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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

| A6.4-MEP002-A01 (v.01.0) | | | |
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| Section no. | Para. no. | Comment | Proposed change (Include proposed text) |
| General | General | History of assessments showed that demonstration of additionality esp. financial barrier/investment analysis relies on input parameter which are sourced from proposals and not from actual incurred costs. Generally, actual prices are usually lower than actual costs. | Add a new para after 44 Where the financial viability analysis is applied to a specific mitigation activity, as referred to in paragraph 20(b) above, the financial viability analysis shall be conducted at first subsequent verification of emission reductions or removals after registration with actual incurred values to reconfirm additionality. |
| 3.2 | 13 | This requirement implies the need for guidance on how to determine uncertainty for quantitative and qualitative data. It is expected that each methodology will include this guidance? | Clarify that guidance will be created |
| 4.1 | 17.(a) | The implication is that financial additionality is a must for any methodology; this is not part of the definition of additionality. | Financial viability shall not be obligatory, change shall with may |
| 4.1 | 17.(a) | It is not clear what is meant by "increase decisively" - this is a subjective term that cannot be translated into requirements. | Delete "decisively" considering §18 which only requires "the increase in financial viability through carbon credit revenues". |
| 4.1 | 17.(a) | Given that the price of an ITMO is not fixed for the future, a requirement to assess financial viability cannot be objective and is subject to assumptions that can neither be confirmed nor denied. | Delete the text between brackets |
| 4.1 | 17.(c) | This requirement applies to technologies, which would imply an assessment at technology level rather than project level. It also implies that if a technology has been demonstrated to be additional through this approach, all projects using the same technology will automatically be additional. This approach is welcome. | Include the text "after a technology demonstrate additionality in a country and sector specific situation, all other mitigations activities using the same technology in the same country and sector are automatically additional and do not require further assessment" |
| 4.1 | 18 | This contradicts the definition of "shall". There is no possibility of not applying financial analysis based on the wording used. | Financial viability shall not be obligatory, change shall with may |
| 4.1 | 18 | Even if the financial analysis is not mandatory, this approach will be very challenging at the methodological level, as the methodologies will have to be technology agnostic. Further, "appropriately" is vague and difficult for a DOE to assess. What would be an acceptable "appropriate" justification for a DOE? | Delete the sentence "it shall be appropriately explained and justified why a financial viability analysis is infeasible or inappropriate." |

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| 4.1 | 18 | Including financial viability at the level of the methodology is impossible as the methodology should be technology agnostic. Furthermore, considering that a technology should be valid for all countries and regions, global financial viability is absolutely impossible. | Delete this requirement. |
| 4.1 | 18 | It is stated that a project would need to demonstrate “[and the financial viability with carbon credits]” | Delete the text in brackets as the revenue from carbon credits should alleviate the barrier not overcome the barrier. Besides, this can be easily adjusted by adjusting the carbon credit price in a related contract which afterwards is rearranged. |
| 4.2 | 20.(a) | This implies a positive list. Does the host country have the right to control and approve this positive list? | Include following text after within the brackets “this represent a positive list for the particular region” |
| 4.2 | Box 1. | Given the unknown price of credits in the future, how will full cost recovery be demonstrated and will the methodology define the time period required for recovery? | Delete all reference from the document to any demonstration of carbon credit related price evaluation. |
| 4.2 | 20.(c) | There is no direct link between the standardised baseline and additionality. | Delete this point or clarify the relation to the additionality |
| 4.2 | 21.(a) | This would mean that each country where the methodology could be applied would have to establish the baseline, as this would be the only way to ensure that the regulatory analysis is based on a standardised baseline. | Define the role of each country in relation to the standardized baseline and hence the applicability of regulatory analysis to the standardized baseline. |
| 5.1 | 24 | Where the option is given here to include only "enforced" requirements, this should be applied consistently throughout the document. | Include "enforced" in all texts in the document related to legal requirements |
| 5.1 | Box 2. | This example opens up a whole new discussion on how to deal with the assessment of additionality, because if there is a bidding process in the e.g. electricity grid, no project can be considered additional until the bidding process is completed. Further, in most cases the underlying data of all other bidders are not available, and it is not possible to assess why another project won the bid and if the other project did not receive any other incentive including revenues from any carbon scheme. Regulatory analysis is very subjective. | Either delete the text or specify why a new focus on the additionality will be included in the document. |
| 5.1 | 26 | What is meant by „authoritative“ in this context? This shall be explained. | Define authoritative, in terms that can be applied for audits |
| 5.1 | 26 | Please define “up-to-date evidence”. In this context related studies, international reports and surveys are not conducted on regular/annual basis and related evidence could be e.g. 3 or more years old. From 2024 point of view would a WorldBank report from 2020 be sufficient demonstrating that a law is not enforced in a country? | Definition of “up-to-date evidence” included in section 1.3 or Glossary of Terms. |

