

A6.4-MEP002-A01

Draft Standard

Demonstration of additionality in mechanism methodologies

Version 01.0

DRAFT



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Supervisory Body of the Article 6.4 mechanism (SBM), at its tenth meeting (SBM010), approved its workplan for 2024 and requested the Methodological Expert Panel (MEP) to develop recommendations on the requirements for the demonstration of additionality in mechanism methodologies.
2. In accordance with paragraph 83 of A6.4-SB009-A01, the SBM will develop further guidance and tools for the demonstration of additionality, including through a stepwise procedure to address the elements in the rules, modalities and procedures for the Article 6.4 mechanism (RMP), and potential standardized performance-based approaches for determining additionality for application in methodologies that take into account best available technologies or an ambitious benchmark approach. Mechanism methodologies may contain provisions that require the application of these procedures and approaches.
3. At its first meeting, the MEP initiated its work on additionality and recommended that a standard be developed that contains requirements on how mechanism methodologies may address additionality, including both project-specific and standardized approaches, including through standardized baseline procedures, and a tool for conducting investment analysis. At SBM011, the Supervisory Body approved the recommendations of MEP.

2. Purpose

4. The purpose of this draft standard is to address the mandate provided by the Supervisory Body at its 11th meeting to develop recommendations on the requirements for the demonstration of additionality in mechanism methodologies.

3. Key issues and proposed solutions

5. This draft standard sets out overarching requirements with regard to the demonstration of additionality in mechanism methodologies.
6. This draft standard builds upon the recommendation by the SBM on the Requirements for the development and assessment of Article 6.4 mechanism methodologies (A6.4- SB009- A01) and further elaborates specific provisions to demonstrate additionality in mechanism methodologies.
7. In some places, the draft Standard presents options for further consideration, indicated with brackets or through alternative textual options. This also includes elements that would imply a limited number of amendments or changes to the recommendation by the SBM on the Requirements for the development and assessment of Article 6.4 mechanism methodologies (A6.4-SB009-A01) without prejudging the outcome of the ongoing work of the SBM in relation to the recommendation. The final recommendation on this standard by the MEP will take into account the final recommendation of the SBM in relation to the methodological requirements.

4. Impacts

8. This standard will provide further clarity on the requirements that mechanism methodologies shall fulfil with regard to the demonstration of additionality.

5. Subsequent work and timelines

9. The MEP, at its second meeting, agreed to seek public inputs on the draft version of the standard. The MEP will take into account the inputs received and will continue working on the standard at its next meeting. The MEP may consider revising the standard in the future to cover methodologies addressing mitigation actions at other scales (e.g. programmes of activities or large-scale crediting programmes).

6. Recommendations to the Supervisory Body

10. Not applicable (call for public inputs).

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1. Introduction

1.1. Background

1. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), at its third session, requested the Supervisory Body of the mechanism established by Article 6, paragraph 4, of the Paris Agreement (Article 6.4 mechanism) to elaborate and further develop recommendations on the application of the requirements referred to in chapter V.B (titled Methodologies) of the rules, modalities and procedures for the Article 6.4 mechanism (RMP).
2. The Supervisory Body of the Article 6.4 mechanism (SBM), at its tenth meeting, requested the Methodology Expert Panel (MEP) to develop recommendations on the requirements for the demonstration of additionality in mechanism methodologies.

1.2. Objectives

3. The objective of this standard is to set out requirements that mechanism methodologies shall fulfil for the demonstration of additionality under the Article 6.4 mechanism.

1.3. Definitions

4. The following definitions shall apply:
 - (a) **Activity participant:** a public or private entity that participates in an Article 6.4 project;
 - (b) **Additionality:** A mitigation activity is additional if:
 - (i) It represents mitigation that exceeds any mitigation that is required by law or regulation (see sections 5.1 below);
 - (ii) It avoids locking in levels of emissions, technologies or carbon intensive practices that are incompatible with paragraph 33 of the RMPs for the mechanism (see sections 5.2 below); and
 - (iii) It would not have occurred in the absence of the incentives from the mechanism, taking into account all relevant national policies, including legislation (see sections 5.3 below).
 - (c) **High-income countries:** Countries classified by the World Bank Group as high-income countries;¹
 - (d) **Legal requirements:** Laws, statutes, regulations, court orders, decrees, consent agreements², executive orders, permitting conditions or any other legally binding mandates.

