

Proposed Text for Appendix A, Part Three of the Chairman's Note: Baselines

**Submission by Australia, Canada, Iceland, Japan, New Zealand,
Norway, Russian Federation, Ukraine, and the United States**

31 January, 2000

General Provisions

- 1.** Baselines considered for the CDM shall include both project-specific and multi-project baselines.
- 2.** A project-specific baseline establishes the emissions and/or removals for a specific reference case that represents what would occur in the absence of a particular project activity. Emissions and/or removals resulting from a project activity would be compared to the project-specific baseline to calculate net reductions or removals resulting from the project activity.
- 3.** A multi-project baseline establishes a performance standard (based on emissions and/or removals) for a sector or source category for a specific geographic area that represents what would occur in the absence of a particular project activity. Emissions and/or removals resulting from a project activity within the same sector or source category and same geographic area would be compared to the multi-project baseline to calculate net reductions or removals resulting from the project activity.
- 4.** Baselines for project activities must address all relevant gases covered by the Protocol in the context of the specific project activity. Project participants shall report aggregate emissions and/or removals of greenhouse gases expressed in CO₂ equivalent terms using the global warming potentials (GWPs) defined by Dec.2/CP.3 or as subsequently revised in accordance with Article 5 as appropriate.

Approval of Baselines

- 5.** Project participants shall submit a project-specific or a multi-project baseline to an operational entity as part of the registration process, in accordance with Appendix B.

6. Proposals for project-specific baselines using first-of-a-kind¹ methodologies shall be subject to approval by the Executive Board based on guidance contained in this appendix and further elaborated by the COP/moP as appropriate. The Executive Board shall make approved project-specific methodologies publicly accessible.
7. Project-specific baseline methodologies shall consist of the following elements²:
 - a. the historic data set and/or a projection of future trends;
 - b. the specific geographic area used as the reference case (e.g., sub-national, national, regional group of countries, global);
 - c. the CDM project activity lifetime (i.e., time period during which CERs may accrue);
 - d. whether the baseline is static or dynamic (i.e., whether or not the baseline is designed to reflect trends or will be adjusted over time);
 - e. the interval between updates and revisions of the baseline, if necessary;
 - f. how the baseline addresses potential system boundary issues; and,
 - g. inclusion of sufficient information to identify, and make fully transparent, all assumptions made that may affect the baseline.
8. When a project-specific baseline is submitted for a project-activity, the operational entity shall confirm whether the proposed project-specific baseline contains the elements in paragraph 7. If the proposed baseline does not contain the elements in paragraph 7, the operational entity shall so notify the project participants.
9. If the proposed baseline contains the elements in paragraph 7, the operational entity shall determine whether the proposed baseline conforms to project-specific methodologies approved by the Executive Board, and whether such methodologies have been correctly applied. If so, then the operational entity shall approve the baseline for the purpose of registration under Appendix B of that project activity.
10. If the proposed baseline contains the elements in paragraph 7, but does not conform to approved project-specific baseline methodologies, then the operational entity shall forward the proposed baseline to the Executive Board for consideration. If the Executive Board approves the project-specific baseline methodologies, then it shall notify the operational entity, which shall approve the baseline for the purpose of registration under Appendix B of that project activity. If the operational entity determines that the baseline does not conform to the circumstances for that project activity, it shall notify the project participants accordingly.

¹ 'First-of-a-kind' indicates that no project-specific baseline methodologies have been approved for this project category.

² Subsequent submissions will elaborate on the criteria by which decisions shall be made and the elements that shall be included in multi-project baselines.

- 11.** Proposals for first-of-a-kind³ multi-project baselines shall be subject to approval by the Executive Board based on guidance contained in this appendix and further elaborated by the COP/moP as appropriate. The Executive Board shall make approved multi-project baselines publicly accessible.
- 12.** Multi-project baselines may be proposed by host Parties, project participants or other entities with the approval of the Host Party.
- 13.** Proposals for multi-project baselines shall include the following elements⁴:
 - a. the level of aggregation (e.g., sector, sub-sector, technology);
 - b. the historic data set and/or a projection of future trends;
 - c. the specific geographic area covered by the baseline (e.g., sub-national, national, regional group of countries, global);
 - d. whether the baseline is static or dynamic (i.e., whether or not the baseline is designed to reflect trends or will be adjusted over time);
 - e. the interval between updates and revisions of the baseline, if necessary;
 - f. how the baseline addresses potential system boundary issues; and,
 - g. inclusion of sufficient information to identify, and make fully transparent, all assumptions made that may affect the baseline.
- 14.** If a multi-project baseline approved by the Executive Board exists for a particular project category in the specific geographic area in which the project activity occurs, this approved multi-project baseline shall, except as provided in paragraph 16, be used in the submission by the project participants.
- 15.** When a multi-project baseline approved by the Executive Board is submitted by a project participant for a specific project activity, the operational entity shall review the multi-project baseline to ensure that that baseline conforms to the circumstances of that project activity. If the operational entity determines that that baseline conforms to the circumstances of the project activity, then the operational entity shall approve the use of that baseline for the purpose of registration under Appendix B of the project activity. If the operational entity determines that that baseline does not conform to the circumstances of that project activity, it shall notify the project participants accordingly.
- 16.** Project participants may choose not to use an approved multi-project baseline for a project in a category for which such a baseline exists, but in this event they must provide sufficient information to support the use of an alternative baseline. Project-specific baselines

³ 'First of a kind' indicates that no prior multi-project baseline has been established for the sector or source category in the specific geographic area.

⁴ Subsequent submissions will elaborate on the criteria by which decisions shall be made and the elements that shall be included in multi-project baselines.

submitted under this paragraph shall be treated in the same manner as paragraphs 6-10 above.

Other provisions

17. The Executive Board may draw upon outside organizations or entities to undertake appropriate functions to assist the Executive Board in its activities relating to the development and/or approval of baseline methodologies.
18. The Executive Board shall establish a process by which to improve methodologies for developing baselines.