



# Establishing Sectoral and National Baselines

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# Summary

- Institutional Infrastructure
- Different baselines for different sectors
- An example of a sectoral baseline for methane emissions

# The importance of institutional infrastructure

- Baselines can be established using:
  - a. historic data
  - b. projections of economic activity
  - c. Technology (BAT)
- Each of these requires access to information
- “Schemes” or mechanisms with different scopes require different kinds of information
- Hence CDM works well in sectors with minimal institutional infrastructure

# Measures of institutional infrastructure

- Permits or licenses to operate – implies a database of facilities and some ability to communicate (command) and control
- Inspection or enforcement agencies
- Regulatory authorities and the ability to effectively implement regulations
- Government Departments or Ministries

Some examples:

- Highly developed institutional infrastructure: power sector
- Under-developed institutional infrastructure: domestic energy use / emissions; transport; agriculture and landuse; small businesses
- Built environment?

## Horses for courses...

- This means that we can (and should) have different types of baselines for different economic sectors in a given country
- Rather than the current Non-Annex 1 : Annex 1 split
- Under-developed sectors use CDM and a project by project approach
- Well developed sectors can establish sectoral baselines

## E.g. A sectoral baseline for the coal mining sector

- Baseline expressed in terms of % of total methane emissions which is abated – total being the sum of concentrated / drained methane (CMM) and low concentration ventilation air methane (VAM)
- Baseline is not accurately known, but it is known to be low – in a given host country in the region of 5% of total methane may be used
- A conservative baseline may be defined, for example 15% usage rising to 30% over 10 years
- Credits are awarded to **individual facilities** if they abate more than the baseline in a given period of time
- The difference between the actual level of abatement and the baseline can be estimated (or measured with increased level of effort) and used towards the host country's own (voluntary) effort

## Environmental integrity and other key points

- Facilities which already exceed the baseline cannot claim offsets (historic performance or existing installed capacity could become their baseline)
- Using % abatement as the baseline has some interesting impacts upon gaming
- Setting the baseline nationally but applying it individually provides investors with much higher level of certainty and return on investment
- Unlike CDM, this methodology enables PPs to implement as many actions as possible to abate methane
- There is no additionality test because if the PPs exceed the baseline, they are already deviating from business as usual
- Could be applied to LFG, waste water treatment and gas flaring