¹ Latest version available at the start time of the start of validation or verification of mitigation activities, as applicable: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>.

² For example, agreements between parties, such as between a private sector entity and a government, to take an action in exchange for avoiding court action.

5. Moreover, the following terms apply in this standard:
- (a) “Shall” indicates a requirement;
 - (b) “Should” indicates a recommendation;
 - (c) “May” is used to indicate that something is permitted;
 - (d) “Can” is used to indicate that something is possible, for example, that an organization or individual is able to do something.

2. Scope, applicability, and entry into force

2.1. Scope

6. This standard sets out the requirements for mechanism methodologies with regard to demonstrating additionality. It may be used by activity participants or host countries in developing methodologies and by the UNFCCC Secretariat, the Methodologies Expert Panel (MEP) and the Supervisory Body in assessing and considering methodologies for approval.
7. Requirements in relation to the consideration of Article 6.4 emission reductions and removals at the start date of the mitigation activity are not addressed in this standard but in the “Article 6.4 activity standard for projects.”

2.2. Applicability

8. This version of the standard is applicable to mechanism methodologies for projects. The standard may be amended in the future to also cover methodologies addressing mitigation actions at other scales (e.g., programmes of activities).

2.3. Entry into force

9. The date of entry into force is the date of the publication of the SBM xx meeting report on xx Month 2024.

3. General principles and requirements

3.1. Principles

10. The following principles shall be applied in demonstrating additionality to ensure that information provided is a true and fair account. These principles shall be basis for and guide the application of the requirements under mechanism methodologies:
- (a) **Relevance:** Aspects included in the demonstration of additionality, including data, parameters, assumptions, and methods, shall not be misleading and only verifiable data and parameters that may have an impact on the outcome of assessment of additionality shall be included;
 - (b) **Completeness:** All relevant information to support the assessment of additionality shall be included;

- (c) Consistency: The application of methods ensures consistent results across similar circumstances;
- (d) Accuracy: Bias and uncertainties in both quantitative and non-quantitative information shall be reduced as far as is practical;
- (e) Transparency: Sufficient and appropriate information shall be disclosed to allow intended users to make decisions with reasonable confidence. Transparency relates to clearly stating all data, parameters, assumptions and methods applied; referencing background material; stating documentation changes and stating and justifying all data, parameters, methods and assumptions made such that the outcomes can be reproduced;
- (f) Conservativeness: In the context of demonstrating additionality, a methodological approach is conservative if the data, parameters, assumptions and methods chosen are more likely to lead to the determination that the mitigation activity is not additional.

3.2. Requirements

- 11. Mechanism methodologies shall specify the approach to demonstrating the additionality of the mitigation activity. The approach shall ensure that eligible mitigation activities would not be implemented without the incentives from the mechanism and that the incentives from the mechanism enable the implementation of the mitigation activity.
- 12. Mechanism methodologies may either use separate approaches to demonstrate additionality and determine the baseline scenario or use a combined approach that both demonstrates additionality and determine the baseline scenario. Where a combined approach is used, both this standard and the standard "Setting the baseline in mechanism methodologies" shall apply.
- 13. Mechanism methodologies shall ensure conservativeness in the demonstration of additionality. This shall apply to all data, parameters, assumptions, and methods used in the analysis (e.g., operating expenditure used in conducting a financial viability analysis or data on the market penetration of a technology). The degree of conservativeness shall be based on the level of uncertainty (e.g., in a sensitivity analysis for financial viability the selection of the parameters to vary and the magnitude of variation shall be informed by uncertainty). All sources of uncertainty shall be considered, including uncertainty in data, parameters, assumptions, and methods.
- 14. Mechanism methodologies shall ensure that the provisions to demonstrate additionality consider all national or sub-national policies that are applicable to the relevant mitigation activity and its alternatives. This shall include legal requirements, subsidies, taxes, and fees. This may also include any specific national or sub-national goals for the sector or the type of mitigation activity but not general goals (e.g., a national emissions target) that are not specific to the sector or type of mitigation activity (see section # below).
- 15. Mechanism methodologies shall ensure that additionality is demonstrated for mitigation activities in their entirety (e.g., the capture of landfill gas combined with use of the landfill gas for energy generation) and that additionality is not separately demonstrated for components of a mitigation activity (e.g., separately for the landfill gas capture and the use of the landfill gas for energy generation).

