

Annex 1

I. FURTHER CLARIFICATIONS ON METHODOLOGICAL ISSUES

A. Clarifications on how, through the methodology, it may be demonstrated that a project is additional and therefore not the baseline scenario

1. As part of the basis for determining the baseline scenario an explanation shall be made of how, through the use of the methodology, it can be demonstrated that a project activity is additional and therefore not the baseline scenario.
2. Examples of tools that may be used to demonstrate that a project activity is additional and therefore not the baseline scenario include, among others:
 - (a) A flow-chart or series of questions that lead to a narrowing of potential baseline options; and/or
 - (b) A qualitative or quantitative assessment of different potential options and an indication of why the non-project option is more likely; and/or
 - (c) A qualitative or quantitative assessment of one or more barriers facing the proposed project activity (such as those laid out for small-scale CDM projects); and/or
 - (d) An indication that the project type is not common practice (e.g. occurs in less than [$<x\%$] of similar cases) in the proposed area of implementation, and not required by a Party's legislation/regulations.

B. Clarifications for describing a proposed new methodology and justifying the selection of the most appropriate approach from those contained in paragraph 48 of the CDM modalities and procedures

3. Developers of a new baseline methodology shall select the approach from paragraph 48 of the CDM modalities and procedures that is most consistent with the context of applicable project types, and most consistent with the underlying algorithms and data sources used in the proposed baseline methodology, and justify the choice on this basis.
4. Proponents of methodologies have indicated some apparent overlap between approaches (a), (b), and (c) of paragraph 48 of the CDM modalities and procedures. Since paragraph 48 stipulates that only one approach should be chosen, developers are advised to select the one that most closely reflects the process used for calculating baseline emissions or baseline emission rates. The tool used in order to demonstrate additionality (see paragraph 2 above) does not need to be linked to one of the three approaches of paragraph 48 of the CDM modalities and procedures.

C. Clarifications on ex post calculation of baselines

5. Paragraph 8 of annex 3 of the report of the ninth meeting of the Executive Board should be redrafted to read as follows:
6. "The ex post calculation of baseline emission rates may only be used if proper justification is provided. Notwithstanding, the baseline emission rates shall also be calculated ex-ante and reported in the draft CDM-PDD in order to satisfy the requirements for identification of the elements of a baseline methodology agreed by the Executive Board at its eighth meeting."

D. Link between baseline and monitoring methodologies

7. A strong link between baseline and monitoring methodologies are to be provided. New baseline and monitoring methodologies shall be proposed and approved together. If project participants would like to use different combinations of approved baseline and monitoring methodologies, they shall submit a proposal for consideration of the Meth Panel and approval by the Board.