Annotated Agenda #22

Baseline Penetration in SSC Methodologies
Consideration of Baseline Penetration (BP) in SSC methodologies

SSC WG requested further guidance from the Board per para 14 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)

<table>
<thead>
<tr>
<th>Category</th>
<th>Incandescent Lamps</th>
<th>Fluorescent Lamps</th>
<th>Compact Fluorescent Lamps</th>
<th>Total lamps</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>757</td>
<td>186</td>
<td>100</td>
<td>1034</td>
</tr>
<tr>
<td>2007</td>
<td>779</td>
<td>190</td>
<td>140</td>
<td>1109</td>
</tr>
<tr>
<td>2008</td>
<td>734</td>
<td>186</td>
<td>199</td>
<td>1191</td>
</tr>
</tbody>
</table>

- 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 = No of CFLs / 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)