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| 5.1 | 28.(a) | It is stated “Non-enforcement is widespread (i.e. more than 50%)”. Please specify what is more than 50%, the law, regulation? And how could this be reasonably justified? How to assess 40% comply with a law and 60% would not comply with a law? What would be related means of evidence acceptable for a DOE during assessment? | (i.e. more than 50% do not comply with the related law or regulation) |
| 5.1 | 28. | Para 28 refers to “[high-income countries] [countries other than LDCs and SIDS]” | Delete [countries other than LDCs and SIDS] and keep high-income countries. |
| 5.1 | 29.(a) | Option 1 means that there is no guarantee that the project will be able to issue credits for the entire crediting period, and therefore no project reliability. | Delete option 1 For option 2: a higher frequency might be considered for AFOLU projects |
| 5.2 | 30.(d) | Are consistent with the host country’s long-term low-emission development strategy (where the host country has submitted one); Unclear what is meant with the long-term low-emission development strategy. Include reference to Biennial Transparency Report, this should include the low-emission strategies of a country and every member to Paris Agreement should have submitted those and those are available. | Are consistent with the host country’s long-term low-emission development strategy as presented in the Biennial transparency report (BTR) (where the host country has submitted one); |
| 5.2 | 31 | Monitoring or evaluation within the crediting period is not practicable, as all requirements are technology-related, i.e. applicable throughout the life of the project, and the only thing that is not technology-related is the country’s long-term strategy, which cannot be controlled by the project, so this will only increase the risk of not being able to complete the crediting period, without any possibility of actively changing the results. This should be deleted. | Delete the first part of the text up to “or” |
| 5.3 | 34 | As mentioned above, this approach is not practicable as methodologies should be technology agnostic and globally applicable, and therefore assessment is not possible. | Delete the complete paragraph |
| 5.3.1 | 38 | Please clarify or specify “reasonable variation”. Previously this was set to 20%, either +10% and -10% variation or 0% to either + or -20% as applicable. Is this still considered reasonable? | Include is robust to reasonable variations (i.e. at least +10% to -10%) |
| 5.3.3 | 41 | It is not practical to require that the benchmark be consistent with the type of mitigation activity, as this mitigation activity is not common practice and therefore no specific benchmark can be expected. The applicability is only country and sector specific. | Delete “and type of mitigation activity” |
| 5.3.3 | 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. It is considered that the WACC is a company specific benchmark. Hence how can the WACC be commonly applicable to the country, sector and type of mitigation activity. | The financial benchmark used shall be consistent with the weighted average cost of capital (or the cost of equity, as applicable). In case the cost of equity is applied, it shall be commonly applicable to the country, sector and type of mitigation activity. A related guidance and tool has to provide further details on the framework of NPV and benchmark calculations. |

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| 5.3.3 | 42.(c) | As mentioned above, option c is not practical because of the lack of certainty about the future price of credits. | Delete option c |
| 5.3.4 | 44.(c) | Again, option c is not viable due to unknown credit prices. | Delete option c |
| 5.5.1 | 46 | Barriers could only be demonstrated at mitigation activity level for HH and SME. However, also other stakeholders may face barriers. However, in such case the PP would need to ask for a revision in methodology as §47 states “Other cases for the application of the barrier analysis may be proposed by mechanism methodology proponents ...”. | Extend the applicability of the barrier analysis to all stakeholders. |
| 5.5.1 | 47 | The demonstration of barriers is applicable to standardised baselines if provided by a country or at the level of mitigation activities, therefore it is not practicable to demonstrate barriers at the methodology level, it may be requested to provide examples of possible barriers but not a demonstration. | Change “and demonstration of such barriers” with “and present examples of such barriers” |
| 5.6.1 | 52 (d) | <p>The criteria three times refers to “sufficiently”:</p> <p>i. Sufficiently recent, especially in dynamic technological environments;</p> <p>ii. Sufficiently disaggregated, taking into differences in relevant technologies, geographical or climate conditions, and the political, economic and social environment; and</p> <p>iii. Sufficiently reliable and accurate;</p> <p>However, no definition is given what is considered as “sufficient”. Further, please clarify “dynamic technological environment”. What would be a nondynamic technological environment? And Who defines this? Or in other words a definition of dynamic technology is missing.</p> <p>As this is missing this is difficult to assess and difficult for assessment teams to conclude what is deemed acceptable for the demonstration of the requirement.</p> | <p>Please include an example of sufficiently e.g. for sufficiently recent. Last three / five years.</p> <p>Or sufficiently reliable -> Reliable and accurate, delete sufficiently under iii.</p> |
| 5.6.1 | 52 (d) ii. | <p>Sufficiently disaggregated, taking into differences in relevant technologies, geographical or climate conditions, and the political, economic and social environment;</p> <p>It seems there is a word missing</p> | Sufficiently disaggregated, taking into ACCOUNT differences in relevant technologies, geographical or climate conditions, and the political, economic and social environment; |