Call for public input

A6.4-MEP002-A01: Draft Standard: Demonstration of additionality in mechanism methodologies (v. 01.0)

Name of submitter: Chetan Aggarwal

Affiliated organization of the submitter (if any): Climate Spring



Legend for Columns

1 = Section Number in the document

2= Paragraph number

3 = Comment – the actual feedback or observation, including justification for what needs changing

4 = Proposed change - suggest the text if possible

Contact email of submitter: chetan@climatespring.org

Date: July 31, 2024

A6.4-MEP002-A01 (v.01.0)				
1	2	3	4	
Section no.	Para. no.	Comment	Proposed change (Include proposed text)	
4.1	16c	Common practice and extremely low penetration should ideally be separated as approaches to demonstrate additionality. A very low penetration of activity in the region demonstrates that there are inherent barriers to its adoption. E.g., in case of biochar - even though it is considered as great soil amendment, there are barriers to its adoption such as acceptability by farmers to apply that to farms (as they are hesitant to change their practices) or that cost of pyrolysis equipment is too high that can produce high quality biochar. Low market penetration has been used also previously in CDM (as latest as in methodology CDM AMS III BQ).	Add text in para 17 as para 17 (d). Market Penetration Rate: Mechanism methodologies may include provisions to demonstrate that a mitigation activity has low market penetration (2%) either at global level or at country level. Determination of market penetration shall never be for an applicable region less than a country. When using activity penetration approach to additionality, the mitigation activity is not required to demonstrate additionality via common practice test and only further require regulatory surplus and analysis of lock-in risk.	
4.1	17a	 [and that carbon credit revenues make the mitigation activities financially viable]. There are multiple aspects to consider this requirement 1) While it maybe obvious in some cases that carbon credit revenue is required (such as in the case of negative NPV or a very low IRR), Hence, maybe for such cases, it should not be required 2) The issue arises in validation of such a requirement. E.g., values considered for carbon revenues - while for more common project types such as RE, Cookstoves, Safe Water systems, the data maybe considered from sales data from trade around the period of registration, sometimes, this data is a trade secret. Other times, the data might not be available - e.g., in case of new project types such as DACCS, BECCS or CCUS or accelerated decommissioning of CFPP. Here, the PP is making a decision based on the confidential discussions between potential buying party and these discussions are not open for people and organisations outside the two and certainly can not be published in the PDD. 3) For projects that are not generating revenue (or any significant revenue) or not getting subsidies and/or incentives and are only relying on carbon revenue, shall not be subjected to this requirement. 4) In IRR or NPV analysis the cost of certification is not taken into consideration. If it is required for some project types to demonstrate that carbon revenue is a decisive factor, cost of certification such as cost of a consultant, cost of VVB, standard cost, broker's fee shall also be considered. 		

Call for public input A6.4-MEP002-A01: Draft Standard: Demonstration of additionality in mechanism methodologies (v. 01.0)

A6.4-MEP002-A01 (v.01.0)				
1	2	3	4	
Section no.	Para. no.	Comment	Proposed change (Include proposed text)	
5.2	30	The intent of requirements is highly appreciated. 6.4 MEP and SB may also consider have a white/positive list of technologies that do not require this analysis. e.g. RE technologies, removals (e.g., ARR, IFM. ALM, Biochar, DACCS, BECCS), some waste management technologies e.g., biogas, waste water treatment etc.		
5.2	С	"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" - The way it is written, it is unclear what a long lifetime would be. A certain threshold must be established. It also risks actual and feasible options being held as those that are lock-in emissions. E.g., 45% efficient stove or a LPG stove still have some emission, but a solar cook stove might not. Such a requirement might lead to the conclusion that all the ICS/LPG clean cooking activities are probably not additional. More clear and comprehensive requirements need to be established.		
5.3.3	42c	See comment for para 17a		
5.5.1	46b	If financial thresholds of investment are considered, the value must not be the same globally due to the difference in value of the same quantum of money in the country. For this, a global value can be considered (adjusted yearly for inflation) and linked to power purchasing parity conversions.		