

CDM-EB65-A03-STAN

Standard

Demonstration of additionality, development of eligibility criteria and application of multiple methodologies for programmes of activities

Version 03.0



United Nations
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Climate Change

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1. Background

1. In decision 3/CMP.6 paragraph 4, Parties requested the clean development mechanism (CDM) Executive Board (hereinafter referred to as the Board) to reassess its existing regulations related to programmes of activities (PoAs) in order to:
 - (a) Further clarify the application of existing rules regarding the demonstration of additionality to programmes of activities and the definition of eligibility criteria for the inclusion of component project activities in a programme of activity;
 - (b) Simplify the application of programmes of activities to activities applying multiple methods and technologies, including for possible city-wide programmes, while ensuring environmental integrity to the extent required by the Kyoto Protocol and decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.
2. The Board, at its sixty-third meeting, adopted three PoA-related standards as contained in annexes 2, 3 and 4 to the report of the sixty-third meeting of the Board and requested the secretariat to consolidate these three standards into one PoA standard as indicated in paragraph 72 of the report of the sixty-third meeting of the Board. This standard is prepared in response to the request made by the Board at its sixty-third meeting.
3. This standard replaces the requirements in “Procedures for approval of the application of multiple methodologies to a Programme of Activities” (EB 47 report, annex 31). This document consolidates and thus supersedes the following 3 annexes.
 - (a) Standard for demonstration of additionality of GHG emission reductions achieved by a programme of activities (version 01.0) (Annex 02, EB 63 meeting report);
 - (b) Standard for the development of eligibility criteria for the inclusion of a project activity as a CPA under the POA (version 01.0) (Annex 03, EB 63 meeting report);
 - (c) Standard for application of multiple CDM methodologies for a programme of activities (version 01.0) (Annex 04, EB 63 meeting report).

2. Definitions, scope and applicability

2.1. Scope and Applicability

4. This standard is applicable to coordinating/managing entities (CMEs):
 - (a) To demonstrate the additionality of emissions reductions achieved under a PoA;
 - (b) To develop/update eligibility criteria for inclusion of a project activity as a component project activity (CPA) under the PoA; and
 - (c) When applying multiple technologies/measures and/or multiple methodologies in one PoA.
5. This standard is also applicable to designated operational entities (DOEs) for validating and/or verifying activities referred to in paragraph 2 above.

2.2. Definitions

6. In addition to the definitions contained in the “Glossary of CDM terms”, the following terms apply in this standard:

- (a) **Measure** is a broad class of greenhouse gas emission reduction activities possessing common features, for example fuel and feedstock switch, switch of technology with or without change of energy source (including energy efficiency improvement), methane destruction, and methane formation avoidance;

Note: Two different activities can be considered to be using the same measure if they constitute the same course of action and result in the same kind of effect.

Note: Two different activities can be considered to be applying the same technology if they provide the same kind of output and use the same kind of equipment and conversion process.

- (b) **Cross effects** refer to the interactive effects between the technologies/measures included in a CPA

Note: Estimating emission reductions from each single technology/measure in an isolated manner ignoring cross effects may potentially result in over-estimation of the emission reductions from the PoA.¹

3. Requirements

3.1. Demonstration of additionality

7. Additionality shall be demonstrated by establishing that in the absence of CDM PoA, none of the implemented CPAs would occur.
8. PoAs that consist of one or more microscale projects as CPAs shall include eligibility criteria derived from all the relevant requirements of the “Guidelines for demonstrating additionality of microscale project activities”.
9. PoAs that consist of one or more small-scale projects as CPAs shall include eligibility criteria derived from all the relevant requirements of the “Guidelines for demonstrating additionality of small-scale project activities”.
10. PoAs that consist of one or more large-scale projects as CPAs shall include eligibility criteria derived from all the relevant requirements contained in the additionality section of the large-scale methodologies applied to the CPAs.

¹ For example, consider a CPA for implementing energy efficiency measures in a building. Lighting energy efficiency is achieved under one component by replacing the inefficient bulb with an efficient one applying a relevant methodology. Lighting control efficiency is also implemented as a separate component applying a different methodology in the same building. If historic energy consumption for lighting is used by both components then it is likely that the emission reductions are overestimated due to cross effects. Reduced energy consumption of the lights should be taken into account when determining savings from the lighting controls project.

