

A6.4-MEP014-A02

Concept note

Revision of methodological standards and
tools for application to programme of
activities

Version 01.0



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1. Procedural background

1. The Supervisory Body of the Article 6.4 mechanism (hereinafter referred to as the “Supervisory Body”), at its fifteenth meeting (SBM 015), requested the Methodological Expert Panel (MEP) to amend the “Standard: Demonstration of additionality in mechanism methodologies” (A6.4-STAN-METH-003) (hereinafter referred to as the “Additionality Standard”)¹ to cover methodological requirements for activities implemented at larger scales, including programmes of activities (PoAs).²
2. The SBM 016 requested the MEP to amend the “Standard: Setting the baseline in mechanism methodologies” (A6.4-STAN-METH-004) (hereinafter referred to as the “Baseline Standard”),³ the “Standard: Addressing leakage in mechanism methodologies” (A6.4-STAN-METH-005) (hereinafter referred to as the “Leakage Standard”),⁴ and the Additionality Standard to support the transition of PoAs into the Article 6.4 mechanism.⁵
3. The SBM 021 the MEP to prepare a concept note on revising methodological standards and tools for application to Article 6.4 programmes of activities and to propose any revisions to relevant methodological standards and tools needed to make them applicable to Article 6.4 PoAs, including, inter alia:⁶
 - (a) Additionality Standard;
 - (b) Baseline Standard;
 - (c) Leakage Standard;
 - (d) “Standard: Addressing suppressed demand in mechanism methodologies” (A6.4-STAN-METH-006) (hereinafter referred to as the “Suppressed Demand Standard”);⁷
 - (e) “Standard: Addressing non-permanence and reversals in mechanism methodologies” (A6.4-STAN-METH-007) (hereinafter referred to as the “Reversals Standard”);⁸
 - (f) “Methodological tool: Common practice analysis” (A6.4-AMT-001) (hereinafter referred to as the “Common Practice Tool”);⁹ and

¹ See <https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-003.pdf>.

² See paragraph 39(d) of A6.4-SBM015, <https://unfccc.int/sites/default/files/resource/A6.4-SBM015.pdf/>.

³ See <https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-004.pdf>.

⁴ See <https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-005.pdf>.

⁵ See paragraphs 13 and 32 of A6.4-SBM016, <https://unfccc.int/sites/default/files/resource/A6.4-SBM016.pdf>.

⁶ See paragraph 27 of A6.4-SBM021, <https://unfccc.int/sites/default/files/resource/A6.4-SBM021.pdf>.

⁷ See <https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-006.pdf>.

⁸ See <https://unfccc.int/sites/default/files/resource/A6.4-STAN-METH-007.pdf>.

⁹ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amt-001>.

- (g) “Methodological tool: Investment analysis” (A6.4-AMT-002) (hereinafter referred to as the “Investment Analysis Tool”).¹⁰

4. The MEP 014 initiated work on this draft concept note.

2. Purpose

5. The Article 6.4 mechanism’s existing methodological standards and several of its methodological tools were designed for, and are currently applicable only to, Article 6.4 activities undertaken at the project level. Accordingly, these methodological standards do not permit the approval of mechanism methodologies that apply to Article 6.4 PoAs. Some also contain technical requirements that require revision to address features specific to Article 6.4 PoAs.
6. The proposed changes to the methodological standards and tools are intended to enable the Supervisory Body to approve and operationalize mechanism methodologies that apply to Article 6.4 PoAs, including PoAs transitioning to the Article 6.4 mechanism.

3. Key issues and proposed solutions

3.1. Overview of Article 6.4 PoAs

7. An Article 6.4 PoA is a voluntary coordinated action that leads to emission reductions or net removals through an unlimited number of component projects (CPs), each of which is a single measure, or a set of interrelated measures, to reduce GHG emissions or result in net GHG removals. An Article 6.4 PoA is structured as follows:
- (a) For each PoA, activity participants must submit a programme of activities design document (PoA-DD), which describes the activity type(s), geographical scope, and applicable mechanism methodology(ies) and methodological tool(s) to be used;
 - (b) Each PoA-DD includes a section describing one or more generic component projects (each, a generic CP). A generic CP represents a category of CPs with similar attributes (e.g., CPs that share a common activity type and geographical scope) that are eligible for inclusion in the PoA; and
 - (c) For each CP, activity participants must submit a component project design document (CP-DD), with each CP-DD based on exactly one of the generic CPs provided in the PoA-DD.
8. The following terms are used in this concept note. The MEP notes that more comprehensive and formal definitions are provided in the “Glossary: Article 6.4 mechanism terms” (A6.4-GLOS-GOV-001).¹¹ The abbreviated definitions provided here are intended to clarify the relationship among technical concepts related to Article 6.4 PoAs and are not intended to replace existing definitions:
- (a) **Article 6.4 activity:** refers jointly to Article 6.4 projects and Article 6.4 PoAs;
 - (b) **Article 6.4 project:** a voluntary, stand-alone project under the Article 6.4 mechanism;

¹⁰ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amt-002>.