4. Approaches to demonstrate additionality

4.1. Overview of eligible approaches to demonstrate additionality

16. Mechanism methodologies shall include the following approaches to demonstrate additionality:
- (a) **Regulatory analysis:** Mechanism methodologies shall include provisions to demonstrate that the emission reductions or removals caused by eligible mitigation activities would not occur as a result of any legal requirements;
 - (b) **Analysis of lock-in risk:** Mechanism methodology shall include provisions to demonstrate that the implementation of eligible mitigation activities does not lead to a lock in of levels of emissions or carbon-intensive technologies or practices;
 - (c) **[Common practice analysis:** Mechanism methodologies shall include provisions to demonstrate that the relevant technology or practice is not common practice (e.g., it has a low market penetration).]
17. In addition to the approaches referred to in paragraph 16 above, mechanism methodologies shall include at least one, or a combination, of the following approaches:
- (a) **Financial viability analysis:** Mechanism methodologies shall include provisions to demonstrate that mitigation activities are not financially viable in the absence of carbon credit revenues, that the financial performance of the mitigation activities increases decisively through carbon credit revenues [and that carbon credit revenues can make the mitigation activities financially viable];
 - (b) **Barrier analysis:** Mechanism methodologies may include provisions to demonstrate that eligible mitigation activities would be prevented by barriers and that the incentives from the mechanism are the decisive element for overcoming the barriers.
 - (c) **Performance analysis:** Mechanism methodologies may include provisions to demonstrate that a mitigation activity is unlikely to be implemented without the incentives from the mechanism if it outperforms other activities in a parameter (e.g., an emissions benchmark) that is a good proxy for the likelihood of additionality for the relevant technology or practice.
18. The financial viability analysis shall be used as the default approach. Where mechanism methodologies do not apply the financial viability analysis, it shall be appropriately explained and justified why a financial viability analysis is infeasible or inappropriate. In this case, the proponents of the mechanism methodology shall nevertheless include information on the financial viability of eligible mitigation activities, the increase in financial viability through carbon credit revenues, [and the financial viability with carbon credits], or require activity participants to provide such information.
19. Section 5 below sets out further requirements how and under what conditions the approaches may be used.

4.2. Application of the approaches at different levels

20. The approaches set out in section 4.1 may be applied at the following levels:

- (a) **Mechanism methodology:** The proponent of a mechanism methodology may demonstrate that one or several of the approaches referred to in section 4.1 are satisfied for all, or a subset of, the mitigation activities that are eligible under the methodology. The methodology may specify applicability criteria or conditions under which the approach is deemed to be satisfied (e.g. if the mitigation activity is implemented in a particular region, if the capacity of the installed plant does not exceed a certain threshold or if the market penetration is below a certain threshold in the relevant geographical region). The mechanism methodology may then state that the approach is deemed to be satisfied for the relevant mitigation activities, as long as the applicability criteria or conditions specified in the methodology are satisfied. The proponent shall provide documented evidence and justifications in the methodology. The mechanism methodology may need to be regularly revised to update the underlying analysis. The mechanism methodology shall specify the duration of its validity;

Box 1. Example of a financial viability analysis applied at the level of the mechanism methodology

Mitigation activities abating nitrous oxide (N₂O) emissions from nitric acid production

The mechanism methodology proponent may demonstrate that abatement of N₂O emissions from nitric acid production through secondary catalysts does not generate any revenues but involves costs. The proponent may further demonstrate that carbon credits can fully cover the costs for installing secondary catalysts and thus be decisive for the implementation of secondary catalysts. The mechanism methodology proponents may conclude that the abatement of N₂O emissions through secondary catalysts satisfies the requirements of the financial viability analysis for all projects.

- (b) **Mitigation activity:** The proponent of a mechanism methodology may specify in the methodology an approach that is applied by each individual mitigation activity. For example, a methodology may prescribe an investment comparison analysis that must be applied by all mitigation activities to assess financial attractiveness, using an approved tool;
- (c) **Standardized baseline:** The proponents of a mechanism methodology shall specify in the methodology which approaches, parameters or conditions may or shall be demonstrated through the development of a standardized baseline.
21. The approaches referred to in paragraph 20 above shall be applied at the following levels:
- (a) Regulatory analysis shall be implemented at the level of the mitigation activity or through a standardized baseline;
- (b) Analysis of lock-in risk, financial viability analysis, common practice analysis and performance analysis may be implemented at any of the three levels referred to in paragraph 20 above;
- (c) Barrier analysis shall preferably be implemented at the level of the mechanism methodology or through a standardized baseline. Where it is proposed to be applied at the level of the mitigation activity, appropriate explanation and

justification shall be provided why demonstration at the level of mechanism methodology or through a standardized baseline is not appropriate.

