ARTICLE 6.4 MECHANISM

A6.4-SBM018-A15

Methodological tool

Common practice analysis

Version 01.0

United Nations
Framework Convention on
Climate Change

TABLE OF CONTENTS **Page**

1. Introduction

1.1. Scope

1. This methodological tool provides requirements and a step-by-step procedure for conducting a common practice analysis under the mechanism established by Article 6, paragraph 4, of the Paris Agreement (the Article 6.4 mechanism). It provides requirements to activity participants in evaluating the prevalence of a proposed technology, measure, or practice within the relevant sector and applicable geographical area as part of the additionality assessment. It also lays down the key elements that mechanism methodologies shall include to ensure consistent and transparent application of the methodological tool by the activity participants.

2. Section 6 of this methodological tool provides a stepwise approach for common practice to be applied by activity participants.

3. Section 7 of this methodological tool provides detailed requirements for methodology proponents on defining and/or prescribing key parameters for the common practice analysis. Methodology proponents should consult Section 7 to (a) specify the elements in paragraph 13 below; and (b) provide clear instructions to activity participants on the application of the methodological tool. Embedding such provisions within the methodology will ensure consistent, transparent application of the methodological tool across all Article 6.4 activities.

1.2. Entry into force and validity

4. This methodological tool enters into force on 10 October 2025.

5. The methodological tool remains valid for five years, until 9 October 2030. The methodological tool may be revised or withdrawn in accordance with the procedure "Development, revision and clarification of methodologies and methodological tools" (A6.4-PROC-METH-001)[1]. In such cases, a grace period shall apply as specified in the aforementioned procedure.

2. Definitions

2.1. General Terms

6. This methodological tool uses the following definitions of general terms:

   (a) "**Shall**" is used to indicate requirements that must be followed;

   (b) "**Should**" is used to indicate that, among several options, one course of action is recommended as particularly suitable;

   (c) **"May"** is used to indicate what is permitted;

[1] Available at: https://unfccc.int/sites/default/files/resource/A6.4-PROC-METH-001.pdf.

2.2. Mechanism methodology terms

7. This methodological tool uses the following definitions of the methodology terms:

(a) **Applicable geographical area**: The area over which the prevalence or diffusion of a technology, measure or practice is assessed in the context of common practice analysis. It defines the spatial boundary within which comparable activities under Approach A or the target market size under Approach B are identified;

(b) **Applicable capacity/output range**: The range of capacity or output considered (if applicable) for identifying comparable activities under Approach A or the target market size under Approach B;

(c) **Common practice factor (*F*)**: A unitless quantitative ratio that expresses the degree to which a technology, measure or practice is prevalent or has diffused in the applicable geographical area. Under Approach A, this corresponds to the share of similar activities among all identified comparable activities. Under Approach B, this corresponds to the market penetration;

(d) **Common practice threshold (F_{max})**: The threshold value which is compared with the common practice factor for determining whether a technology, measure or practice is considered common practice;

(e) **Comparable activity**: An activity in the applicable geographical area that delivers the same output and provides the same level of service as the proposed Article 6.4 activity and has a capacity or output that is within the applicable range (if considered relevant);

(f) **Different activity**: A comparable activity under Approach A that differs by at least one attribute from the technology, measure or practice of the proposed Article 6.4 activity (e.g., the energy source, feedstock type). A 'different' activity shall be mutually exclusive to a 'similar' activity;

(g) **Indicator of common practice**: A quantitative metric, expressed either as the number of units or as capacity/output, used to assess common practice;

(h) **Level of service**: The quality, reliability and scale of an output provided by an Article 6.4 activity and/or in the baseline scenario;

(i) **Market penetration**: This term is used under Approach B and corresponds to the diffusion of a specific technology, measure or practice in relation to the target market size, expressed either over a specified period (e.g., share of monthly or annual sales in the target market) or at a specific point in time (e.g., the cumulative share of functional equipment installed at the time of the analysis or at the end of a calendar year in the target market);

(j) **Methodology proponent**: An entity (such as an activity participant, designated operational entity, research institution, or other recognized stakeholder) that develops, submits, or revises a methodology for consideration under the Article 6.4 mechanism. Methodology proponents are responsible for ensuring that the proposed methodology complies with applicable requirements, provides sufficient justification and documentation, and incorporates revisions as requested by the Supervisory Body.

