



Joint Implementation Action Group

Joint Implementation Supervisory Committee
Attn. Mr. Chowdhury
P.O. Box 260124
D-53153 Bonn
Germany

Subject: JIAG Input for Call for public inputs on guidance to criteria for baseline setting and monitoring

22 July 2011

Dear Chair of the Joint Implementation Supervisory Committee (JISC),
Dear members and alternate members of the JISC,

The Joint Implementation Action Group (JIAG) would like to thank the JISC for progress made on the work plan defined for 2011.

The JIAG would like to propose the following inputs and considerations for the specific questions raised with respect of the update of the guidance on criteria for baseline setting and monitoring, based on our experience and analysis of the guidance to criteria for baseline setting and monitoring on JI.

Comparable cases in the context of a JI specific approach

We appreciate the effort to update the guidance that clarifies and settles some of the issues raised in earlier JISC meetings. The JIAG would like to remind the JISC that JI would benefit from a more in-depth revision of the guidance. For ideas on such a revision, including further suggestions on baseline setting and additionality the JIAG refers to its submission, dated 4 June 2010.

AIEs expressed reluctance to determine “comparable cases” in the demonstration of additionality and for baseline setting and monitoring. The way AIEs interpret “comparability” limits the practical applicability of “comparable cases”. Therefore we provided an alternative text to define how a “comparable case” should be interpreted to be included in Paragraphs 9 (Baseline) and Annex 1 P. 2b (Additionality):

An approach for baseline setting and monitoring already taken in comparable cases that an AIE has positively determined. A comparable case is a project that encompasses similar sources of GHG emissions and emission reductions are achieved by similar measures, realized in the same country with the starting date within four years before or after the starting date of the positively determined project, that implements a similar type of technology that retains the basic design principles of the technology in positively determined project and has the same scale (i.e. Large scale project or Small scale as defined in the relevant JI guidance). Project participants are required to provide justification that the comparability criteria are met.

See Annex I for further information on this topic.

Minimum thresholds to define project boundaries and address leakage

JI has minimum thresholds for the inclusion of emission sources in the project boundaries. For leakage such thresholds have not been defined. This can create a situation where project developers have to include and quantify minor and insignificant sources of leakage. A threshold value for leakage can avoid this.

The JIAG proposes to limit the inclusion of leakage that exceeds 1 percent of average annual emission reductions or 2,000 tCO₂e/year, whichever is lower.

Concept of prior consideration in JI

Prior consideration as it is applied in the CDM is currently not required under JI. This fact has been confirmed by the Secretariat in the clarification provided (<http://ji.unfccc.int/Ref/Guida/reqClarifications.html>).

The current discussion is whether prior consideration *should* be introduced in JI. We believe that “provision of proofs that carbon revenues has been seriously considered during the decision to go ahead with the project implementation” is a concept that is very important to the offset mechanisms (e.g. CDM) but not for a project based mechanism under a capped environment such as JI.

Furthermore we believe that introducing this concept almost at the end of the First Commitment Period, while JI projects are supposed to be eligible as of 1 January 2000, would negatively impact the predictability of JI. Retroactive introducing such requirement at a very late stage would be detrimental for JI.

We trust you will find these suggestions useful and look forward to continue our support for JI in 2011.

Yours sincerely,

Lennard de Klerk
JIAG Chair

Annexes

Annex I: Comparable cases in baseline setting and additionality

Annex II: JIAG Members

Annex I Comparable cases in baseline setting and additionality

1. Background

The current version of the Guidance on criteria for baseline setting and monitoring (Version 02) has option in Paragraph 28 and Paragraph 2 of the Annex 1 to provide demonstration of additionality by means of “Provision of traceable and transparent information that an accredited independent entity has already positively determined that a comparable project (to be) implemented under comparable circumstances (same GHG mitigation measure, same country, similar technology, similar scale) would result in a reduction of anthropogenic emissions by sources or an enhancement of net anthropogenic removals by sinks that is additional to any that would otherwise occur and a justification why this determination is relevant for the project at hand.” Annex 4 of the agenda for JISC meeting 25 introduces a similar approach to the baseline setting, therefore extending options available to project participants to include the following option: “An approach for baseline setting and monitoring already taken in comparable cases that an AIE has positively determined.” The JIAG encourages this extension but invites the JISC to provide additional guidance on the topic. Without clear guidance AIEs tend to be reluctant to allow for reference to comparable cases since they seek a clear reference framework for their determinations.

