

Annotated Agenda #22

# Baseline Penetration in SSC Methodologies

UNFCCC



UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

# Consideration of Baseline Penetration (BP) in SSC methodologies

**SSC WG** requested **further guidance from the Board** per para14 of SSC WG 20 regarding consideration of BP in SSC methodologies

- SSC WG draws Board's attn to the following concepts:
  - **Definition of BP (SSC WG20): Baseline Penetration or Technology penetration rate is market share or percent of total sales of a technology (e.g., residential lamps) sold during the calendar year**
  - In **literature** BP is defined as **market share (sales)** as above or as **market saturation (stock/ownership)**,
    - use suitable where numerical data are meaningful indicators of market conditions and commercial status of a technology
    - Market share v/s market saturation ( different results for short lived products like bulbs as opposed to long lived products like turbines)

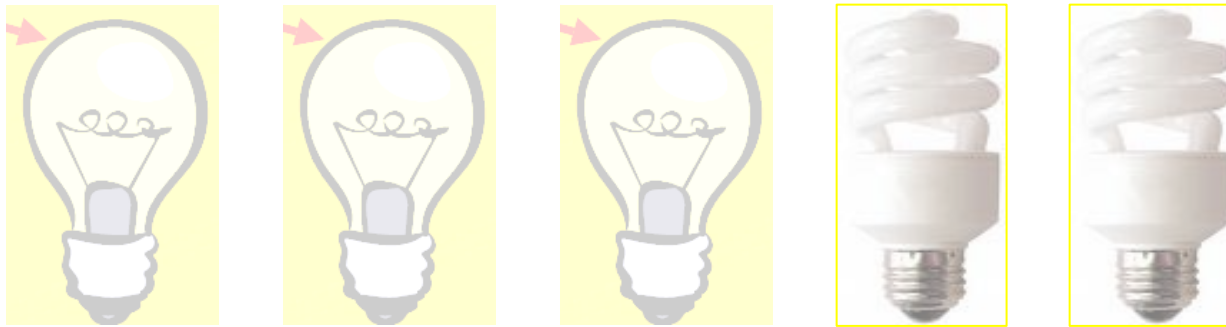
# BP ( market share approach)

Category	Incandescent Lamps	Fluorescent Lamps	Compact Fluorescent Lamps	Total lamps
2006	757	186	100	1034
2007	779	190	140	1109
2008	734	186	199	1191

- Data from electric lamp manufacturer's association
- Annual Manufacturing Trends by Lamps Category (in million pieces),
- CFLs had 10% of market share in 2006 and 17% in 2008**
- BP is 10% according to SSC WG 20 definition**

# Baseline Penetration (BP) Market saturation approach

- BP Captures the penetration of the project technology with the project target group in the baseline
- Determined through an ex ante survey



- BP for the above case is  $2/5 = 0.4$

# Consideration of Baseline Penetration (BP) in SSC methodologies

- SSC WG draws Board's attn to the following concepts:
  - **Applicability of BP**: Specific methodologies are applicable to **countries** (or **regions of countries** where the project activity is implemented) where **BP is less than X%**. (“X” to be determined by the Board **in general** or **per specific technology** (ies), statically or dynamically);
  - **Data for BP**: That **BP is lower than X%** can be determined by **national or regional data** or **studies provided by independent third parties** or **compiled by project participants**.

# Treatment of Baseline Penetration (BP) in the past

- **EB 28, Para 21 (2006):** “The Board noted that submissions in response to a **call for public inputs..... alternative ideas to demonstrate additionality** such as **..market penetration.....**
- The Board encourages PPs to present clear and **precise ways to implement these ideas** as a part of **proposed new methodologies.**

# Treatment of Baseline Penetration (BP) in the past

- **EB 41** (Aug 2008) approved **AMS II J** and **revised AMS II C** including an assessment of **BP** for efficient lighting projects
- Concept in PP submission for New facilities but expanded to all cases by the Board
- Leakage due to BP **only applicable to CPA of PoA** and in other cases BP is not considered
- Determined based on **ex ante** representative **sample survey**;
- $BP = \text{No of CFLs} / \text{Total no of lights}$ ; discounted from emission reductions

# Treatment of Baseline Penetration (BP) in the past

- EB 47 revised AMS II J & AMS II C and excluded BP
  - Took into account a number of public inputs
  - AMS II J is restricted to exchange of CFLs for Incandescents
  - AMS II J included a Net to Gross adjustment for free rider correction
  - Results in different treatment to CPAs of POA
  - AMS II J had not been applied to projects till then

# Consideration of BP (options)

- Option 1: Reiterate EB 28 decision i.e. consideration of **BP in specific methodologies** through **net to gross adjustment** ( discounting) or other means **on case to case basis**
- Option 2: Sunset clause as General guidance applicable to all methodologies (definition and data source as proposed by SSC WG 20, if necessary request further work to elaborate concepts)
- Option 3: Sunset clause in specific Methodologies (definition and data source as proposed by SSC WG 20, if necessary request further work to elaborate concepts)