(k) **Output**: Each good or service[2] provided by the Article 6.4 activity and/or in the baseline scenario, as specified in the mechanism methodology;

(l) **Similar activity**: An activity that employs the same technology, measure or practice as the proposed Article 6.4 activity and has all relevant attributes in common with the proposed Article 6.4 activity, as further defined in the mechanism methodology referring to this methodological tool. Under Approach A, a 'similar activity' is a subset of the comparable activities and shall be mutually exclusive to a 'different activity';

(m) **Target market size**: This term is used under Approach B and represents the potential size of the market for a specific technology, measure or practice in the total market in the applicable geographical area, taking into consideration potential constraints to its adoption;

(n) **Technology/measure/practice**: In the context of this methodological tool, these terms encompass the full spectrum of mitigation interventions that can be implemented as a proposed Article 6.4 activity, as follows;

(o) **Technology**: This refers to the application of hardware, software or technical processes, such as solar PV systems, carbon-capture units, direct air capture systems, pyrolysis reactors or advanced heat-recovery methods, that directly reduce emissions and/or increase removals;

(p) **Measure**: This denotes engineered or operational interventions, such as fuel switching from coal to natural gas, installation of energy-management systems, afforestation/reforestation;

(q) **Practice**: This covers routine procedural or behavioural approaches, such as scheduled maintenance protocols, operator training for efficient equipment use, leak-detection and repair programs, or sustainable land-management practices;

(r) **Total market**: This term is used under Approach B and refers to the total population or capacity of a technology, measure or practice (e.g. all end users, all vehicles) in the applicable geographical area.

8. Further definitions from the "Article 6.4 Glossary of Terms," once adopted by the Supervisory Body, shall also apply to this methodological tool.

3. Applicability

9. This methodological tool is applicable to Article 6.4 activities that involve emission reductions and/or net removals where its use is explicitly referenced in the applicable mechanism methodology.

10. The methodological tool may only be used if recent data on common practice is available as further elaborated in paragraph 21 below.

11. This methodological tool is applicable to Article 6.4 activities implemented at the project level. The methodological tool may be amended in the future to also cover activities implemented at other scales (e.g. programmes of activities, policies, sectoral approaches, etc.).

[2] For example electricity, cooking energy, municipal waste management, etc.

12. This methodological tool may be used by mechanism methodologies related to both emission reductions and net removals.

13. Mechanism methodologies intending to use this methodological tool shall include a reference to this methodological tool within the mechanism methodology and shall specify:

    (a) Which of the following two Approaches shall be used by the activity participants to conduct the common practice analysis, as further elaborated in paragraph 21 and section 7.1 below:

        (i) Approach A: which is based on the identification of existing "comparable activities" and differentiation between 'similar' and 'different' activities and is generally suited for discrete, large-scale activities; or

        (ii) Approach B: which is based on the determination of a 'target market size' and the 'market penetration' of the relevant technology, measure or practice and is generally suited for highly distributed small-scale technologies and practices.

14. For both Approaches A and B, the mechanism methodology shall specify the following:

    (a) Whether the indicator of common practice to be used by activity participants when conducting the common practice analysis is:

        (i) Count-based (i.e., based on the number of units); or

        (ii) Capacity/output-based (e.g., based on kilowatt hours of electricity produced or megawatt of capacity installed).

