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Standard

Transition of CDM activities to the Article 6.4 mechanism

Version 02.0



United Nations
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Climate Change

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1. Background

1. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), at its third session, adopted rules, modalities and procedures (RMPs) for the mechanism established by Article 6, paragraph 4, of the Paris Agreement (the Article 6.4 mechanism).¹ Chapter XI.A of the RMPs contains provisions that allow transition of project activities and programmes of activities (PoAs) registered under the clean development mechanism (CDM) under Article 12 of the Kyoto Protocol or listed as provisional as per the temporary measures adopted by the Executive Board of the CDM² (hereinafter referred to as provisional requests) to the Article 6.4 mechanism.
2. The CMA, at its fourth session, elaborated key conditions and processes for such transition ~~(hereinafter referred to as the elaboration of the RMPs)~~.³ At the same session, the CMA also requested⁴ the Supervisory Body to facilitate the tasks related to the transition of CDM activities to the Article 6.4 mechanism by:
 - (a) Developing and operationalizing a procedure for requesting transition, which includes relevant forms, by no later than June 2023;
 - (b) Developing and operationalizing the transition process and reporting back to the CMA at its fifth session.
3. Pursuant to its mandate from the CMA to operationalize the transition process, the Supervisory Body has adopted the “Standard: ~~for tT~~ transition of CDM activities to the Article 6.4 mechanism” (hereinafter referred to as this standard) as contained in this document and the “Procedure: ~~for tT~~ transition of CDM activities to the Article 6.4 mechanism” (hereinafter referred to as the transition procedure) and relevant forms.

2. Objective and scope

4. This standard sets out required activity design and other attributes of CDM project activities, PoAs and component project activities (CPAs) therein that may transition to the Article 6.4 mechanism, as well as corresponding requirements for provisional requests that may be finalized under the Article 6.4 mechanism.

3. Entry into force

5. ~~Version 01.0~~ This version of this standard enters into force on 1 January 2024 except for the process of submission of transition requests to the secretariat, which is 30 June 2023, ~~subject to the availability of the detailed regulatory elements to enable the~~

¹ Decision 3/CMA.3, annex, as contained in document FCCC/PA/CMA/2021/10/Add.1 available at: https://unfccc.int/sites/default/files/resource/cma2021_10_add1_adv.pdf#page=25.

² At its 108th meeting (see paragraphs 7–8 of the meeting report) and later clarified in the document entitled “Clarification: Regulatory requirements under temporary measures for post-2020 cases” available at http://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20220314132358671/Reg_Clar03v02.pdf.

³ Decision 7/CMA.4, annex I, chapter I, in document FCCC/PA/CMA/2022/10/Add.2 (Advance Version) available at: https://unfccc.int/sites/default/files/resource/cma2022_10a02_adv.pdf#page=33.

⁴ Decision 7/CMA.4, paragraph 23.

~~operationalization of the transition process referred to in this standard and the transition procedure, to be developed by the Supervisory Body.~~

4. Terms and definitions

6. The following terms apply in this standard:

- (a) “Shall” is used to indicate requirements to be followed;
- (b) “Should” is used to indicate that among several possibilities, one course of action is recommended as particularly suitable;
- (c) “May” is used to indicate what is permitted;
- (d) “The project participant” shall be read as the focal point entity designated by the project participants of the CDM project activity or PoA for scope (c) as communicated to the secretariat in the modalities of communication in accordance with the relevant provisions in the “CDM project cycle procedure for project activities” and the “CDM project cycle procedure for programmes of activities”, respectively.⁵

5. Transition requirements on crediting period

5.1. Project activities

7. A CDM project activity that is not an afforestation or reforestation project activity⁶ may transition to the Article 6.4 mechanism if its crediting period would have been active as of 1 January 2021 had the crediting period under the CDM continued after the end of the second commitment period of the Kyoto Protocol, provided it meets design requirements for transition as contained in section 6 below.
8. The crediting period type (i.e. renewable or fixed) of the transitioning CDM project activity shall not change at and after the transition.
9. For a CDM project activity with the renewable crediting period type that successfully transitioned to the Article 6.4 mechanism:
 - (a) The current crediting period under the Article 6.4 mechanism shall start on 1 January 2021 and end, whichever is earlier:

