Pitfall 9: Insufficient explanation of baseline scenarios

The identification of the relevant and realistic baseline scenarios is not always in line with the methodology.

In the analysis of possible baseline scenarios, relevant alternative baseline scenarios are defined as those scenarios that are either:

- business as usual
- the project scenario and/or
- other likely technology alternatives (for example, landfill gas collection, waste incineration and utilization for power generation could be a likely alternative to a project scenario of landfill gas collection and flaring only).

Examples

- Relevant and valid baseline scenarios are often not addressed. For example, in landfill gas projects, the possibility of selling off the gas to nearby industry facilities needs to be considered.
- Too much irrelevant detail about the whole industry context is often provided in PDDs. For example, for co-generation projects using bagasse as fuel, the economic situation of the sugarcane industry is only relevant in so far as it influences the sugarcane producer's choice of saving electricity costs by investing in a biofuel boiler.

In some cases it is observed that the baseline scenario, i.e. what would have actually happened in the absence of the project, is quite different from what is selected as baseline. This might happen due to various reasons –

1. The project proponents do not have sufficient historical data to establish the actual baseline
2. The baseline if established as per the options in the methodology gives more CERs
3. The methodology does not allow the particular baseline, i.e the methodology is not applicable.
4. Change in output after project implementation.

Good practice

Follow closely the requirements given in the approved baseline methodology. Identification of baseline scenarios can be broadly categorised into three types:

1. For many approved methodologies there is only one relevant baseline scenario besides the project and this is already identified, this is the case for example of the methodologies AM0001, and AM001 8. The importance for projects applying these

methodologies lies in proving that this identified baseline is the only relevant and valid business as usual (BAU) scenario.

2. In other approved methodologies, the choice of baseline scenarios is given in the methodology, e.g. ACM0006, ACM0012, AM0009 and AM0014. The importance for projects that apply these methodologies lies in identifying the plausible scenarios only. For example, for biomass projects applying ACM0006 (version 06), there are 20 possible scenarios. 19 will have to be eliminated to select only one.
3. Other methodologies either refer directly to the additionality tool (e.g. AM0019, AM0020, AM0023), or they require the identification of relevant BAU scenarios with regard to a set of specific conditions, for example taking into account national regulations or prevailing practice. Examples of these are AM0007, AM001 7, and AM0021.

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