22. Mechanism methodologies may apply different approaches at different levels. For example, a mechanism methodology could include a combination of the following approaches: a project-specific regulatory analysis, a project-specific financial viability assessment, and an analysis of lock-in risk and common practice at the level of the mechanism methodology.
23. Mechanism methodologies should preferably include approaches that are applied at the level of mechanism methodologies or standardized baselines, where appropriate in the context of the technology or practice.

5. Requirements for specific approaches

5.1. Regulatory analysis

24. Mechanism methodologies shall include provisions to demonstrate that the emission reductions or removals caused by the mitigation activity would not occur as a result of any [enforced] legal requirements.
25. The analysis shall confirm that legal requirements do not:
 - (a) Directly require the implementation of the mitigation activity (e.g., a regulation requires capture of landfill gas);
 - (b) Prevent alternative scenarios to the mitigation activity, including the baseline scenario, and thereby indirectly cause the implementation of the mitigation activity (e.g., a regulation establishing air pollution requirements for landfill sites that cannot be met without capturing the landfill gas);
 - (c) [Trigger the achievement of the same amount of emission reductions or removals in the absence of the mitigation activity, through laws or regulation that require the achievement of quantitative targets (e.g. the establishment of an emissions trading system that caps the emission sources that are reduced due to the implementation of the mitigation activity).

Box 2. Consideration of additionality in the context of laws and regulations to achieve quantitative targets

Laws and regulations to achieve renewable electricity capacity targets through competitive bidding processes

Some countries have established competitive bidding processes to achieve quantitative targets for installing renewable electricity capacity. Where a renewable electricity generation project participates in such processes and would register as an Article 6.4 mechanism project, it might be able to bid a lower price due to the expected incentives from the mechanism. In the absence of these incentives, the project might have to offer a higher price and might not win the bid. The specific mitigation activity might thus not be implemented in the absence of the incentives from the mechanism. However, the emission reductions might also occur without the mechanism if another project would win the bid instead of the registered Article 6.4 project. These issues may be further considered in mechanism methodologies or relevant tools.]

26. The analysis shall be based on authoritative, credible, and up-to-date evidence and be justified.
27. *Option 1:* All legal requirements shall be deemed to be enforced.
28. *Option 2:* For [high-income countries] [countries other than LDCs and SIDS], all legal requirements shall be deemed to be enforced. For other countries, legal requirements shall only be deemed to be unenforced if
- (a) Non-enforcement is widespread (i.e. more than 50%) and documented through credible, authoritative and up-to-date evidence; and
 - (b) [Non-enforcement persists no longer than X years after the entry into force of the relevant legal requirements [, except for LDCs]].
- {End of Option 2}
29. The mechanism methodology shall specify the appropriate frequency for updating the analysis, taking into account the context of the mitigation activity, as follows:
- (a) Where the analysis is applied to a specific mitigation activity, as referred to in paragraph 20(b) above, the analysis shall be conducted [*Option 1:* at each verification of emission reductions or removals] [*Option 2:* at the latest at each renewal of the crediting period];
 - (b) Where the analysis is applied through a standardized baseline, as referred to in paragraph 20(c) above, the mechanism methodology shall specify for how long the standardized baseline may be valid (i.e. by when the standardized baseline would need to be updated to confirm that the conclusion of the analysis is still valid).

5.2. Avoiding lock in

30. Mechanism methodologies shall ensure that eligible mitigation activities:
- (a) Do not lead to the adoption or the prolongation of the lifetime of technologies or practices that are incompatible with achieving [global net zero emissions by mid-century, taking into account different national circumstances by countries][the long-term goals of the Paris Agreement];
 - (b) Are consistent with the host country's long-term low-emission development strategy (where the host country has submitted one);
 - (c) For technologies or practices with a long lifetime, rely on a technology or practice that is among those within the lowest greenhouse gas intensity in the relevant region taking into account the lifetime of the technology or practice;
 - (d) Do not involve a technology or practice that constitutes an inefficient use of a resource that is important for mitigating climate change or achieving other policy objectives.