11. Large-scale CPAs (i.e. CPAs that apply one or more large-scale CDM methodologies or combination of large scale and small-scale CDM methodologies), small-scale CPAs (i.e. CPAs that apply only small-scale CDM methodologies) and microscale CPAs (i.e. CPAs comprised of only units that are below the thresholds that define microscale project activities) may be included in the same PoA. The “Guidelines for demonstrating additionality of microscale project activities” may be applied to a large-scale or small-scale CPA if all of the units in the CPA in aggregate are below the microscale thresholds. The “Guidelines on the demonstration of additionality of small-scale project activities” may be used for small-scale CPAs only.
12. The large-scale PoA design document (PoA-DD) form and the large-scale CPA design document (CPA-DD) form shall be used for PoAs applying both large-scale and small-scale methodologies.
13. The CME shall demonstrate that compliance with the additionality-related eligibility criteria set in the PoA-DD will ensure that all the relevant additionality-related guidelines, tools or any requirements embedded in the methodologies are met.
 - (a) When investment analysis is used for the demonstration of additionality, there are two options to meet the above requirements:
 - (i) One option is to conduct an investment analysis to each CPA. In this case, the coordinating/managing entity shall define the input parameters that will be used in the investment analysis in the PoA-DD, together with a description of how the values for these parameters will be obtained for each CPA. The additionality of each CPA shall then be assessed by using the actual values, applicable to the CPA at the time of inclusion, in the investment analysis conducted for the purpose of demonstrating the additionality of the CPA.
 - (ii) Another option is not to conduct an investment analysis to each CPA but to define technical and economic criteria for the inclusion of the CPA in the PoA-DD. In this case, the coordinating/managing entity shall determine, through the application of an investment analysis, a range of values for each input parameter which qualify a CPA for inclusion in the PoA². At the time of inclusion of a CPA, the coordinating/managing entity shall assess whether the actual values, applicable to the CPA at the time of inclusion, fall within the range that was specified in the PoA-DD. For this option, any requirements with regard to the update of eligibility criteria specified in the applied methodologies shall be followed.³ The procedures for post-registration changes (see section 6.2 of the “Clean development mechanism project cycle procedure”) shall be followed for updating the eligibility criteria when this option is chosen.

² For example see the guidance in ACM0002 “Consolidated baseline methodology for grid-connected electricity generation from renewable sources” version 13.0.0, under the section ‘Project activity under a programme of activities’ to apply this option.

³ For example version 13.0.0 of ACM0002 requires that the eligibility criteria related to costs, revenues and investment climate shall be updated every two years in order to correctly reflect the technical and market circumstances of a CPA implementation.

14. For PoAs involving combinations of technologies/measures and/or methodologies, the eligibility criteria relative to each of them shall be proposed to demonstrate additionality. Types of combinations as indicated in paragraph 29 below shall be taken into account.

3.2. Development and update of eligibility criteria

3.2.1. Development of eligibility criteria

15. The CME shall develop eligibility criteria for inclusion of CPAs in the PoA and shall include these criteria in the PoA-DD and demonstrate their usability to assess the inclusion of CPAs in the generic CPA-DD.
16. The eligibility criteria shall cover as a minimum the following:⁴
- (a) The geographical boundary of the CPA including any time-induced boundary⁵ consistent with the geographical boundary set in the PoA;
 - (b) Conditions that avoid double counting of emission reductions like unique identifications of product and end-user locations (e.g. programme logo);
 - (c) The specifications of technology/measure⁶ including the level⁷ and type of service, performance specifications including compliance with testing/certifications;
 - (d) Conditions to check the start date of the CPA through documentary evidence;
 - (e) Conditions that ensure compliance with applicability and other requirements of single or multiple methodologies applied by CPAs;
 - (f) The conditions that ensure that the CPA meets the requirements pertaining to the demonstration of additionality as specified in section 3.1 above;
 - (g) The PoA-specific requirements stipulated by the CME including any conditions related to undertaking local stakeholder consultations and environmental impact analysis;⁸
 - (h) Conditions to provide an affirmation that funding from Annex I Parties, if any, does not result in a diversion of official development assistance;

⁴ Validating DOE and/or the Board may specify additional criteria depending on the specific characteristics of a PoA.