2. Questions

A few questions need to be answered before this approach can be implemented in practice:

- 1) What definition applies to “comparable cases” (para 9c of Annex 4 to JISC meeting 25).
- 2) How can project participants obtain information on comparable cases that an AIE has positively determined. (para 9c of Annex 4 to JISC meeting 25) Should it be justified that a certain case is comparable to the JI project under development?

3. Definition of comparable case

Current version of the Guidance puts following criteria for establishing comparable case which can be extended:

- 1) Same GHG mitigation measure – this is a good approach and relates to the technology used. However, can be specified to “project boundary encompasses similar sources of GHG emissions and emission reductions are achieved by similar measures”.
- 2) Same country – also this is a good approach but does not take relevant sectoral circumstances and legislative and regulatory requirements into account. If the technologically similar project is realized in the same country in the same time period it will be subject to the same external factors as the proposed JI project. Therefore, this can be formulated as “realized in the same country with the starting date within 4 years before or after the starting date of the positively determined project”.
- 3) Similar technology – this relates to the first items but can be defined further as “the project applies a similar type of technology that retains the basic design principles of positively determined project”.

- 4) Similar scale – this can be defined as a distinction between small and large scale, as follows: “the project has the same scale (large or small scale)”.

4. Positive Determination

There is no definition of the “project that AIE has already positively determined”. We should propose to establish such definition as “the project for which an AIE has issued the determination report with all corrective actions requests and clarification requests resolved with the exception of approvals of the Parties involved provision”. However, if such determination has not been finalized it will not be known to the secretariat, the JISC or the project participants that were not involved in this project. There should be a way of making such “positive determinations” public since a determination report may be “positive” and completed but will only be publicly available when it will be submitted for final determination.. On the other hand, until the determination has been accepted by the JISC it cannot be considered final and can be changed, rejected etc. In such case what happens to other projects that are based on such determination? Therefore, in practice applicability of this approach is limited to final determinations.

5. Justification of relevancy

A simple analysis and justification that comparability criteria as described above are met should be sufficient for the establishment of the baseline and proving additionality. Therefore, the text in Paragraph 2b of the Annex 1 to the “Guidance...” should be changed from “justification why this determination is relevant for the project at hand.” to “Project participants are required to provide justification that the comparability criteria are met”.

6. Proposed text

The following text should be included in Paragraphs 9 (Baseline) and Annex 1 P. 2b (Additionality):

An approach for baseline setting and monitoring already taken in comparable cases that an AIE has positively determined. A comparable case is a project that encompasses similar sources of GHG emissions and emission reductions are achieved by similar measures, realized in the same country with the starting date within four years before or after the starting date of the positively determined project, that implements a similar type of technology that retains the basic design principles of the technology in positively determined project and has the same scale (i.e. Large scale project or Small scale as defined in the relevant JI guidance). Project participants are required to provide justification that the comparability criteria are met.

Annex II: JIAG Members

JIAG members		
	Company	Nominated representative
1	Global Carbon (chair)	Mr. Lennard de Klerk
2	Climate Focus (secretariat)	Mr. Jelmer Hoogzaad, Mr. Moritz von Unger
3	Vertis Environmental Finance	Mr. James Atkins
4	Carbon Trade & Finance	Mr. Ingo Ramming
5	FutureCamp	Mr. Roland Geres, Mr. Thomas Mühlpöckner
6	GreenStream Network	Ms. Riikka Sipponen

