CDM Reform Options and the Role of DNA

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CDM Reform and Involvement of DNA

Simplifying additionality test for micro-scale RE and EE projects

Development of standardized baseline

Improvement of the calculation for grid emission factors (GEF)

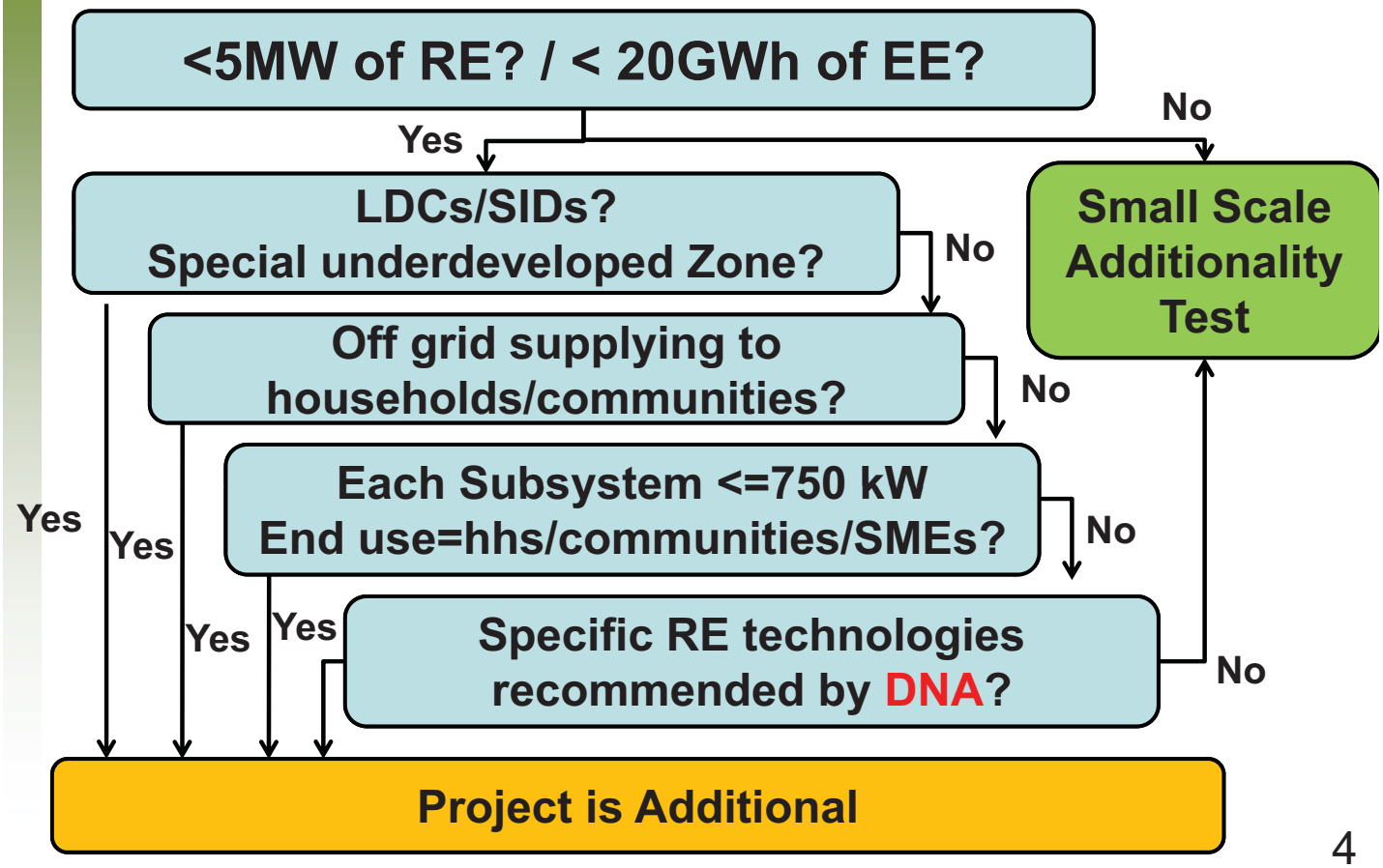
Establishment of simplified modalities for demonstrating additionality for project;

1. Up to 5MW renewable energy projects (definition of small-scale CDM is 15MW)

2. Up to 20GWh/y energy efficiency projects (definition of small-scale CDM is 60GWh)

This may lead the concept of "positive list" in assessing CDM eligibility

Additionality Test for Micro Scale



To Prove additionality thru. Positive List

◆ This is the opposite thinking from the conventional additionality test, which needs to identify barriers for implementation.

◆ Specific lists and quantitative indicators make the test simple and reduce uncertainty.

◆ There is a role for **DNA** to make inputs to the additionality test :

- ➢ To recommend **renewable energy technologies**
- ➢ To prove the installed capacity <5% to national electricity generation

Negotiation on Standardized Baseline

CMP5 (Copenhagen) requested SBSTA to recommend modalities and procedures for the development of standardized baseline to forward draft decision to CMP6 (Cancun).

SBSTA32 (June 2010) has discussed issues related to standardized baseline.