¹¹ See <https://unfccc.int/sites/default/files/resource/A6.4-Glossary.pdf>.

- (c) **Article 6.4 programme of activities (Article 6.4 PoA):** a voluntary, coordinated action to implement one or more similarly situated component projects under the Article 6.4 mechanism;
- (d) **Component project (CP):** a single measure or set of interrelated measures included as part of an Article 6.4 PoA;
- (e) **Component project design document (CP-DD):** a design document for a component project, that corresponds to exactly one of the generic CPs provided for in a PoA-DD;
- (f) **Generic component project (generic CP):** a category of CPs provided for in an Article 6.4 PoA that share similar attributes (e.g., a common activity type and geographical scope). A generic CP is not described in a stand-alone document, but forms part of the PoA-DD;
- (g) **Programme of activities design document (PoA-DD):** a design document for an Article 6.4 PoA, which includes a section describing one or more generic CPs; and
- (h) **Project design document (PDD):** a design document for an Article 6.4 project.

3.2. Analysis of existing methodological standards and tools

9. The MEP agreed to analyse the methodological standards and tools listed in Table 1 to determine whether each methodological standard or tool is:
 - (a) Already applicable to Article 6.4 PoAs; and
 - (b) Required to support the implementation of mechanism methodologies that reduce non-renewable biomass consumption (e.g., clean cooking).

Table 1. Applicability of methodological standards and tools to Article 6.4 PoAs

Methodological standard or tool	Applicable to Article 6.4 PoAs?	Necessary for the draft “Methodology: Energy efficiency measures in household cooking”
Additionality Standard	No	Yes
Baseline Standard	No	Yes
Leakage Standard	No	Yes
Suppressed Demand Standard	No	Yes
Reversals Standard	No	Yes
Common Practice Tool	No	Yes
Investment Analysis Tool	No	Yes
“Methodological tool: Analysis of lock-in risk” (A6.4-AMT-008) (hereinafter referred to as the “Lock-in Tool”)	Yes ¹²	No ¹³

¹² The Lock-in Tool was drafted to be applicable to Article 6.4 PoAs. However, revisions are considered necessary to align it with the proposed revisions to the Additionality Standard.

¹³ Although the MEP determined that this methodological tool is not necessary to support the implementation of the draft “Methodology: Energy efficiency measures in household cooking”, the MEP also determined the revisions necessary to make the methodological tool applicable to A6.4 PoAs as part of its work on updating the Additionality Standard. Accordingly, proposed revisions to this methodological tool are included in this concept note.

Methodological standard or tool	Applicable to Article 6.4 PoAs?	Necessary for the draft “Methodology: Energy efficiency measures in household cooking”
“Methodological tool: Project emissions from flaring” (A6.4-AMT-004) ¹⁴	No	No
“Methodological tool: Mass flow of a greenhouse gas in a gaseous stream” (A6.4-AMT-005) ¹⁵	No	No
“Methodological tool: Determination of the technical lifetime of equipment” (A6.4-AMT-006) ¹⁶	No	No
“Methodological tool: Emissions from electricity generation and consumption” (A6.4-AMT-007) ¹⁷	No	No
“Methodological tool: Fraction of non-renewable biomass” (A6.4-AMT-009) ¹⁸	Yes	Yes

10. Accordingly, the MEP determined that, to support the operationalization of mechanism methodologies applicable to Article 6.4 PoAs that reduce non-renewable biomass consumption, it is necessary to prioritize revisions to the following methodological standards and tools to make them applicable to Article 6.4 PoAs:
- (a) Additionality Standard (provisions in appendix 1);
 - (b) Baseline Standard (provisions in appendix 2);
 - (c) Leakage Standard (provisions in appendix 3);
 - (d) Suppressed Demand Standard (provisions in appendix 4);
 - (e) Reversals Standard (provisions in appendix 5);
 - (f) Common Practice Tool (provisions in appendix 6);
 - (g) Investment Analysis Tool (provisions in appendix 7); and
 - (h) Lock-in Tool (provisions in appendix 8).
11. The MEP will continue the revisions necessary to make other methodological tools applicable to Article 6.4 PoAs, consistent with the mandate provided in paragraph 3.