    (b) Whether a stock-based approach (e.g., considering all installed plants to date, or all operational devices to date) or a time-bound approach (e.g., assessing uptake or sales within a defined recent period) is used to assess common practice. If a time-bound approach is selected, the mechanism methodology shall clearly define the applicable reference period (e.g., the most recent three years) to be used for assessing common practice;

    (c) How the applicable geographical area for the common practice analysis shall be determined by activity participants (e.g., global, host country, or sub-national jurisdiction);

    (d) Whether the scale of output or capacity of the technology, measure, or practice shall be considered for identifying comparable activities under Approach A, or for determining target market size under Approach B and, if so, the mechanism methodology shall specify the output or capacity range to be applied on such cases, or provide clear guidance for how activity participants shall determine such a range and the appropriate justification;

    (e) What common practice threshold shall be applied to assess whether a technology, measure or practice is considered common practice;

    (f) Which activities other than the Article 6.4 activity shall be considered comparable to the Article 6.4 activity under Approach A and, within this cohort of comparable activities, which activities shall be considered similar to the Article 6.4 activity and which activities shall be considered different from the Article 6.4 activity (see

definitions above), including relevant parameters for such differentiation, in line with the requirements and guidance provided in this methodological tool;

(g) How, in the case of Approach B, the market penetration of a given technology, measure or practice and the target market size shall be determined, as further outlined in section 7.6. below.

15. Mechanism methodologies may specify additional provisions for the application of this methodological tool in relation to the mitigation activity types they cover. These may include sector-specific parameters, methodological considerations, or data requirements relevant to conducting the common practice analysis.

16. Where the mechanism methodology referring to this methodological tool specifies approaches for conducting the common practice analysis that differ from those described in this methodological tool, the requirements contained in the mechanism methodology shall take precedence.

4. Normative references

17. The following documents are indispensable for the application of this methodological tool. When applying this methodological tool, the most recent versions of the documents listed below shall be used:

(a) "Standard: Demonstration of additionality in mechanism methodologies" (A6.4-STAN-METH-003);[3]

(b) "Standard: Article 6.4 Activity Standard for projects" (A6.4-STAN-AC-002).[4]

5. General principles and requirements

5.1. Principles

18. The general principles described in the most recent version of the "Standard: Demonstration of additionality in mechanism methodologies" shall apply to this methodological tool.

5.2. General requirements

19. Activity participants shall use the most recent available data to conduct the common practice analysis. The data shall not be older than three years prior to submission of the project design document (PDD) for global stakeholder consultation. However, land-use activities that typically require assessments over a longer period may use older data to be determined in mechanism methodologies.

6. Stepwise approach for common practice analysis

20. Activity participants shall follow the stepwise procedure set out hereunder to assess common practice, using the Approach A or B, the indicator of common practice (count-

[3] Available at https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-003.pdf.

[4] Available at: https://unfccc.int/sites/default/files/resource/A6.4-STAN-AC-002.pdf.

