

The following submission is made in response to the Call for input 2022 - Draft requirements for the development of mechanism methodologies launched by the Art 6.4 SDM Supervisory Body after its 2nd meeting held during 19-22 September 2022 by Vinay Deodhar¹, Desk Reviewer of CDM Methodologies

Input for the consideration of the SB at the 3rd Meeting and COP27.

1. As a means for encouraging ambition over time the Option 1 suggests a Baseline Contraction Factor. The options 1 and 2 to determine this BCF are left to individual host countries. It is seen that many Parties have not submitted their LT LEDS so far. Moreover, this may introduce a great deal of divergence in approaches among Parties to determine the BCF. It may become difficult for project developers, DOEs and the SB to take decisions for approval of projects under these approaches. Also, there is a danger that in sectors such as electricity generation the introduction of a BCF may seem imposing conditions on a host country, especially the LDCs. As the logic of a BCF means that the host country should necessarily set up more RE based power so as to reduce its grid emission factor over years. So, the policy in this regard needs to be carefully crafted. In this regard Option 4, which suggests that SB will develop an approach to decide the BCF seems to be appropriate.

Suggestion: It is therefore suggested that Option 4 should be adopted and the approach should be decided keeping a long-term validity and acceptable to majority of the host countries to ensure a stability in the ensuing carbon market.

2. Similar to the determination of the BCF, determination of the BE_s should also be done under Option B4b.
3. The Option 2 Facilitating transformative mitigation activities appears to be vague and need more elaboration. **A Best Practice example could be developed to elaborate how this would work in practice.**
4. Encouraging Broad Participation: Learning from the experience under CDM it is suggested that methodologies should consider the A-B-C analysis principle. That is the amount of efforts needed to meet stringency should not be disproportionate with the benefits, i.e., extent of carbon offsets generated. Many of the CDM methodologies involved elements which required detailed analysis of trivial elements, which led to discouraging the prospective project participants. As a result, it has been noticed that several methodologies have been revised in many versions but have no takers and have no registered projects under it! Secretariat may study number of projects registered under each of the approved methodology and identify such elements. This should not happen to Art 6.4 SDM methodologies.
5. On the same lines as mentioned above the Options 1 and 2 suggested in the Para 36 of the Annex 7 are host country specific and could create chaos. It is therefore suggested that either Option 4 a) or 4 b) be selected. In this the submissions of progressive NDCs by the host Parties should be considered.

I hope the above suggestions would be of benefit to the SB in taking decision regarding methodological considerations.

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