¹⁴ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amt-004>.

¹⁵ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amt-005>.

¹⁶ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amt-006-determination-of-the-technical-lifetime-of-equipment>.

¹⁷ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amt-007-emissions-from-electricity-generation-and-consumption>.

¹⁸ See <https://unfccc.int/process-and-meetings/the-paris-agreement/article-6/article-64-pacm/mechanism-process/methodologies/a64-amt-009>.

3.3. Proposed revisions to methodological standards and tools

12. For all revised methodological standards and tools, the applicability statement is revised to read: “This version of the standard is applicable to proposed mechanism methodologies for Article 6.4 projects and Article 6.4 programmes of activities (Article 6.4 PoAs), jointly referred to as “Article 6.4 activities”. This revision makes the methodological standards and tools applicable to both Article 6.4 projects and Article 6.4 PoAs. References to relevant rules pertaining to PoAs are also included, where applicable, together with other editorial revisions.
13. In addition, the terminology was aligned with that referred to in paragraph 8 above. Specifically, where the term “PDD” is used, it has either been retained (where it refers only to an Article 6.4 project) or expanded, as appropriate, to include “PoA-DD” and “CP-DD”. Other editorial revisions were also made, such as replacing the term “project” with “activity” where it refers to an Article 6.4 activity. In other contexts, the term “project” was retained where appropriate.
14. The terminology used in the mechanism methodologies and tools was aligned with the terms defined in paragraph 8, using the formal definitions contained in the “Glossary: Article 6.4 mechanism terms” (A6.4-GLOS-GOV-001).
15. Proposed revisions to the methodological standards and tools are summarized for each document in the subsections below.

3.3.1. Additionality Standard

16. For the Additionality Standard, in addition to expanding its applicability to Article 6.4 PoAs, the proposed revisions require mechanism methodologies to adopt one of three approaches to demonstrating additionality. Each approach defines the level at which additionality must be demonstrated. These approaches are:
 - (a) Require each CP to demonstrate additionality in the same manner as an Article 6.4 project;
 - (b) Establish requirements for activity participants to demonstrate additionality in a standardized manner at the Article 6.4 PoA level, and define eligibility criteria in the PoA-DD that enable each CP to demonstrate additionality by fulfilling those criteria; or
 - (c) Define eligibility criteria in the mechanism methodology that enable each CP to demonstrate additionality directly by fulfilling those criteria.

3.3.2. Baseline Standard

17. In addition to expanding its applicability to Article 6.4 PoAs, the proposed revisions to the Baseline Standard require mechanism methodologies to specify how activity participants in Article 6.4 PoAs establish the baseline scenario and the business-as-usual (BAU) scenario in the context of the PoA. Specifically, the revised standard prescribes three options in this regard, discussed below. Further, in the appendix, procedures specific to Article 6.4 PoAs (i.e., inclusion of CPs) are included.
18. In determining the baseline scenario and the BAU scenario, one of the following three approaches shall be used, although different approaches may be applied to each:
 - (a) Require each CP to determine the scenario in the same manner as an Article 6.4 project;

- (b) Establish requirements for activity participants to determine the scenario in a standardized manner at the Article 6.4 PoA level in the PoA-DD that enable each CP to determine the scenario; or
 - (c) Define the scenario in the mechanism methodology so that each CP to determine the scenario directly by fulfilling the criteria accordance with the mechanism methodology.
19. Mechanism methodologies applying the Baseline Standard to Article 6.4 PoAs may include additional requirements for how to quantify baseline emissions or removals and emission reductions or net removals in the context of Article 6.4 PoAs.

3.3.3. Leakage Standard

20. In addition to expanding its applicability to Article 6.4 PoAs, the proposed revisions to the Leakage Standard indicate that mechanism methodologies applying the standard to Article 6.4 PoAs may include additional requirements for identifying and quantifying leakage emissions in the context of Article 6.4 PoAs, as necessary.

3.3.4. Suppressed Demand Standard

21. In addition to expanding its applicability to Article 6.4 PoAs, the proposed revisions to the Suppressed Demand Standard indicate that mechanism methodologies applying the standard to Article 6.4 PoAs may include additional requirements for addressing suppressed demand in the context of Article 6.4 PoAs, as necessary.