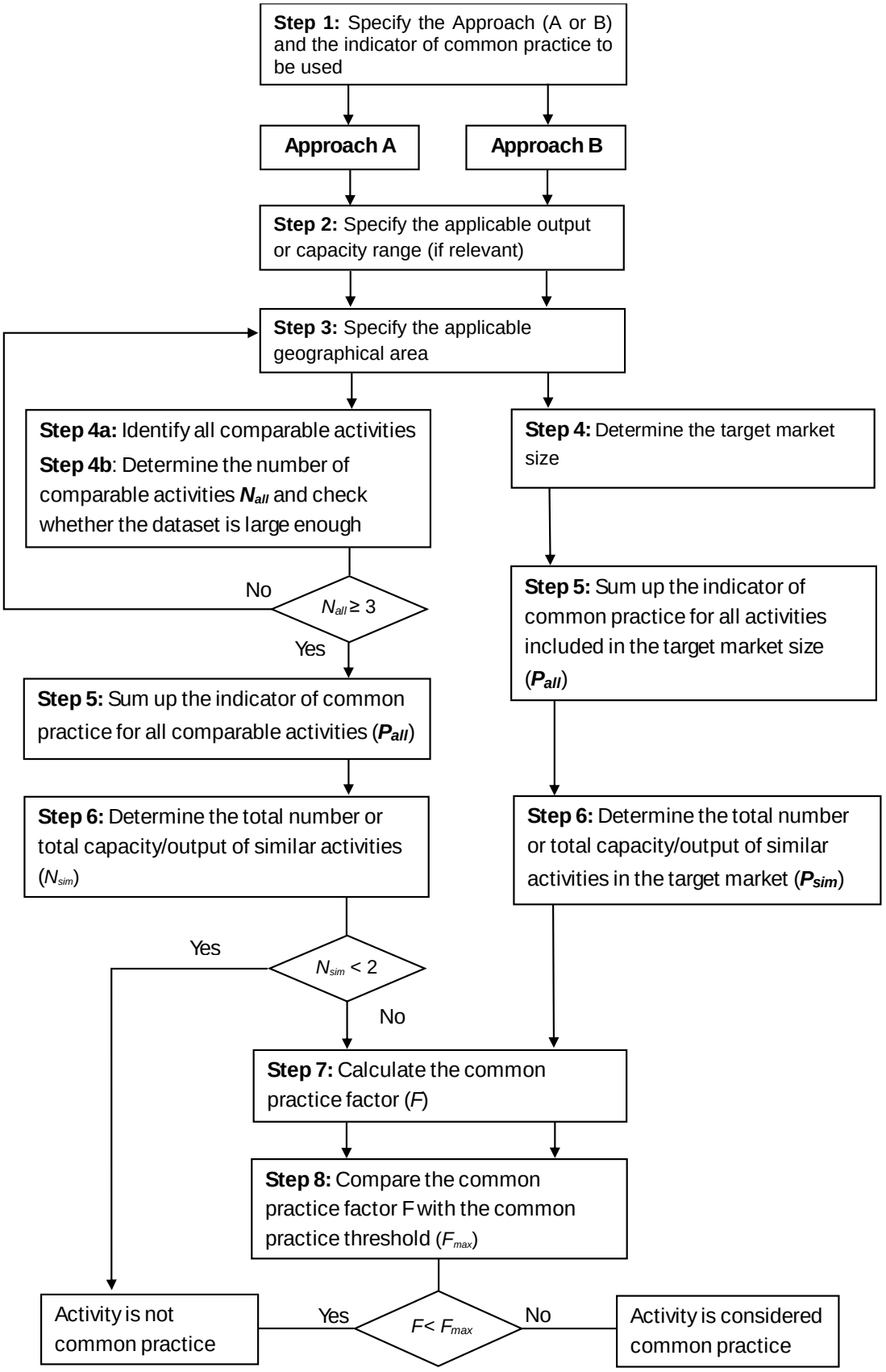
based or capacity/output-based), the common practice threshold, and other specifications prescribed in the applicable mechanism methodology.

21. The methodological tool defines two overarching approaches for assessing common practice. Each approach may use either a count-based indicator (e.g., the number of units) or a capacity/output-based indicator (e.g., installed capacity or production volume):

    (a) **Approach A**: This approach relies on identifying existing '*comparable activities'* and distinguishing between '*similar'* and '*different'* activities. It involves analysing It involves analysing whether activities similar to the proposed Article 6.4 activity are widely implemented under similar conditions; or

    (b) **Approach B:** This approach involves determining the size of the target market and quantifying the market penetration of the proposed technology, measure, or practice. The analysis assesses whether the uptake within the relevant market exceeds the threshold for being considered common practice.

Figure 1. Flowchart of the common practice analysis steps



6.1. Step 1: Specify the Approach (A or B) and the indicator of common practice to be used

22. Specify the approach to be used (either Approach A or Approach B) and the indicator to be used to assess common practice, as prescribed by the applicable mechanism methodology in accordance with the provisions in section 7.1 and 7.2 below.