⁵ In accordance with paragraph 42 of the “CDM project cycle procedure for project activities” (version 03.0), and paragraph 33 of the “CDM project cycle procedure for programmes of activities” (version 03.0), the focal point entities designated by the project participants for scope (c) are granted the authority to communicate on their behalf with the Board and the secretariat on all other project-related matters not covered by: (a) communication in relation to requests for forwarding of certified emission reductions to individual accounts of the project participants; or (b) communication in relation to requests for addition and/or voluntary withdrawal of the project participants and focal points, as well as changes to company names, legal status, contact details and specimen signatures.

⁶ The Supervisory Body, at its fifth meeting, agreed to postpone developing provisions specific to the transition of afforestation and reforestation CDM activities until the CMA provides guidance on activities involving removals under the Article 6.4 mechanism.

- (i) When the current crediting period would have ended had the crediting period under the CDM continued after the end of the second commitment period of the Kyoto Protocol;
 - (ii) On 31 December 2025;
 - (iii) On the date determined under the conditions of the crediting period that may be specified by the host Party in accordance with paragraph 27(b) of the RMPs;
- (b) The maximum remaining number of renewals of crediting period under the CDM prior to the transition shall be carried over to the Article 6.4 mechanism unless the host Party specifies that the crediting period may not be renewed pursuant to paragraph 27(b) of the RMPs;
- (c) After the first renewal of the crediting period under the Article 6.4 mechanism, the duration of each subsequent crediting period shall be the same as that for any new Article 6.4 mechanism activities (A6.4 activities) (i.e. a maximum of 5 years ~~or, in respect of activities involving removals, a maximum of 15 years~~), subject to approval by the Supervisory Body or any shorter crediting period specified by the host Party pursuant to paragraph 27(b) of the RMPs.
10. For a CDM project activity with the fixed crediting period type that successfully transitioned to the Article 6.4 mechanism, the current crediting period under the Article 6.4 mechanism shall start on 1 January 2021 and end, whichever is earlier:
- (a) When the current crediting period would have ended had the crediting period under the CDM continued after the end of the second commitment period of the Kyoto Protocol;
 - (b) On the date determined under the conditions of the crediting period that may be specified by the host Party in accordance with paragraph 27(b) of the RMPs.

5.2. Programmes of activities

11. A CDM PoA ~~that is not an afforestation or reforestation PoA~~ may transition to the Article 6.4 mechanism if its PoA period would have been active as of 1 January 2021 had the PoA period under the CDM continued after the end of the second commitment period of the Kyoto Protocol, provided it meets design requirements for transition as contained in section 6 below.
12. For a CDM PoA that successfully transitioned to the Article 6.4 mechanism:
- (a) The current PoA period under the Article 6.4 mechanism shall start on 1 January 2021 and end, whichever is earlier:
 - (i) When the current PoA period would have ended had the PoA period under the CDM continued after the end of the second commitment period of the Kyoto Protocol;
 - (ii) On 31 December 2025;
 - (iii) On the date determined under the conditions of the PoA period that may be specified by the respective host Party(ies) in accordance with paragraph 27(b) of the RMPs;

- (b) The maximum remaining number of renewals of PoA periods under the CDM prior to the transition shall be carried over to the Article 6.4 mechanism unless the host Party specifies that the PoA period may not be renewed pursuant to paragraph 27(b) of the RMPs;
- (c) After the first renewal of the PoA period under the Article 6.4 mechanism, the duration of each subsequent PoA period shall be the same as that for any new Article 6.4 mechanism PoAs (i.e. 5 years ~~or, in respect of activities involving removals, 15 years~~), subject to approval by the Supervisory Body or any shorter PoA period specified by the host Party pursuant to paragraph 27(b) of the RMPs.

