

11 October 2022

Call for input 2022 – Draft requirements for the development of mechanism methodologies - Input from Project Developer Forum

To the Article 6.4 Mechanism Supervisory Body,

The Project Developer Forum (PD Forum) is a collaborative association and collective voice of companies and practitioners that are developing and financing greenhouse gas emission reduction and removal projects worldwide.

Our members work on a global scale and evaluate opportunities to deploy climate financing and carbon market instruments to accelerate investments for greenhouse gas mitigation and sustainable development.

PD Forum appreciates the opportunity to participate in the above-mentioned call for inputs on the “Draft Recommendation: Requirements for the development and assessment of mechanism methodologies” (Annex 07 to the SB002 Annotated agenda) and the “Information Note: Requirements for the development and assessment of mechanism methodologies” (Annex 08 to the SB002 Annotated agenda).

Key issues and proposed solutions (PD Forum inputs in blue).

3.1 Encouraging ambition over time

3.1.1 Option 1: Setting a cap on baseline emissions

Input by the PD Forum: How exactly will this option work in the praxis for projects? Will the project face the risk of having negative credits in the case the baseline contracts faster than the [frequently fixed] emission reduction a technology can deliver? Or will the baseline be fixed for an approved project and will contract over the years for new entrants? For your information, the concept is rare, but not completely new and without previous experience under the CDM. See for example, the parameter “*IR*”, technology improvement factor, in CDM methodological TOOL18, applied (default = 0.99) in the case of fast-changing technologies, as transport vehicles.

3.1.2 Option 2: Facilitating transformative mitigation activities

Input by the PD Forum: the idea is interesting, but the principles are of complex implementation. Perhaps a more practical option is to elaborate a positive list of transformative mitigation activities with automatic additionality.

3.1.3 Option 3: Use of the following elements in mechanism methodologies

Input by the PD Forum: suggested elements have merits and deserve further evaluation, with prominence on use of empirical data, including penetration rates, and simplified/automatic MRV (digital technologies).

3.2 Encouraging broad participation

Input by the PD Forum: all suggested elements have merits and deserve further evaluation. Broad participation can be also incentivized with a more fluid two-way (regulator \leftrightarrow project participants) interaction, i.e., creating not only channels to receive inputs, but thoroughly responding to the inputs (always explaining how the inputs were considered), creating a channel to respond requests for clarification in a timely manner, publishing example applications of the approved methodologies and tools etc.

3.3 Shall be real, transparent, conservative, credible and below business-as-usual (BAU)

Input by the PD Forum: suggested elements have merits and deserve further evaluation.

3.4 Avoid leakage where applicable

Input by the PD Forum: Positive leakage shall be evaluated and, decision to consider it or not, on a case by case.

3.5 Recognizing suppressed demand

Input by the PD Forum: suppressed demand shall definitely be considered in the development of methodologies.

3.6 Contributing to the equitable share of mitigation benefits between participating Parties)

Input by the PD Forum: suggested elements have merits and deserve further evaluation.

3.7 Aligning with long-term temperature goals of the Paris Agreement and, with respect of each participating Party, contributing to reducing the emission levels in the host Party and aligning with its NDC (if applicable), its LT-LEDS (if it has submitted one) and the long-term goals of the Paris Agreement)

Input by the PD Forum: suggested elements have merits but, due to the complexity of implementation, deserve meticulously evaluation.

3.8. Include relevant assumptions, parameters, data sources and key factors and take into account uncertainty, leakage, policies and measures, and relevant circumstances including national, regional or local, social, economic, environmental and technological circumstances and address reversals where applicable



Input by the PD Forum: a few CDM methodologies revisions are extremely complex and very difficult to be applied in the real world (see, for example, the bumpy transition from AM0004 and AM0015 to ACM0006). Efforts shall be made to facilitate the understanding and application of methodologies. All relevant assumptions, parameters etc. should be explained, justified and, most importantly, efforts shall be made to provide example applications to real projects/initiatives.

3.9. Requirements for baselines

Input by the PD Forum: performance-based approach based on existing actual or historical emissions, if statistically representative and not mandatory by existing or new regulation, are less subjective and closer to reality and, therefore, should always be a reasonably accepted option.

3.10 Additionality

Input by the PD Forum: all efforts shall be done to simplify and reduce subjectivity in the determination of additionality. In principle, if an activity is not mandatory and, exceeds mitigation required by law, regulation and NDC, it is potentially additional.

3.11. Requirement for standardised baselines

Input by the PD Forum: suggested elements have merits and deserve further evaluation.

PD Forum requests consideration of comments and suggestions mentioned above. We are available for further discussion, if appropriate.

Yours faithfully,



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On behalf of the PD Forum membership

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