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| *Date of submission* | 06/23/2025 |

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| **Document reference number and title: A6.4-MEP006-A01. Draft standard: Suppressed demand (version 01.0)** |
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| **Item** | **Section no.** (as indicated in the document) | **Paragraph/Table/Figure no.** (as indicated in the document) | **Comment**(including justification for change) | **Proposed change**(including proposed text) |
| 1 | General | Cover Note, Purpose section, Paragraph 4  | We strongly commend the Supervisory Body's precedent-setting recognition that traditional baseline methodologies inadequately serve EMDE development realities. The suppressed demand standard represents crucial progress toward development-responsive carbon markets grounded in climate justice principles. We urge the Supervisory Body to consider developing complementary guidance that extends this same philosophical foundation to broader development-optimal scenarios beyond basic human needs. | Add to purpose statement: "This standard establishes important precedent for development-responsive baselines that may be extended to complementary development-optimal baseline guidance for broader infrastructure investments that exceed basic human needs but remain essential for sustainable development pathways." |
| 2 | Section 2 | New definition after Paragraph 4(f) | The current definitions excellently address suppressed demand for basic human needs. However, the same climate justice rationale applies to development-optimal scenarios where financially viable carbon-intensive investments represent the realistic baseline, while green alternatives require additional financing. This extends the BHN philosophy to recognize that optimal development pathways may include transitional technologies that enable eventual clean deployment at viable carbon prices. | Add new definition: "(g) Development-optimal baseline: A crediting baseline established for financially viable carbon-intensive infrastructure investments that represent optimal development pathways under current economic constraints, where green alternatives require additional financing or funding support to achieve viability. Such baselines account for all societal costs including local environmental and social impacts, but exclude global climate costs associated with the project's emissions." |
| 3 | Section 3 | Paragraph 7 - Applicability conditions | The standard correctly recognizes that suppressed demand occurs when BAU cannot realistically provide adequate service levels. This same logic applies to development-optimal scenarios where BAU scenarios fail to reflect financially viable (or development-optimal) but potentially carbon-intensive development pathways. The philosophical foundation of climate justice that underlies suppressed demand recognition equally supports acknowledging that developing countries may require transitional investments as optimal stepping stones or baselines to eventual clean development (and carbon credit generation). | No change to existing text. Add complementary paragraph: "Complementary development-optimal baselines may be recognized where: (a) Carbon-intensive infrastructure investments are financially viable and represent optimal development pathways under current economic conditions; and (b) Green alternative investments require additional climate finance to achieve viability, with the carbon-intensive baseline providing a non-inflated reference point for quantifying incremental costs and emission reductions." |
| 4 | Section 4.1 | Paragraph 13 - Conservativeness | The redefinition of conservativeness for suppressed demand - ensuring "neither the baseline emissions nor the level of service for meeting basic human needs are overestimated" - establishes important precedent. This same principle applies to development-optimal baselines where conservativeness means using financially viable carbon-intensive investments as realistic baselines without artificial inflation, while ensuring green alternatives deliver genuine additionality. | No change to existing paragraph 13. Add complementary paragraph: "For development-optimal baselines, conservativeness means ensuring that: (a) baseline technologies represent genuinely financially viable investments under current economic conditions, accounting for all societal costs including local environmental and social impacts but excluding global climate costs; (b) baseline emissions reflect actual performance of such investments without artificial inflation; and (c) green alternatives demonstrate genuine additionality and incremental emission reductions." |
| 5 | Section 5.2 | After Paragraph 22 - Level of service | The standard's approach to establishing service level thresholds for basic human needs provides excellent methodology. Development-optimal baselines could apply similar rigor to establish financially viable technology thresholds for broader infrastructure categories, maintaining the same climate justice foundation while addressing the full spectrum of development needs beyond basic human subsistence. | Add new section after paragraph 22: "Complementary Development-Optimal Service Levels: For infrastructure investments exceeding basic human needs thresholds, development-optimal baselines may establish financially viable technology standards for different infrastructure categories, provided such standards: (a) reflect genuine financial viability under current economic conditions, including all societal costs except global climate costs; (b) represent optimal development pathways considering country-specific constraints and local environmental impacts; and (c) are validated by multilateral development banks or equivalent development finance or verification institutions deemed as neutral agents to determine development-optimal baselines." |
| 6 | Section 5.3 | Paragraph 31(d) - Alternative evidence | The flexibility allowing baselines based on "technology and/or practice that can be demonstrated through studies, documents, or third-party records" creates valuable precedent for development-responsive approaches. This same flexibility should extend to development-optimal baselines where multilateral development banks can validate financially viable carbon-intensive technologies as appropriate baselines, even when such assessments aren't reflected in official government records. | No change to existing 31(d). Add complementary provision: "Development-optimal baselines may similarly be based on financially viable carbon-intensive technologies validated by multilateral development banks through feasibility studies, economic assessments, or development strategy documents, whereby such validation may serve as sufficient evidence of baseline appropriateness even when not documented in official national records." |
| 7 | Section 5.4 | Paragraph 33 - Monitoring approach | The monitoring framework for suppressed demand conditions provides excellent methodology for ensuring ongoing appropriateness. Development-optimal baselines should apply similar monitoring to verify that: (a) carbon-intensive baseline technologies remain financially viable; (b) green alternatives continue to require additional climate finance to achieve at least the same overall development impact; and (c) the baseline continues to represent optimal development pathways under evolving economic conditions. | No change to existing monitoring provisions. Add complementary paragraph: "Development-optimal baseline conditions shall be monitored using indicators such as: (a) continued financial viability of baseline carbon-intensive technologies; (b) financing gaps for green alternative technologies to achieve at least the same overall development impact; (c) evolution of country-specific development priorities and economic constraints; and (d) availability and cost of climate finance for green alternatives." |
| 8 | New Section | After Section 5.4 | The suppressed demand standard establishes crucial precedent for development-responsive carbon markets. A complementary framework for development-optimal baselines would extend this climate justice foundation to address the full $1.3T climate-positive infrastructure finance gap that needs to come from international sources (outside of EMDEs). This approach recognizes that optimal development pathways may include transitional technologies that enable eventual clean deployment, provided such baselines reflect genuine financial viability without artificial inflation. | Add new section: "Section 6. Complementary Development-Optimal Baseline Framework: 6.1 Mechanism methodologies may establish development-optimal baselines for infrastructure investments that exceed basic human needs thresholds, provided such investments: (a) represent financially viable carbon-intensive technologies under current economic conditions, accounting for all societal costs including local environmental and social impacts but excluding global climate costs; (b) serve as non-inflated baselines for quantifying incremental costs of green alternatives; (c) are validated by multilateral development banks as representing optimal development pathways considering local environmental and social impacts; and (d) demonstrate that green alternatives require additional climate finance to achieve viability and achieve at least the same level of development benefits as the development-optimal baseline. 6.2 This framework complements suppressed demand provisions by extending the same climate justice principles to broader development finance challenges while maintaining baseline integrity through comprehensive cost accounting that excludes global climate externalities." |

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