5.3. Component project activities

- 13. The CPAs included in a CDM PoA that is eligible for transition in accordance with paragraph 11 above may transition to the Article 6.4 mechanism if their crediting periods would have been active as of 1 January 2021 had the crediting periods under the CDM continued after the end of the second commitment period of the Kyoto Protocol, provided they meet design requirements for transition as contained in section 6 below.
- 14. The transition of CPAs shall be in conjunction with the transition of the CDM PoA that they are included in, in accordance with the transition procedure.
- 15. The crediting period type, the end of the current crediting period, the renewability of the crediting period after transition, and the duration of each subsequent crediting period after the first renewal under the Article 6.4 mechanism of transitioning CPAs shall follow the same rules for transitioning CDM project activities referred to in paragraphs 8–10 above.

5.4. Activities in provisional requests

- 16. The crediting period type, the duration of each crediting period, and the renewability of the crediting period of the project activities in the provisional requests for registration shall follow the same rules for any new Article 6.4 mechanism projects.
- 17. The duration of each PoA period and the renewability of the PoA period of the PoAs in the provisional requests for registration shall follow the same rules for any new Article 6.4 mechanism PoAs.
- 18. The crediting period type, the duration of each crediting period, and the renewability of the crediting period of the CPAs in the ~~requests for~~ inclusion listed as provisional under the temporary measures shall follow the same rules for any new Article 6.4 mechanism CPAs.

6. Transition requirements on activity design

6.1. Activity type

- 19. The activity type of a CDM project activity, or PoA and the CPAs therein, that may transition to the Article 6.4 mechanism shall be among those indicated publicly by the host Party to the Supervisory Body as it would consider approving pursuant to paragraph 26(e) of the RMPs.

6.2. Methodology

- 20. A CDM project activity, or PoA and CPAs therein, that may transition to the Article 6.4 mechanism may continue to apply the currently applied CDM methodology until the earlier

- of the end of the current crediting period or PoA period as applicable, or 31 December 2025. After that date, it shall apply an Article 6.4 mechanism methodology (hereinafter referred to as mechanism methodology).
21. For a CDM project activity or CPA with the fixed crediting period type, if the replacement of the currently applied CDM methodology with a mechanism methodology is due before the end of the current crediting period under the Article 6.4 mechanism, such replacement shall be made through the post-registration change process applicable to any new A6.4 activities.
 22. Notwithstanding the provision in paragraph 20 above, if the currently applied CDM methodology does not meet the methodological requirements that may be specified by the host Party in accordance with paragraph 27(a) of the RMPs, it shall be replaced with a mechanism methodology.
 23. A CDM project activity, or PoA and CPAs therein, may voluntarily replace the currently applied CDM methodology with a mechanism methodology at transition. Also, they may be required to do so in accordance with paragraph 22 above. In these cases, the project design document, or PoA design document and CPA design documents, shall be revised by the project participant, validated by a designated operational entity, and approved by the Supervisory Body in accordance with the transition procedure.
 24. For a transitioning CDM PoA,:
 - (a) If the PoA continues to apply the currently applied CDM methodology at transition in accordance with paragraph 20 above, no new CPA may be included in the PoA until the PoA period is renewed under the Article 6.4 mechanism applying a mechanism methodology;
 - (b) The mandatory replacement of the currently applied CDM methodology with a mechanism methodology referred to in paragraph 22 above shall be made to both the PoA and the CPAs therein at transition;
 - (c) If the voluntary replacement of the currently applied CDM methodology with a mechanism methodology referred to in paragraph 23 above takes place at the PoA level at transition, any new CPAs that may be included after the transition shall apply the mechanism methodology, while the existing CPAs may choose to continue applying the currently applied CDM methodology until the earlier of the end of their respective current crediting periods or 31 December 2025, or switch to the mechanism methodology at transition;
 - (d) If the voluntary replacement of the currently applied CDM methodology with a mechanism methodology referred to in paragraph 23 above takes place for any of the existing CPAs at transition, such voluntary replacement shall also take place at the PoA level at transition.
 25. A CDM project activity, or PoA and CPAs therein, that may transition to the Article 6.4 mechanism are in compliance with the requirement of paragraph 31(a) of the RMPs regarding additionality of their mitigation of GHG emissions as long as they continue to apply the CDM methodology in accordance with paragraphs 20–24 above. If the CDM methodology is replaced with a mechanism methodology mandatorily or voluntarily, additionality shall be demonstrated in accordance with the relevant requirements applicable to any new A6.4 activities.