6.2. Step 2: If relevant, specify the applicable output or capacity range

23. Where output or capacity scale is considered a relevant parameter in the analysis, as determined by the applicable mechanism methodology, specify the applicable output or capacity range, as prescribed by the applicable mechanism methodology.

6.3. Step 3: Specify the applicable geographical area

24. Specify the applicable geographical area in accordance with the provisions of the applicable methodology, providing the rationale and justification for its selection

6.4. Step 4: Identify all comparable activities (for Approach A) or the target market size (for Approach B)

6.4.1. Approach A – Identify all comparable activities and determine the total number of comparable activities and check whether the dataset is large enough

6.4.1.1. Step 4a – Identify all comparable activities

25. In accordance with the provisions of the applicable mechanism methodology on the identification of 'comparable activities', identify all comparable activities that:

    (a) Are located within the applicable geographical area;

    (b) Fit the specified output or capacity range, where applicable;

    (c) Deliver the same output as the proposed Article 6.4 activity; and

    (d) Employ the same or comparable technology principle (e.g. the same feedstock or conversion process);

    (e) Began commercial operation before the earlier of:

        (i) The publication date of the PDD for global stakeholder consultation; or

        (ii) The documented start date of the proposed Article 6.4 activity, defined as the date when implementation or construction begins in accordance with the *"*Standard: Article 6.4 activity standard for projects*"*; and

    (f) Meet any additional comparability conditions as defined by the mechanism methodology.

26. Furthermore, activity participants may exclude comparable registered A6.4 activities as follows:

    (a) Activities that are associated with costs and do not generate any cost savings or revenues other than from A6.4ERs may always be excluded, without any time-bound restrictions;

(b) Activities other than those referred to in sub-paragraph (a) above may only be excluded if the date of registration was within five years before the earlier of:

(i) The publication date of the PDD for global stakeholder consultation; or

(ii) The documented start date of the proposed activity, defined as the date when implementation or construction begins in accordance with the "Standard: Article 6.4 activity standard for projects".

6.4.1.2. Step 4b - Determine the total number of comparable activities and check whether the dataset is large enough

27. To proceed with the common practice analysis, the total number of comparable activities (N_{all}) shall be at least 3 (i.e., $N_{all} \geq 3$), regardless of whether the number of units or a capacity/output-based indicator of common practice is used.

28. If fewer than three comparable activities are identified, the dataset is insufficient to conduct a robust common practice analysis and the applicable geographical area of the assessment shall be widened with appropriate justification and Steps 3 to 5 shall be repeated until at least 3 comparable activities can be identified (i.e., $N_{all} \geq 3$).

6.4.2. Approach B - Determine the target market size

29. In accordance with the provisions of the applicable mechanism methodology on determining the target market size, compile data on what constitutes the target market size within the applicable geographical area.

6.5. Step 5: Sum up the indicator of common practice for all comparable activities (for Approach A) or for all activities included in the target market size (for Approach B)

6.5.1. Approach A – Sum up the indicator of common practice for all comparable activities

30. Calculate the value of the indicator of common practice for the sum of all comparable activities (P_{all}), depending on the selected indicator, as follows:

(a) For a count-based indicator:

$$P_{all} = N_{all} \quad \text{Equation (1)}$$

(b) For a capacity/output-based indicator:

$$P_{all} = \sum P_i \quad \text{Equation (2)}$$

Where:

P_{all}	=	Number or capacity/output for the total number of activities included in the common practice analysis
N_{all}	=	Total number of activities included in the common practice analysis
P_i	=	Capacity/output of activity *i* included in the common practice analysis
i	=	Comparable activities under the common practice analysis

6.5.2. Approach B – Sum up the indicator of common practice for all activities included in the target market size

31. Calculate the value of the indicator of common practice for all activities included in the target market size P_{all}, in accordance with the requirements set out in the applicable mechanism methodology. The value P_{all} shall be determined for either the total stock of activities or the activities within the defined reference period, as specified in the applied mechanism methodology. Depending on the indicator, this may reflect:

    (a) The total number of units in the target market; or

    (b) The total installed capacity/output of the units in the target market.