⁵ For example, an emission factor for electricity generation is dependent on the boundaries of regional or state or sub-regional grids.

⁶ Specifications of the technology/measure shall include the type, capacity and other key features of the design of the systems. For example, indicating the kW capacity, size or dimensions, fixed/portable operation, and other key design features that makes the project cook stoves efficient, would be appropriate; however, only indicating that all cook stoves will have an efficiency X% would not be sufficient.

⁷ The level of service shall be defined in comparison with the baseline system being replaced.

⁸ See also relevant paragraphs of "Clean Development Mechanism Project Cycle Procedure".

- (i) Where applicable, target group (e.g. domestic/commercial/industrial, rural/urban, grid-connected/off-grid) and distribution mechanisms (e.g. direct installation);⁹
 - (j) Where applicable, the conditions related to sampling requirements for the PoA in accordance with the “Standard for sampling and surveys for CDM project activities and programme of activities”;
 - (k) Where applicable, the conditions that ensure that every CPA (in aggregate if it comprises of independent sub units) meets the small-scale or microscale threshold¹⁰ and remains within those thresholds throughout the crediting period of the CPA;
 - (l) Where applicable, the requirements for the debundling check, in case the CPAs belongs to small-scale or microscale project categories.¹¹
17. The eligibility criteria shall be verifiable.
18. The validating DOE shall determine whether the eligibility criteria are sufficiently objective and comprehensive to permit the assessment of the inclusion of CPAs in the PoA.
19. The CME shall have the competencies to check the features of potential CPAs and ensure that each CPA meets all requirements and eligibility criteria before inclusion in the registered PoA. The CME shall develop and implement a management system that includes the following made available to the DOE at the time of validation of the PoA:
- (a) A clear definition of roles and responsibilities of personnel¹² involved in the process of inclusion of CPAs, including a review of their competencies;
 - (b) Records of arrangements for training and capacity development for personnel;
 - (c) A procedure for technical review of inclusion of CPAs;
 - (d) A procedure to avoid double counting (e.g. to avoid the case of including a new CPA that has already been registered either as a CDM project activity or as a CPA of another PoA);
 - (e) Records and documentation control process for each CPA under the PoA;
 - (f) Measures for continuous improvements of the PoA management system¹³;

⁹ This is to re-test the validity of assumptions made at the PoA level. For example, in a lighting efficiency application, lighting usage hours of 3.5 hours per day would be valid if the target group is residences/households. Usage hours would be different in commercial applications and vice versa.

¹⁰ Please refer to the latest approved version of the “Guidelines for demonstrating additionality of microscale project activities” and the latest approved version of the “General Guidelines to SSC CDM methodologies”.

¹¹ Please refer to the latest approved version of the “Guidelines on assessment of debundling for SSC project activities”.

¹² It is not necessary to specify the names of personnel, but the descriptions of functions are required.

¹³ Improvements may include addition or restructuring of functions/posts for which prior approval by the Board is not required as long as the CME is able to demonstrate to the DOE that the deliverables of the management system specified in the registered PoA-DD are fully met.

- (g) Any other relevant elements.
- 20. The DOE shall assess the elements of the management system referred to in paragraph 17 above as part of the validation of the PoA or as part of the validation of a CPA inclusion.
- 21. CPAs may be included in the PoA on the basis that the DOE has confirmed the eligibility of the CPAs where applicable undertaking sample-based checks in accordance with the guidelines/standard approved by the Board.
- 22. For PoAs that include combinations of technologies/measures and/or methodologies, distinct eligibility criteria shall be developed per combination as specified in paragraph 29 below.