6.3. Global warming potentials

26. For transitioning CDM project activities, PoAs and CPAs therein, the 100-year time-horizon global warming potentials (GWPs) from the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) as contained in the attachment, or 100-year time-horizon GWPs from a subsequent IPCC assessment report as agreed upon by the CMA, shall be used to report aggregate emission reductions ~~or removals~~ of greenhouse gases achieved or expected to achieve in the period from 1 January 2021, expressed in tonnes of carbon dioxide equivalent. This requirement shall be consistently applied to all aspects of the activity design, including for:

- (a) Estimation of emission reductions ~~or removals~~ each year during the crediting period;
- (b) Calculation of transition fee in accordance with the transition procedure;
- (c) Demonstration of additionality, if applicable;
- (d) Calculation of emission reductions ~~or removals~~ achieved for a specific monitoring period.

6.4. Other design requirements

6.4.1. Long-term benefits related to climate change

27. A CDM project activity, or PoA and CPAs therein, that may transition to the Article 6.4 mechanism is in compliance with the requirement of paragraph 31(d)(i) of the RMPs regarding delivering long-term benefits related to climate change referred to in paragraph 37(b) of decision 1/CP.21 if the host Party approves the transition and the activity ~~ies~~ complies with the methodological conditions that may be specified by the host Party in accordance with paragraph 27(a) of the RMPs.

6.4.2. Addressing non-permanence risk

28. ~~The project participant of A-a CDM project activity, or PoA and CPAs therein, that may transition to the Article 6.4 mechanism is in compliance with the requirement of paragraph 31(d)(ii) of the RMPs regarding minimizing the risk of non-permanence of GHG emission reductions or net GHG removals over multiple nationally determined contribution (NDC) implementation periods and, where reversals occur, ensure that these are addressed in full, unless they are the types of activities to be specified by the Supervisory Body as having such risk. For these specified types of activities, compliance of this requirement shall be demonstrated in accordance with a specific guidance to be developed by the Supervisory Body shall determine whether the use of fossil fuels for co-firing or as a backup fuel is possible, and whether existing monitoring plan of the activity takes into account emissions from the use of such fossil fuels.~~

29. If a CDM project activity, or PoA and CPAs therein, that may transition to the Article 6.4 mechanism applies one or more of the following CDM methodologies identified as having a risk of negative emission reductions, the project participant shall assess all the monitoring reports of the activity(ies) beginning from the start of the crediting period of the activity(ies) under the CDM, to determine if there was any accrual of net negative emission reductions and ensure that such negative emission reductions, if any, are to be taken into account in emission reductions occurring from 2021:

- (a) ACM0005: Increasing the blend in cement production;

- (b) ACM0006: Consolidated methodology for electricity and heat generation from biomass;
- (c) ACM0017: Production of biodiesel for use as fuel;
- (d) ACM0018: Electricity generation from biomass residues in power-only plants;
- (e) ACM0020: Co-firing of biomass residues for heat generation and/or electricity generation in grid connected power plants;
- (f) ACM0022: Alternative waste treatment processes;
- (g) AM0036: Fuel switch from fossil fuels to biomass residues in heat generation equipment;
- (h) AM0057: Avoided emissions from biomass wastes through use as feed stock in pulp and paper, cardboard, fibreboard or bio-oil production;
- (i) AM0061: Methodology for rehabilitation and/or energy efficiency improvement in existing power plants;
- (j) AM0094: Distribution of biomass based stove and/or heater for household or institutional use;
- (k) AM0108: Interconnection between electricity systems for energy exchange.