Box 3. Example of lock-in risks**New fossil fuel-based plants**

A new fossil fuel-based plant which, while using an efficient technology among various available technologies using the same fuel, may nevertheless prevent installation of a less or zero emitting technology for the duration of the lifetime of the plant.

31. Mechanism methodologies shall either include a procedure that mitigation activity proponents shall apply to demonstrate the above requirements or provide appropriate justification that all mitigation activities eligible under the mechanism methodology meet the above requirements.

5.3. Financial viability analysis

32. The following type of financial viability analyses may be used:
- (a) **Simple cost analysis:** Demonstration that the implementation of the mitigation activity without carbon credit revenues is associated with costs and does not generate any revenues or cost savings;
 - (b) **Benchmark analysis:** Comparison of the financial attractiveness of the mitigation activity without carbon credit revenues with a financial benchmark; or
 - (c) **Investment comparison analysis:** Comparison of the financial attractiveness of the mitigation activity without carbon credit revenues with alternative options.
33. The type of analysis applied shall be suitable for the context of the mitigation activity. For example, where mitigation activity proponents commonly face different alternative investment options, the investment comparison analysis is most suitable. The proponents of a mechanism methodology shall justify the choice of analysis.
34. Where the analysis is applied at the level of the mechanism methodologies or as part of a standardized baseline, as referred to in paragraph 20(a) and 20(c) above, the analysis shall be based on data and information that is representative for the mitigation activities that are eligible under the methodology, reflecting any important variations among activities, such as the geographical region, the plant size, or variations in the technology. The analysis may be supported by information from the literature or data from a sample of activities.
35. Where the analysis is applied to a specific mitigation activity, as referred to in paragraph 20(b) above, the mechanism methodology shall specify which of the analyses shall be used by the mitigation activity proponents. The mechanism methodology or tool shall set out a detailed procedure on how the analysis shall be conducted.

5.3.1. General requirements for conducting the financial viability analysis

36. The analysis shall include all relevant costs, including capital expenditure (CAPEX) and operational expenditure (OPEX), barriers that can be monetized and quantified as an additional cost, and all revenues and cost savings, including any subsidies, where applicable. The assumptions, data and conclusions in the investment analysis shall be:
- (a) Transparently documented;
 - (b) Appropriately justified and substantiated by evidence; and

- (c) Consistent with information presented to the company's decision-making management and investors/lenders.

- 37. All parameters and assumptions used in the analysis shall be internally consistent. For example, cash flows shall be expressed in either real or nominal terms consistently and be determined consistent with the financial indicator used.
- 38. The analysis shall be implemented in a conservative manner. To ensure conservativeness, the analysis shall include a sensitivity analysis to demonstrate that the conclusion of the analysis is robust to reasonable variations in the critical parameters and assumptions, including CAPEX, OPEX, revenues and cost savings, as applicable.

5.3.2. Requirements applicable to benchmark analysis and investment comparison analysis

- 39. The mechanism methodology shall require the use of a suitable financial indicator, such as the net present value or internal rate of return.
- 40. The period of assessment shall reflect the period of expected operation of the underlying mitigation activity, or a minimum period of at least ten years, and include the residual value of the assets at the end of the assessment period.

5.3.3. Requirements applicable to benchmark analysis

- 41. The financial benchmark used shall be consistent with the weighted average cost of capital (or the cost of equity, as applicable) that is commonly applicable to the country, sector and type of mitigation activity. The financial benchmarks shall be determined in a conservative manner.
- 42. Additionality is demonstrated if the analysis shows that:
 - (a) The mitigation activity would not meet the required financial benchmark without carbon credits revenues;
 - (b) The financial performance of the mitigation activity increases decisively through carbon credit revenues; and
 - (c) [Carbon credit revenues can raise the financial performance at or above the required financial benchmark.]

5.3.4. Requirements applicable to investment comparison analysis

- 43. In most sectors (e.g. energy, industry, waste), the alternative scenarios considered shall provide the same type and level of products or service as the mitigation activity. This requirement does not apply to all mitigation activities in the AFOLU sector.
- 44. Additionality is demonstrated if the analysis shows that:
 - (a) The mitigation activity would not be the financially most attractive scenario in absence of carbon credits;
 - (b) The financial performance of the mitigation activity increases decisively through carbon credit revenues; and

- (c) [Carbon credit revenues make the mitigation activity the financially most attractive scenario.]