32. Clearly document the data sources, calculations, and assumptions used to derive P_{all}.

6.6. Step 6: Determine the total number or total capacity/output of similar activities (applicable to both Approaches A and B)

6.6.1. Approach A – Determine the total number or total capacity/output of similar activities

33. Within the set of comparable activities *i* identified in Step 4, identify those that are similar, following the specifications of the applicable mechanism methodology.

34. Depending on the applicable indicator for common practice analysis, calculate the value of the indicator of common practice for the sum of similar activities P_{sim} as follows:

    (a) For a count-based indicator:

    (b) Determine the total number of similar activities N_{sim}

    (c) Determine:

$$P_{sim} = N_{sim} \quad \text{Equation (3)}$$

    (d) For a capacity/output-based indicator:

$$P_{sim} = \sum P_{sim.i} \quad \text{Equation (4)}$$

    Where:

P_{sim}	=	Total number (Equation 3) or total capacity/output (Equation 4) of all similar activities
N_{sim}	=	Total number of similar activities
$P_{sim,i}$	=	Capacity/output of a similar activity *i*
i	=	Similar activity *i* identified in the analysis

35. If $N_{sim} < 2$, then the Article 6.4 activity is not common practice.

6.6.2. Approach B – Determine the total number or total capacity/output of similar activities in the target market

36. Calculate the total number or total capacity/output of similar activities in the target market (P_{sim}) in accordance with the applicable mechanism methodology. Depending on the selected indicator, this may reflect the total sales, stock, installed capacity/output, or number of units using a similar technology, measure or practice as implemented under the proposed Article 6.4 activity.

6.7. Step 7: Calculate the common practice factor (*F*)

37. Calculate the common practice factor (*F*), which represents the extent of prevalence of the proposed Article 6.4 activity technology, measure or practice within the applicable geographical area.

6.7.1. Approach A – Calculate the common practice factor (*F*)

38. Calculate F as the ratio of the total indicator value of similar activities (P_{sim}) to the total indicator value of all comparable activities (P_{all}):

$$F = \frac{P_{sim}}{P_{all}} \quad \text{Equation (5)}$$

6.7.2. Approach B – Calculate the common practice factor (*F*)

39. Calculate F as the market share of the proposed technology, measure, or practice within the target market, as follows:

$$F = \frac{P_{sim}}{P_{all}} \quad \text{Equation (6)}$$

6.8. Step 8: Compare the common practice factor *F* with the common practice threshold (applicable to both Approaches A and B)

40. Compare the value of the common practice factor *F* to the common practice threshold (F_{max}) specified in the applicable mechanism methodology.

41. If $F \geq Fmax$, then the proposed Article 6.4 activity shall be considered common practice and is therefore not additional. If $F < F_{max}$, then the proposed Article 6.4 activity is “not common practice”.

7. Requirements for mechanism methodologies on defining parameters and guiding activity participants on the application of the common practice analysis

42. This section is primarily intended to guide methodology proponents in specifying clear, consistent, and transparent provisions that activity participants shall follow when applying this methodological tool, addressing the matters set out in paragraph 13 above activity participants may also refer to this section if they find any of the provisions useful in supporting the application of the Steps contained in this methodological tool.

7.1. Selection between Approach A and Approach B

43. Methodology proponents shall specify whether Approach A (comparable activities) or Approach B (market penetration) is to be applied by activity participants when conducting the common practice analysis.

44. Where, for a given applicable mechanism methodology, either Approach A or Approach B could reasonably be applied depending on the specific circumstances, the mechanism methodology shall provide clear guidance to activity participants on: (i) the criteria for choosing between the two approaches; and (ii) the justification that activity participants must provide for the chosen approach.