30. If a CDM project activity, or PoA and CPAs therein, that may transition to the Article 6.4 mechanism, applies one or more of the following CDM methodologies as having a risk of non-permanence of emission reductions, the project participant is encouraged to ensure the fraction of non-renewable biomass value and the discount factor for addressing leakage are based on the latest data and information:

- (a) AMS-I.E: Switch from non-renewable biomass for thermal applications by the user;
- (b) AMS-II.G: Energy efficiency measures in thermal applications of non-renewable biomass;
- (c) AMS-III.AV: Low greenhouse gas emitting safe drinking water production systems;
- (d) AMS-III.BG: Emission reduction through sustainable charcoal production and consumption.

6.4.3. Environmental and social impacts

31. The project participant of A-a CDM project activity, or PoA and CPAs therein, that may transition to the Article 6.4 mechanism shall undergo an analysis of analyse environmental and social impacts and sustainable development benefits of their operation, and provide a summary of the analysis and a monitoring plan of such impacts and planned remedial measures of negative impacts, if any, during the operation of the activity, in accordance with the "Article 6.4 mechanism sustainable development tool". If this tool is not available at the time of submission of additional documentation to the secretariat to initiate the processing of the transition request in accordance with the transition procedure, the "Sustainable development co-benefits tool" developed under the CDM shall be followed for the same purpose.

32. If the tool referred to in paragraph 31 above is not available at the time of the submission of additional documentation to the secretariat to initiate its processing of the transition

request in accordance with the transition procedure, the project participant shall prepare a “Sustainable development co-benefits description report” in accordance with the “Sustainable development co-benefits tool” developed under the CDM.⁷ In this case, the project participant shall additionally develop a document describing how the project participant intends to monitor sustainable development co-benefits of the activity, including the frequency of reporting of monitoring results.

6.5. Activities in provisional requests

33. For provisional requests for registration **and provisional inclusions of CPAs**, the same requirements on the activity type, applicable methodology and GWPs, and other design requirements as for transitioning CDM project activities, PoAs and CPAs referred to in sections 6.1–6.4 above shall apply mutatis mutandis.
34. For provisional requests for issuance, provided that the underlying CDM project activity or PoA has successfully transitioned to the Article 6.4 mechanism without replacing the currently applied CDM methodology, the calculation of achieved emission reductions ~~or removals~~ shall be revised by applying the GWPs referred to in section 6.3 above. If the underlying CDM project activity or PoA ~~voluntarily~~ replaced the currently applied CDM methodology with a mechanism methodology at transition **mandatorily or voluntarily** in accordance with paragraph **22 or 23** above, **respectively**, provisional requests for issuance shall not be eligible for finalization under the transition procedure. Such issuance requests shall follow the same rules for any new issuance requests under the Article 6.4 mechanism.
35. Provisional requests for renewal of crediting period may not be finalized under the transition process.

⁷ Available at: <https://www4.unfccc.int/sites/sdcmicrosite/Pages/SD-Tool.aspx>.

Appendix 1. Global warming potentials for transitioning activities

1. The table below lists the GWP values of greenhouse gases for the 100-year time horizon from the Fifth Assessment Report of the IPCC, applicable to CDM activities that transition to the Article 6.4 mechanism for reporting aggregate emission reductions or removals of greenhouse gases achieved or expected to be achieved by the activities in the period from 1 January 2021, expressed in tonnes of carbon dioxide equivalent.

Table. Global warming potentials applicable for transitioning CDM activities

Greenhouse gas	GWP for 100-year time horizon
Carbon dioxide (CO ₂)	1
Methane (CH ₄)	28
Nitrous oxide (N ₂ O)	265
Hydrofluorocarbons (HFCs)	
HFC-23	12,400
HFC-134a	1,300
Perfluorocarbons (PFCs)	
CF ₄	6,630
C ₂ F ₆	11,100
Sulfur hexafluoride (SF ₆)	23,500
Nitrogen trifluoride (NF ₃)	16,100

2. For greenhouse gases that are not listed in this table, see “Climate Change 2015: Physical Science Basis – Working Group I Contribution to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change”, Table 8.A.1 (pages 731–738).¹

¹ https://www.ipcc.ch/site/assets/uploads/2018/02/WG1AR5_all_final.pdf.

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