3.2.2. Updating eligibility criteria

- 23. If the version of methodologies applied by the PoA is revised or replaced subsequent to being placed on hold, the CME shall update the eligibility criteria to the requirements of the revised or new methodologies with immediate effect. A new version of the PoA-DD (e.g. version 1.1) and the generic CPA-DDs containing updated eligibility criteria validated¹⁴ by a DOE shall be submitted to the secretariat for approval by the Board.
 - (a) Once the changes have been approved by the Board, the inclusion of all new CPAs shall be based on the updated eligibility criteria applying the corresponding new generic CPA-DDs;
 - (b) CPAs that were included before the methodology was put on hold shall apply the revised version of the corresponding generic CPA-DDs only at the time of the renewal of their crediting periods.
- 24. No action is required if the version of the methodologies applied by the PoA is revised without being placed on hold or is withdrawn for the purpose of inclusion in a consolidated methodologies, unless otherwise indicated in the respective report of the meeting of the Board that has approved the new methodologies.
- 25. If the boundary of the PoA is amended post-registration to expand the geographic coverage or to include one or more additional host Parties, the CME shall update the eligibility criteria to reflect the consequent changes. A new version of the PoA-DD (e.g. version 1.2) and the generic CPA-DDs containing updated eligibility criteria validated by a DOE shall be submitted to the secretariat for approval by the Board.
 - (a) Once the changes have been approved by the Board, the inclusion of all new CPAs shall be based on the updated eligibility criteria applying the corresponding new generic CPA-DDs;
 - (b) CPAs that were included before the boundary of the PoA was amended shall apply the revised eligibility criteria only at the time of the renewal of their crediting periods.

¹⁴ In this case, the stakeholder consultation is not required.

26. The revision of the eligibility criteria of a registered PoA may be initiated by the Board at any time during the lifetime of the PoA if an issue related to environment integrity is identified, as follows:
- (a) In the event that the revision of the eligibility criteria of a PoA is requested by the Board, the CME shall update the eligibility criteria to reflect the consequent changes. A new version of the PoA-DD (e.g. version 1.3) and the generic CPA-DDs validated by a DOE shall be submitted to the secretariat for approval by the Board;
 - (b) Once the changes have been approved by the Board, the inclusion of all new CPAs shall be based on the updated eligibility criteria applying the corresponding new generic CPA-DDs;
 - (c) CPAs that were included before the revision of the eligibility criteria shall apply the revised eligibility criteria only at the time of the renewal of their crediting periods.
27. At the renewal of a PoA, the CME shall update the eligibility criteria as per the latest revised applicable methodologies. A new version of the PoA-DD (e.g. version 1.4) and the generic CPA-DDs validated¹⁵ by a DOE shall be submitted to the secretariat for approval by the Board in accordance with the renewal of PoA process as defined in the “Clean development mechanism project cycle procedure”.
- (a) Once the changes have been approved by the Board, the inclusion of all new CPAs shall be based on the updated eligibility criteria applying the corresponding new generic CPA-DDs;
 - (b) The subsequent CPAs requesting the renewal of the crediting period shall apply the new version of the corresponding generic CPA-DDs.

3.3. Application of multiple methodologies

3.3.1. General requirements

28. The CME shall list in the PoA-DD and the generic CPA-DDs various combinations of technologies/measures and/or approved methodologies that will be implemented in the PoA.
29. The CME shall define the eligibility criteria for CPA inclusion and, where applicable, sampling plans for each of the combinations separately in accordance with the requirements in section 3.2 above as well as any guidelines/standard approved by the Board pertaining to sampling and surveys. If a CPA uses technologies/measures from several methodologies, it shall be in compliance with all the eligibility criteria derived from the requirements of all the methodologies. These eligibility criteria shall be identified in the validated PoA-DD.

3.3.2. Application of multiple small-scale CDM methodologies

30. Combinations of technologies/measures and/or methodologies for a PoA are eligible where it is demonstrated that there are no cross effects between the

¹⁵ In this case, the stakeholder consultation is not required.

technologies/measures applied. Where such cross effects do exist, the CME shall propose methods to account for such cross effects using the “Requests for deviation from approved methodology” of “Clean development mechanism project cycle procedure” so as to ensure that the calculation of emission reductions is accurate.