45. The choice of approach may be based on the following considerations.

7.1.1. Data availability and quality

46. Approach A is preferable when reliable data on individual comparable activities (including their start dates, scale, and technical attributes) are available in the applicable geographical area.

47. Approach B is preferable when aggregated market data (e.g., annual sales, cumulative stock, total capacity installed) are readily available and reliable, but detailed information on individual activities is limited or inconsistent.

7.1.2. Nature of the technology, measure or practice

48. Approach A is well-suited for discrete, large-scale activities (e.g., power plants, industrial facilities), where the number of installations is relatively limited and detailed project-level information can be obtained.

49. Approach B is well-suited for highly distributed or small-scale technologies and practices (e.g., household devices, cookstoves, solar home systems), where the market is more appropriately assessed in terms of penetration rates within the total potential market.

7.1.3. Sectoral and contextual characteristics

50. Approach A is more appropriate in sectors with heterogeneous technologies, where distinguishing between similar and different activities is critical to ensure a robust analysis (e.g., multiple feedstocks or technology types in renewable energy generation).

51. Approach B is more appropriate in sectors where a clearly defined target market exists, and the diffusion of a technology can be reliably measured against that potential market (e.g., appliances, vehicles, distributed energy systems).

7.2. Defining the indicator of common practice

52. Methodology proponents shall specify the indicator of common practice to be applied in the analysis. The methodology shall clearly indicate whether a count-based indicator (e.g., the number of installations, projects, or units implemented) or a capacity/output-based indicator (e.g., installed capacity, production level, or service volume) shall be used. Where a capacity/output-based indicator is used, the mechanism methodology shall either specify the metric (e.g. MW of installed capacity) or shall include a procedure for the selection of the metric by the activity participants.

53. Where the mechanism methodology provides flexibility to activity participants in selecting the indicator type, it shall provide clear criteria and the rationale to be applied by activity

participants when choosing between a count-based and a capacity/output-based indicator. Such criteria may be based on the nature of the technology, measure, or practice; the availability and quality of data; and the degree to which the indicator reliably reflects the prevalence of the activity within the defined geographical area.

54. Where the mechanism methodology provides flexibility to activity participants in selecting the metric of a capacity/output-based indicator, it shall provide clear criteria and the rationale to be applied by activity participants when choosing the metric and shall require activity participants to justify that the metric is appropriate and consistent with the methodological requirements and objectives of the common practice analysis.

55. Where relevant, the mechanism methodology may further define additional parameters or specifications related to the indicator of common practice, including eligible data sources or any specific assumptions to be applied.

7.3. Determining the applicable capacity/output range

56. Methodology proponents shall indicate if the output or capacity is relevant for the common practice analysis and, if so, specify the applicable output or capacity range. Where the mechanism methodology provides flexibility to activity participants in selecting the capacity or output range, the mechanism methodology shall include provisions on how activity participants shall determine and justify the capacity or output range.

7.4. Identification of the applicable geographical area

57. Methodology proponents shall define how activity participants are to identify the applicable geographical area for the analysis. The mechanism methodology shall specify the most appropriate level for the applicable geographical area (e.g. global, host country, sub-national jurisdiction) based on relevant factors, such as trade patterns in the relevant geographical area and differences in policy frameworks, infrastructure, socio-economic conditions, or other contextual parameters, and justify the choice. If the applicable geographical area is different from the geographical reference area used to determine the baseline geographical reference area, this difference shall be justified.

7.5. Identifying comparable activities and distinguishing between similar and different activities (Approach A)

58. Mechanism methodologies using Approach A shall specify clear criteria to identify comparable activities and to distinguish between similar and different activities.

59. To define comparable activities, the mechanism methodology may specify further conditions than those specified in Section 6.4 above. This may also include different criteria for least developed countries (LDCs) and small island developing states (SIDS), where appropriate.

