisory Body.



Purpose

The purpose of this methodological Tool is to provide guidance and specific requirements for the analysis of lock-in risk in demonstrating additionality of activities under the Article 6.4 mechanism ***for which the lock-in risk analysis is applicable.***



What is lock-in risk?

Lock-in risk: The risk that the implementation of an Article 6.4 activity results in the adoption, or prolongation of the lifetime, of technologies, measures or practices that are incompatible with the long-term goals of the Paris Agreement, taking into account different national circumstances, approaches and pathways.



Key issues and proposed solutions: Call for public inputs before MEP012

- **Launched between 04/02/2026 – 25/02/2026**
- **26/02/2026 Secretariat shared the compilation of inputs with the MEP**
- **9 submissions** received, total of **58 (50 unique) inputs**

1. The House of Shipping
2. Columbia University UC Berkeley Carbon Trading Project
3. Climate Spring
4. CAEX Consultoria
5. Clean Cooking and Climate Consortium (4C)
6. PD Forum*
7. BURN manufacturing*
8. The Integrity Council for the Voluntary Carbon Market
9. World Bank

*identical comments

Section in the draft tool	Number of inputs
COVER NOTE	17 (12)
1. Introduction	1
2. Definitions	1
3. Applicability	5 (4)
4. Normative and informative references	1
5. General requirements	1
5.1. Step 1: Technical or operational lifetime assessment	8 (6)
5.2. Step 2: Greenhouse gas intensity assessment	14
5.3. Step 3: Resource use efficiency assessment	8
5.4. Step 4: Scale assessment	2



Key issues and proposed solutions: Call for public inputs before MEP012

Section	Inputs
COVER NOTE	<ul style="list-style-type: none">• Several stakeholders requested sector-specific flexibility (House of Shipping, PDF, 4C, Columbia, World Bank)• Asked for differentiation for methodologies serving energy-poor households, adjustment of F - the lock-in factors for context and explicit exemption of cookstoves (PDF, 4C, Columbia)• Replace the uniform 10-year cutoff with sector-specific guidance and provide default lifetime tables to reduce reliance on costly expert assessments (World Bank)• Called for alignment/consistency with NDC/LT-LEDS (ICVCM, House of Shipping, World Bank)
1. Introduction	<ul style="list-style-type: none">• Lock-in must be contextualized as per realistic sector transition pathways (House of Shipping)
2. Definitions	<ul style="list-style-type: none">• Definition of “Operational lifetime” should reflect economic viability, regulation, standards, retrofit potential, not only technical life (House of Shipping)
3. Applicability	<ul style="list-style-type: none">• Highlighted the impracticality of induction stove comparators in low-income contexts (PDF)• Emphasized that maritime assets are site and owner specific and are not readily substitutable by third parties (House of Shipping)• Para. 9 "Tool is only applicable to activities that generate at least one measurable output“. Does this also mean that typical projects that lead to no output does not need to go through this? E.g. destruction of HFCs? (Climate Spring)
4. Normative and informative references	<ul style="list-style-type: none">• Allow referencing internationally harmonized sectoral standards (House of Shipping)



Key issues and proposed solutions: Call for public inputs before MEP012

Section	Inputs
5. General requirements	General points: <ul style="list-style-type: none"> • Requested changes to F- lock-in factor and Equation 1 (House of Shipping, Climate Spring, Columbia, ICVCM, PDF) for a linear representation • Resource abundance criteria unclear (CAEX, Climate Spring, Columbia, ICVCM, World Bank) wrt to time horizon and project boundary • Exclude revenue consideration related to A6.4 ERs for activities with resource use intensity above the given threshold (World Bank)
5.1. Step 1: Technical or operational lifetime assessment	<ul style="list-style-type: none"> • 10-year cut-off risks penalizing durable devices (PDF) if they are longer than 10 years • Special treatment for activities, such as cookstoves – e.g. remove 10-years requirement (Climate Sprint, PDF) • Include positive/negative list of activities what would not require 10-year cut-off (World Bank) • Allow for default value from sectors with well-established asset classes (House of Shipping)
5.2. Step 2: Greenhouse gas intensity assessment	<ul style="list-style-type: none"> • GHG intensity definition is unclear (net or project + leakage emissions) (Climate Spring) • Inclusion of alignment with LT-LEDS/NDC in equation 1 and Flock-in = $(\max(0.2, 1 - 0.04 \times (L - 10)))$ (ICVCM) e.g. Sector GHG intensity if in the NDC could replace BAU GHG intensity • The alternatives here in should be the same as considered in the start of the additionality assessment (World Bank) • Methodologies to define sector-specific values or approaches, including the use of downward adjustment mechanisms (House of Shipping) • For BAT and performance benchmark the activity is not required to conduct GHG intensity assessment (Climate Spring)



Agenda item 3.1.

Paragraphs 6 and 7 of the annotated agenda

Key issues and proposed solutions: Call for public inputs before MEP012

Section	Inputs
Step 3: Resource use efficiency assessment	<ul style="list-style-type: none">• Include boundaries and time horizon in the assessment of rate of renewal/depletion (CAEX, ICVCM)• Include examples this step is applicable and list activities wherein it is not relevant. (World Bank)• The revenue consideration related to A6.4 ERs should be removed (World Bank)• The sequential step flow of additionality assessment is to be followed (World Bank)• Duplicative policy assessments may increase transaction costs without improving environmental outcomes. Host Party authorization already reflects national policy priorities. (House of Shipping)
5.4. Step 4: Scale assessment	<ul style="list-style-type: none">• For activities that are facility-specific, or otherwise with non-fungible outputs, scale assessment may be deemed not applicable since activities do not prevent the supply of lower-emission outputs by others (House of Shipping)• Proposes Option 2 - wherein scale assessment, if relevant, gets defined at the methodology level (World Bank)

- **No inputs received related to the revision of the Additionality Standard.**



- The methodological Tool provides ***guidance and requirements that mechanism methodologies*** shall consider for the demonstration of additionality for the applicable technologies and practices.



Recommendations to the MEP

Revise the draft tool to incorporate relevant inputs received.

Key tasks to be the followings:

1. Decide on options on resource use efficiency assessment (prescriptive option vs no text option (since it is addressed through host country approval))
2. Decide on options on scale assessment (activity participant-led vs methodology-led)
3. Brackets on GHG intensity assessment (value, linear thresholds as proposed by ICVCM), Forward-looking statements (para 21b where there were critical comments), para 21c
4. SBM guidance (see page 3)... ***national circumstances*** is included in the definition of lock-in risk and is reflected, but would there be a need to explicitly include them in other places?
5. Consideration of industry-specific public inputs
 1. Hard-to-abate industries (where best available opportunities only reduce marginally)
 2. Cookstoves (the role of 10 years threshold)



Subsequent work and timelines

The MEP aims to recommend that the Supervisory Body adopt the methodological tool.



Agenda item 3.1.

Paragraphs 6 and 7 of the annotated agenda