



BASE

Baselines for **A**ccession **S**tates in **E**urope

Overview of BASE Project: Baselines in a changing Kyoto World

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Summary

- **Background to BASE**
- **Baseline progress to date**
- **Need for harmonised baseline methodologies**
- **Need to focus on ‘real’ projects**
- **Value added of BASE to governments & investors**
- **Conclusions**

Background to BASE

- **BASE conceived after experience with JOINT project & other ‘learning by doing’ activities (particularly ERUPT & PCF)**
- **Experience showed that:**
 - **AIJ provided little concrete guidance**
 - **Too many baseline approaches**
 - **Little harmonisation in baselines**
 - **Little common agreement on ‘additionality’ & means to demonstrate**
 - **Little common nomenclature for baselines**
- **So, need for BASE to work with key governments & stakeholders to address these issues**

Baseline progress to date

- **BASE has added to growing body of experience on baselines, additionality definition**
- **ERUPT, PCF, STEM (Sweden), Finland, others now in business: Many baselines have been developed**
- **UK Emissions Trading Scheme has given validators considerable experience**
- **Governments now more aware, more familiar with baselines, baseline issues, additionality**
- **Governments working with BASE have set agreed methodologies & harmonised approaches – provides investors with much more confidence, less risk**

Need for harmonised approach

- **Biggest problems with multiple baseline approaches & methodologies:**
- **Confusing to governments – makes everything case-by-case**
- **Increases transaction costs by increasing time to define, decide, etc.**
- **Increases commercial and political risk to investors**
- **Reduces the appeal of JI vis-à-vis straight forward investment or emissions trading**
- **Limits the use of JI as a Kyoto Mechanism**

Focus on ‘real projects’

- **Until three years ago:**
 - **Baselines were very ‘hypothetical’, academic, institutional**
 - **Experience was limited to a few, & was very scattered, little consolidation**
- **Focus on tangible, ‘real’ projects, through BASE, JOINT, ERUPT, PCF and others has moved JI baselines forward**

Focus on 'real projects' transaction costs

Percentage of total project cost?

Normal project
cycle

Undefined
transaction costs

Defined
transaction costs

- Government eligibility criteria
- Government capacity and investor capacity
- etc.

- Baselines
- MPs
- Validation
- Verification
- etc.

BASE project's value added

- **Has helped governments to:**
 - **Systematically deal with key issues of additionality**
 - **Develop nomenclature and methodology to review & appraise JI projects**
 - **Compare the advantages & disadvantages of JI vis-à-vis other types of support (e.g., subsidies, targets, etc.)**
 - **Gain more confidence in JI & evaluating JI proposals**
 - **Develop the understanding of the project cycle & project risk, & how they can reduce costs in JI**

Conclusions

- **BASE has resulted in developing harmonised approaches & methodologies**
- **BASE has helped define key issues of additionality**
- **BASE has helped governments to understand where transaction costs are in JI, and how to reduce those**
- **But,**
- **Climate Change is still not highest priority for CEEASs**
- **Few government resources to evaluate & review JI projects**
- **Same government people reviewing JI now working on EU emissions trading**
- **Concern that JI will be superseded by emissions trading, or governments distracted**



Thank you!!!

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