31. In particular, the following situations for applying combinations of technologies/measures and/or methodologies are eligible under the conditions indicated¹⁶:
- (a) The same combination of technologies/measures under the same combination of methodologies applied consistently in each and every CPA of a PoA. For example, methane recovered from an anaerobic digester to treat animal manure under AMS-III.D is used for heat generation applying AMS-I.C;
 - (b) A single methodology is consistently applied in each CPA of a PoA but using multiple technologies/measures. For example, different waste water treatment technologies can be applied across CPAs within the same PoA, using AMS-III.H;
 - (c) A principle technology/measure is applied consistently in each CPA using multiple combinations of methodologies. For example, wastewater treatment projects¹⁷ with different ways of utilizing recovered methane (AMS-I.C for heat, AMS-I.D and AMS-I.F for electricity, or both), biomass/biogas projects with different fuel displacement (AMS-I.C and AMS-I.I for fossil fuel, AMS-I.E for non-renewable biomass, or both);
 - (d) Combinations of technologies/measures and methodologies vary across CPAs within a PoA and/or multiple and disparate methodologies are used in CPAs to realize the policy or the goal of the PoA. To apply such combinations¹⁸, the CME shall demonstrate that the implementation of the activities is integrated through the design of the programme, for example:
 - (i) A CME initiates and coordinates different emission reduction activities as part of a city-wide effort to reduce GHG emissions, implementing policy goals adopted by the city or the government. This may include different measures, such as energy production, transport, energy efficiency and waste management;
 - (ii) A CME initiates and coordinates the installation of renewable electricity systems which may include grid-connected and off-grid systems by providing financial incentives for the installation of these systems.
32. The CME may follow the “Guidelines for the consideration of interactive effects for the application of multiple CDM methodologies for a programme of activities” and where necessary seek clarifications on cross effects in the proposed combinations in accordance with the latest applicable procedure by submitting a PoA-DD and CPA-DD with completed sections of detailed technical descriptions. Where possible, these

¹⁶ Combinations of approved methodologies contained in the “General guidelines to SSC CDM methodologies” may be applied without further assessment of cross effects or other conditions, while other combinations can be applied with the analysis of cross effects.

¹⁷ Biogas/methane recovery from an anaerobic digester is the principle technology/measure in this example.

¹⁸ Choosing this option may influence the choices for the sampling plan.

requests shall be considered on priority basis and the response shall be provided within four weeks.

33. The compliance of a CPA with the small-scale threshold shall be met by following the “General guidelines to SSC CDM methodologies”.

3.3.3. Application of multiple large-scale CDM methodologies

34. For PoAs applying large-scale CDM methodologies, only combinations explicitly permitted in the methodologies can be applied without prior-approval by the Board. In other cases, the CME shall submit a request for clarification to the secretariat by following the latest applicable procedure for the eligibility of the proposed combination. To apply combinations of methodologies not explicitly permitted, justifications to demonstrate the integration through the design of the programme as indicated in paragraph 31(d), should be included in the request for clarification.

3.3.4. Application of combination of multiple large-scale and small-scale CDM methodologies

35. In case of a combination of multiple large-scale and small-scale CDM methodologies in a PoA, the same procedures detailed in section 3.3.3 above shall be applied.

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Document information

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03.0	26 July 2013	EB 74 Annex 5 Revision to include changes in section 3.1 in paragraphs 7, 11, and to add new paragraphs 14(a) and (b), and to section 3.2 in paragraphs 16(c), 19(a), 19(f), 25, 30, 31, 31(d) and 34.
02.1	3 December 2012	Editorial improvements and to correct references to sections and document titles within the document.
02.0	23 November 2012	EB 70, Annex 5 Revision to clarify the applicability of relevant additionality guidelines to CPAs and the applicability of the PoA-DD and CPA-DD forms.
01.0	25 November 2011	EB 65, Annex 3 Initial adoption. This document consolidates and thus supersedes the following 3 annexes: <ul style="list-style-type: none"> • Standard for demonstration of additionality of GHG emission reductions achieved by a Programme of Activities (version 01.0) (Annex 02, EB 63 meeting report); • Standard for the development of eligibility criteria for the inclusion of a project activity as a CPA under the POA (version 01.0) (Annex 03, EB 63 meeting report); • Standard for application of multiple CDM methodologies for a Programme of Activities (version 01.0) (Annex 04, EB 63 meeting report). This document also supersedes the requirements in the Procedures for approval of the application of multiple methodologies to a Programme of Activities (version 01.0) (Annex 31, EB 47 meeting report).

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