

Agenda item 3.4.

Paragraph 19 of the annotated agenda

Draft Mechanism Methodology: N₂O abatement from nitric acid production

Article 6.4 Supervisory Body – 21st meeting

Bonn, Germany, 18 to 21 May 2026



Summary of public inputs received (Recommendations from the MEP to SBM 021)

Call for public input (Recommendations from the MEP to SBM 021): 1 submissions received containing 8 inputs. Main comments:

- Address the situation where the annual cap limits baseline emissions but project emissions are based on continuous measurement
- Change the cap on production considered for crediting to nameplate capacity
- Consider introduced legal requirements only from the time these would affect N₂O emissions
- Allow multi-line plants as one PDD
- Update the BAT and BAU to corrected monitoring reports



Views on how the comments could be addressed (in consultation with the MEP small group)

⇒ For information purpose only

- Update BAT and BAU (to final validated or verified data)
- Allow multi-lines plants as one PDD (and for transition projects, also PDDs covering lines at different plants)
- Use nameplate capacity as cap – on hourly basis (for operating hours)
- Revise para. 31 to take into account the point in time legal requirements would impact (rather than “*enter into force*”)



Key issues

Recommendation	Suggested operationalization									
Update BAT and BAU (to final validated or verified data)	<p>Check and amendment to the database used to only consider: (i) The first final validated monitoring report (default approach) or (ii) Values from the verified PDD</p> <p>Impact:</p> <table border="1" data-bbox="1026 608 2127 1096"> <thead> <tr> <th data-bbox="1026 608 1355 782">Activities</th> <th data-bbox="1355 608 1760 782">BAT (kg N₂O / t HNO₃)</th> <th data-bbox="1760 608 2127 782">BAU (kg N₂O / t HNO₃)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1026 782 1355 939">Type 1 and 2</td> <td data-bbox="1355 782 1760 939">3.74 3.99</td> <td data-bbox="1760 782 2127 939">3.99 4.16</td> </tr> <tr> <td data-bbox="1026 939 1355 1096">Types 3</td> <td data-bbox="1355 939 1760 1096">0.56 0.60</td> <td data-bbox="1760 939 2127 1096">0.60 0.62</td> </tr> </tbody> </table>	Activities	BAT (kg N ₂ O / t HNO ₃)	BAU (kg N ₂ O / t HNO ₃)	Type 1 and 2	3.74 3.99	3.99 4.16	Types 3	0.56 0.60	0.60 0.62
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Types 3	0.56 0.60	0.60 0.62								



Key issues

Recommendation	Suggested operationalization
Use nameplate capacity as cap – on hourly basis (for operating hours)	$P_{NA,cap,y} = P_{NA,NPC} \times H_y$
Allow multi-line plants as one PDD	Under this mechanism methodology, a PDD and a registered Article 6.4 activity shall may only include several a single nitric acid production lines if these are located at the same plant, except for CDM projects that have transitioned to the Article 6.4 mechanism and that had more than one production line included in the CDM PDD
Revise para. 31 to take into account the point in time legal requirements would impact (rather than “ <i>enter into force</i> ”)	31. Activity participants shall assess the requirements of paragraphs 29 and 30 for each monitoring period. Crediting shall cease on the date on which a new relevant legal requirement enters into force would result in emission reductions at the nitric acid production line.



Other issues

Issue	Suggested way forward
The methodology does not cover cases requiring a baseline measurement campaign (e.g. other cases of “enhancement”)	Add a footnote (see footnote 17)
Treatment of common practice for project types which solely rely on revenues from GHG abatement	<u>Option 1</u> : No action <u>Option 2</u> : Provide an exemption in this methodology <u>Option 3</u> : Provide a mandate to revisit the common practice tool
Situations where low incentives/penalties exist yet are insufficient to foster abatement implementation	<u>Option 1</u> : footnote 24 22 <u>Option 2</u> : provide a mandate to address such cases in a future revision of the methodology (e.g. based on an investment analysis)