60. To distinguish between similar and different activities within the group of comparable activities, the mechanism methodology shall define factors and attributes that differ between similar and different activities. These factors and attributes may not only include technical considerations but also the broader circumstances under which the activities are implemented. These factors and attributes may include but are not limited to:

    (a) Energy source or fuel (e.g., primary energy source or comparable fuels);

    (b) Feedstock characteristics (e.g., type of feedstocks used to produce a biofuel);

(c) Market and policy conditions at the time of the investment decision (e.g., subsidies, promotional policies, regulatory frameworks, technology access);

(d) Level of investment costs per unit or capacity/output; and

(e) Any additional similarity conditions as defined by the mechanism methodology.

7.6. Determining the target market size and which activities are considered similar (Approach B)

61. Mechanism methodologies that use Approach B shall include provisions for how activity participants shall determine the target market size. The target market size shall reflect the realistic potential of the technology, measure or practice implemented under the Article 6.4 activity.

62. The target market size may be determined considering factors such as:

(a) Technical and financial feasibility;

(b) Product and technology constraints (e.g., the technology, measure or practice may work only under certain technological conditions such as stable grid connectivity);

(c) Socioeconomic characteristics (e.g., the technology, measure or practice may be targeted only to certain income levels);

(d) Geographical, topographical and climate conditions (e.g., the technology, measure or practice may be workable or suitable only under certain climate conditions);

(e) Cultural, demographic, behavioural and psychographic conditions (e.g., the technology, measure or practice may be accepted only by certain groups of people).

63. Mechanism methodologies shall also include provisions for determining which specific technology, measure, or practice shall be considered as a similar activity. Similar activities may be defined, for example, with regard to:

(a) Energy source or fuel (e.g., primary energy source or comparable fuels);

(b) Feedstock characteristics (e.g., type of feedstocks used to produce a biofuel);

(c) Market and policy conditions at the time of the investment decision (e.g., subsidies, promotional policies, regulatory frameworks, technology access); and/or

(d) Level of investment costs per unit or capacity/output.

7.7. Determining the common practice threshold F_{max}

64. Methodology proponents shall specify the value for the common practice threshold F_{max}.

65. The threshold shall be determined based on the following considerations:

(a) The scope of similar activities in relation to comparable activities: The value of the threshold shall consider the proportion of similar activities relative to comparable activities. A relatively higher threshold value may be selected where

similar activities are defined more broadly (e.g., biomass power generation being considered as similar and all power generation in the electricity system being considered as comparable) than where similar activities are defined narrowly (e.g. power generation from rice husks being considered as similar and all power generation in the electricity system being considered as comparable);

(b) Whether a stock-based approach or a time-bound approach is used: A relatively higher threshold value may be selected where a time-bound approach is used (e.g., the share of solar power capacity additions to an electricity system in the most recent three calendar years) than where a stock-based approach is used (e.g., the total share of solar power capacity installed in an electricity system at the end of the most recent year);

(c) Technology cost curves: In cases where technology costs are rapidly declining and thus rapidly enhancing the uptake, a relatively lower threshold may be selected.

66. As an indication, mechanism methodologies may consider a common practice threshold in the order of 3 per cent where a stock-based approach is used and 10 per cent where a time-bound approach is used.

67. The proposed common practice threshold value shall not be larger than:

(a) 16 per cent for countries other than LDCs and SIDS and 20 per cent for LDCs and SIDS, where a stock-based approach is used; and

(b) 20 per cent for countries other than LDCs and SIDS and 25 per cent for LDCs and SIDS, where a time-bound approach is used.

68. Methodology proponents shall provide clear and credible justification for the specified common practice threshold (F_{max}), including quantitative evidence and context-specific analysis. Such justification shall demonstrate that the threshold supports a very high likelihood of additionality of registered Article 6.4 activities.

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Document information

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