SBSTA32 requested the UNFCCC secretariat to prepare a technical report for SBSTA33 (Cancun).

Views from Parties on Standard Baseline

✓ Standardized baseline (SB) can provide a straightforward means to demonstrate additionality, but national circumstances should be considered. (Columbia)

✓ Default parameters should be applied (Japan, EU, US).

✓Development of SB be prioritized esp. **fewer than 10 registered CDM projects** host countries (Japan, EU).

✓ SB should be road tested in **fewer than 10 CDM reg. country** (EU).

✓ SB can be proposed by **DNA** and pro-active engagement by **DNA** is necessary for data gathering (EU).

Common Views on Standardized Baseline

- Standardized baseline should be applied at "country" or "sub-regional" level;
- Pre-defined set of "default" factors and parameters will be extensively utilized;
- Taking stock of current CDM experience;
- Priority is for under-represented countries to improve regional distribution;
- The involvement of **DNA** is necessary;
- Data quality and availability is a challenge.

Gov. authorized Grid Emission Factor dramatically reduced burden

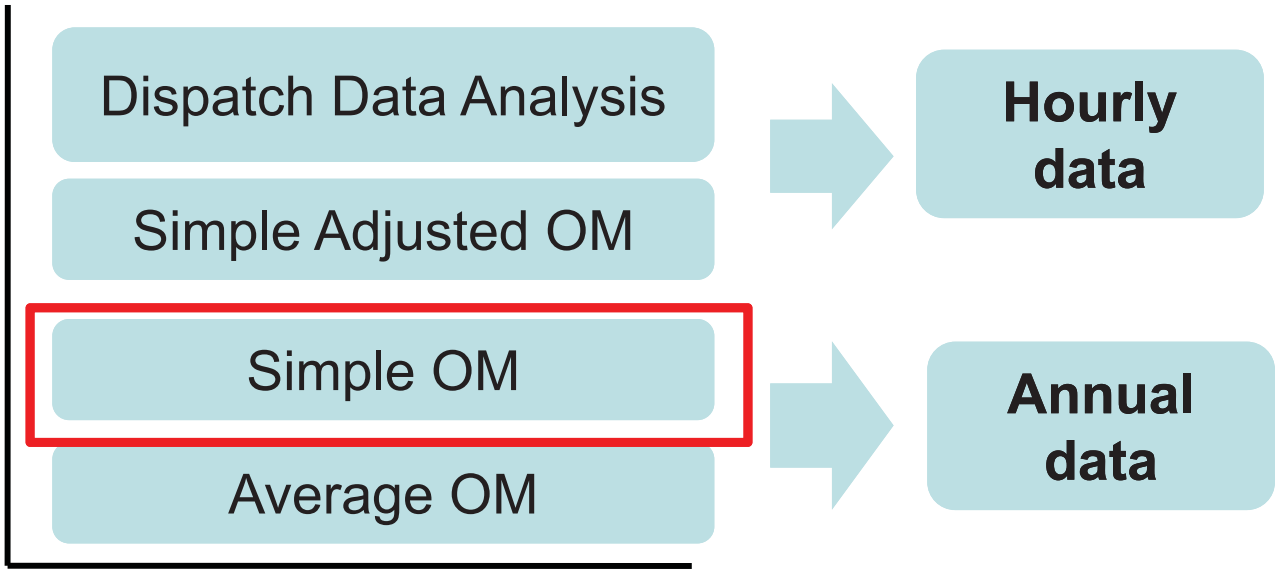
	OM Method	Recent Update	Source
China	Simple OM	Sep. 2009	National Development and Reform Commission (NDRC)
India	Simple OM	Oct. 2008	Central Electricity Authority
Brazil	Dispatch	Jun. 2009	Ministry of Science and Technology
Malaysia	Simple / Simple Adjusted OM	Dec. 2008	Malaysia Energy Centre
Indonesia	N.A.	Jan. 2009	National Commission for CDM

IGES ERs Calculation Sheet, Grid Emission Factors

☞ However, **no publicly available Grid Emission Factor in the under represented countries**.

☞ Now, **simplified approach** to calculate GEF has been under consideration under the CDM EB.

Tool to calculate the GEF can be simplified through the support of DNA



☞ About 80% of GEF calculation uses Simple OM.

☞ Simplified Tool can allow more “Simple OM”

Providing Typical Emission Factor for Power Unit Makes Calculation Simple

Simple Operating Margin

$$EF_{grid,OMsimple,y} = \frac{\sum_{i,m} FC_{i,m,y} \cdot NCV_{i,y} \cdot EF_{CO2,i,y}}{\sum_{m} EG_{m,y}}$$

☞ **Fuel consumption (FC)** data is the most difficult parameter to obtain.

☞ If **DNA** can provide "typical emission factor for each power unit (t-CO_2/MWh)" with conservative estimate (i.e. coal, diesel), it makes calculation much simpler.

Key Messages

- DNA plays a significant role in CDM reform.
- What DNA can do is to reduce the burden incurred to the project developers so far by organizing information related to "baseline" and "additionality", which is acceptable to EB.