3.3.5. Reversals Standard

22. In addition to expanding its applicability to Article 6.4 PoAs, the proposed revisions to the Reversals Standard require mechanism methodologies to apply the “Methodological tool: Reversal Risk Assessment” to CPs and describe how it is to be applied in the context of Article 6.4 PoAs.

3.3.6. Common Practice Tool

23. In addition to expanding its applicability to Article 6.4 PoAs, the proposed revisions to the Common Practice Tool specify that it is applicable where additionality is demonstrated in accordance with paragraph 10(a) or 10(b) of the Additionality Standard (as proposed in paragraph 16 above). The proposed revisions also provide additional guidance on data vintage requirements and the identification and exclusion of comparable activities.

3.3.7. Investment Analysis Tool

24. In addition to expanding its applicability to Article 6.4 PoAs, the proposed revisions to the Investment Analysis Tool specify that it is applicable where additionality is demonstrated in accordance with paragraph 10(a) or 10(b) of the Additionality Standard (as proposed in paragraph 16 above).

3.3.8. Lock-in Tool

25. The proposed revisions to the Lock-in Tool specify that it is applicable where additionality is demonstrated in accordance with paragraph 10(a) or 10(b) of the Additionality Standard (as proposed in paragraph 16 above).

4. Impacts

26. The proposed revisions of methodological standards and tools to incorporate PoA-specific requirements will enable the development and implementation of mechanism methodologies applicable to Article 6.4 PoAs.
27. Specifically, the proposed revisions to the methodological standards and tools will enable the Supervisory Body to approve and operationalize the draft “Methodology: Energy efficiency measures in household cooking”.

5. Subsequent work and timelines

28. The MEP agreed to seek public input from stakeholders on this concept note and the revised methodological standards and tools listed in its appendices. It will consider the stakeholder input and recommend this concept note, together with the revised methodological standards and tools, for consideration by the Supervisory Body.
29. Subsequent work may be needed to identify elements of the “Information note: Elements related to non-permanence and reversals for inclusion in relevant regulatory documents” (A6.4-INFO-METH-002)¹⁹ that apply to project-level activity participants and adapt them for Article 6.4 PoAs, for example by amending the “Procedure: Article 6.4 activity cycle procedure for programmes of activities” (A6.4-PROC-AC-003)²⁰ (e.g., to specify how PoAs shall monitor, report, and remediate reversals).
30. The MEP notes that these changes are not required to approve mechanism methodologies applicable to Article 6.4 PoAs and that none of the priority mechanism methodologies needed to support the transition of clean development mechanism activities to the Article 6.4 mechanism require them at this time.
31. The following methodological tools require further revision before they are applicable to Article 6.4 PoAs:
 - (a) “Methodological tool: Project emissions from flaring” (A6.4-AMT-004);
 - (b) “Methodological tool: Mass flow of a greenhouse gas in a gaseous stream” (A6.4-AMT-005);
 - (c) “Methodological tool: Determination of the technical lifetime of equipment” (A6.4-AMT-006); and
 - (d) “Methodological tool: Emissions from electricity generation and consumption” (A6.4-AMT-007).
32. Subsequent work will be needed to incorporate the proposed revisions to the methodological standards and tools into an updated version of the “Standard: Article 6.4 activity standard for programmes of activities” (A6.4-STAN-AC-004).

6. Recommendations to the Supervisory Body

33. Not applicable. This document is published for a call for public input.

¹⁹ See <https://unfccc.int/sites/default/files/resource/A6.4-INFO-METH-002.pdf>.

²⁰ See <https://unfccc.int/sites/default/files/resource/A6.4-PROC-AC-003.pdf>.

7. Appendices

34. List of appendices:

- (a) Appendix 1. Draft Standard: Demonstration of additionality in mechanism methodologies (version 3.0);
- (b) Appendix 2. Draft Standard: Setting the baseline in mechanism methodologies (version 2.0);
- (c) Appendix 3. Draft Standard: Addressing leakage in mechanism methodologies (version 2.0);
- (d) Appendix 4. Draft Standard: Addressing suppressed demand in mechanism methodologies” (version 2.0);
- (e) Appendix 5. Draft Standard: Addressing non-permanence and reversals in mechanism methodologies (version 2.0);
- (f) Appendix 6. Draft Methodological Tool: Common practice analysis (version 2.0);
- (g) Appendix 7. Draft Methodological Tool: Investment analysis (version 2.0); and
- (h) Appendix 8. Draft Methodological Tool: Analysis of lock-in risk (version 2.0).

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Document information

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