5.4. Common practice analysis

45. Mechanism methodologies shall include provisions to demonstrate that eligible mitigation activities are not common practice. This shall include:
- (a) An appropriate definition of a suitable indicator to assess common practice based on the recent uptake or existing stock or diffusion of technologies, services or practices in relation to a realistic maximum market size or potential, taking into account any constraints for the uptake of the relevant technology, service, or practice;
 - (b) A definition of the appropriate geographical boundary for assessing common practice for the type of technology, service or practice, taking into account relevant market boundaries, where applicable; and
 - (c) The specification of an appropriately conservative threshold that may not be surpassed for the mitigation activity to be deemed additional.

5.5. Barrier analysis

5.5.1. Applicability

46. The barrier analysis may be applied for mitigation activities that:
- (a) Are implemented at individual households (e.g. distribution of efficient cookstoves) or at small public or private entities (e.g. schools, small commercial enterprises, etc); and
 - (b) [Involve investments below USD #];
 - (c) [Estimated emission reduction or removal enhancement below # tCO₂/year]
47. Other cases for the application of the barrier analysis may be proposed by mechanism methodology proponents with due justification and demonstration of such barriers.

5.5.2. Requirements for conducting the barrier analysis

48. The following barriers may be considered:
- (a) Institutional barriers (e.g. the investor not being the beneficiary of cost savings associated with the investment);
 - (b) Information barriers (e.g. lack of awareness in households of the lifecycle costs of energy efficient appliances);
 - (c) Financial barriers (e.g. lack of access to loans by rural households).
49. Investment barriers (e.g. high interest rates for loans due to high perceived country risks) and other relevant barriers shall be considered as part of a financial viability analysis.

50. The barrier analysis shall:
- (a) Identify and describe relevant barriers faced by the mechanism activity;
 - (b) Demonstrate that the barriers prevent the mitigation activity from being implemented without the incentives from the mechanism;
 - (c) Demonstrate that there are no other programs or incentives, such as subsidies, that would on their own incentivize the mitigation activity;
 - (d) Demonstrate that the incentives from the mechanism are the decisive element in overcoming the identified barriers (e.g. that the income from carbon credits can overcome the barriers);
 - (e) Demonstrate that at least one plausible alternative to the mitigation activity does not face significant barriers, including the barrier faced by the mitigation activities.
51. The barrier analysis shall be supported by credible evidence. Such evidence may include independent studies, publicly available surveys, relevant verifiable market data, or data from national or international statistics but shall not include anecdotal evidence. The evidence shall be interpreted in a conservative manner (e.g. that it is unlikely that the effect of the barrier is overestimated).

5.6. Performance-based approaches

5.6.1. Applicability

52. A performance-based approach may be applied to types of mitigation activities where all of the following applies:
- (a) The type of mitigation activity involves the production of a highly homogeneous product or the provision of a highly standardized service (e.g. electricity);
 - (b) The performance of the type of mitigation activity can be defined through a suitable indicator;
 - (c) Mitigation activities with a better performance in respect to the indicator have a higher likelihood of additionality and the indicator is a good proxy for the likelihood of additionality for the type of mitigation activity;
 - (d) Data is available or can be collected on the performance of mitigation activities with respect to the indicator, and the data is:
 - (i) Sufficiently recent, especially in dynamic technological environments;
 - (ii) Sufficiently disaggregated, taking into differences in relevant technologies, geographical or climate conditions, and the political, economic and social environment; and
 - (iii) Sufficiently reliable and accurate;
 - (iv) Verifiable.

5.6.2. Requirements for conducting performance-based approaches

53. Mechanism methodologies shall define a suitable indicator and a threshold for the performance-based approach. The indicator shall be a good proxy for the likelihood for additionality. The threshold shall be defined such that the mitigation activity is deemed additional if the indicator passes the threshold (passing may mean being above or below the threshold, depending on the type of indicator).
54. Mechanism methodologies shall demonstrate that it is very unlikely that the threshold is exceeded by a mitigation activity due to other influencing factors that are unrelated to the mitigation activity (e.g. interannual variations in climatic conditions).
55. Where an indicator is defined as greenhouse gas emissions per production or service, it may also be used for determining baseline emissions, as long as the requirements in the “Standard for baseline setting” are fulfilled.

Document information

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