CALL FOR INPUT

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A6.4 MEP011-A01: Draft Methodological tool: Analysis of lock-in risk (version 01.0)

Item	Section no. (as indicated in the document)	Paragraph/Table/Figure no. (as indicated in the document)	Comment (including justification for change)	Proposed change (including proposed text)
1	COVER NOTE	Paras 6–14 (Key issues and proposed solutions)	The Cover Note correctly summarizes the intent and structure of the proposed tool. However, it does not sufficiently acknowledge sectoral diversity or the role of transitional mitigation activities, particularly in hard-to-abate sectors such as maritime transport and port infrastructure. Without such clarification, there is a risk that the tool may be interpreted in a manner that discourages early mitigation actions that are compatible with long-term decarbonization pathways. Explicit reference to proportionality and risk-based application would improve clarity for stakeholders while maintaining environmental integrity.	Add the following sentence at the end of paragraph 6 or paragraph 14: "In applying the four assessment steps, due consideration should be given to sector-specific transition pathways, capital stock turnover rates, and the role of early and transitional mitigation activities, particularly in hard-to-abate sectors, in order to ensure a proportionate and risk-based assessment of lock-in risk."
2	INTRODUCTION	Paras 1–5 (Scope and purpose)	The Introduction clearly defines the purpose of the tool but could further guide consistent interpretation by recognizing that lock-in risk must be assessed in the context of realistic technology transition pathways. In sectors where zero-emission solutions are not yet widely available or scalable, early mitigation measures may enable, rather than hinder, long-term alignment with the Paris Agreement. Clarifying this point would reduce interpretative ambiguity for activity participants and assessors.	Insert a new paragraph after paragraph 5: "The assessment of lock-in risk should take into account realistic technology transition pathways and investment cycles across different sectors. In sectors where zero- or near-zero-emission solutions are still emerging, mitigation activities that deliver measurable emission reductions while enabling future deployment of lower-emission technologies should be distinguished from activities that risk locking in technologies incompatible with long-term climate goals."

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3	DEFINITIONS	Para 5(d) (Definition of "Operational lifetime")	The current definition appropriately distinguishes operational lifetime from technical lifetime but could better reflect sectors where operational lifetimes are strongly influenced by regulatory change, international standards, and retrofit practices. This is particularly relevant for maritime transport and port-related activities, where assets may be repurposed, upgraded, or phased out well before the end of their technical lifetime. Explicit recognition of these dynamics would support more accurate lock-in risk assessments.	Amend paragraph 5(d) as follows: "Operational lifetime: The period during which a technology, measure, or practice is expected to remain in operation from the date of its first commissioning, considering not only its technical lifetime, where applicable, but also its economic viability, regulatory environment, international standards, retrofit or repurposing potential, user preferences, and market or policy conditions."
4	APPLICABILITY	Paras 6–10	The applicability criteria appropriately limit the tool to greenfield, project-level activities. However, in sectors such as maritime transport, many mitigation activities are asset-specific or site-specific and produce outputs that are not readily substitutable by third parties. Without clarification, the applicability provisions may lead to unrealistic assumptions regarding market-wide displacement or substitution in subsequent assessment steps.	Add the following clarification at the end of paragraph 10 or as a new paragraph 10(i): "Where the outputs of an Article 6.4 activity are asset-specific, site-specific, or operationally constrained, and cannot reasonably be supplied by other actors without significant structural changes, assumptions regarding market-wide displacement or substitution by third parties should be applied with caution in subsequent lock-in risk assessments."
5	NORMATIVE AND INFORMATIVE REFERENCES	Paras 13–14	The use of existing methodological standards and tools is appropriate. For sectors governed by internationally harmonized regulatory frameworks, such as maritime transport, additional contextual recognition of relevant international standards and strategies could support consistent interpretation without creating new normative obligations.	Add a new sub-paragraph under paragraph 14: "(c) Internationally harmonized sectoral standards and strategies, where relevant, may be used as informative context to support the determination of lifetimes, operational constraints, and transition pathways, provided that such references do not override the normative requirements of the Article 6.4 mechanism."
6	GENERAL REQUIREMENTS	Paras 16–18 (Step 1)	Project-specific lifetime determinations can increase administrative burden and uncertainty. In sectors with well-established asset classes, conservative default lifetime ranges defined at the methodology level would improve consistency and efficiency.	Add a new paragraph after paragraph 17: "Where conservative default technical or operational lifetime ranges are specified in the applicable mechanism methodology for a given technology, measure, or practice, activity participants may apply such defaults without additional justification."

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7	GENERAL REQUIREMENTS	Paras 21(b), 21(c), 26 and footnote 13 (Step 2),	The mandatory inclusion of third-party alternatives may require speculative assumptions in sectors with asset-specific investments, such as maritime transport. In addition, uniform GHG intensity thresholds may not adequately reflect transitional pathways.	a. Amend paragraph 21(c) as follows: "Where the applicable mechanism methodology explicitly justifies their relevance, alternatives implemented through public works or by third parties." b. Add the following sentence to paragraph 26 or footnote 13: "Mechanism methodologies are encouraged to define sector-specific values or approaches, including the use of downward adjustment mechanisms, where this better reflects realistic transition pathways."
8	GENERAL REQUIREMENTS	Paras 29–34 (Step 3)	Duplicative policy assessments at project level may increase transaction costs without improving environmental outcomes. Host Party authorization already reflects national policy priorities.	Replace Option 1 text in paragraphs 29–31 with: "The assessment of whether a resource is substantial for mitigating climate change or achieving other policy objectives is deemed to be addressed through host Party authorization and approval of the Article 6.4 activity, unless otherwise specified in the applicable mechanism methodology."
9	GENERAL REQUIREMENTS	Paras 40–43 (Step 4)	Scale assessment is not equally relevant across all sectors. For vessel-specific and port-specific maritime activities, outputs are geographically constrained and non-fungible.	Add a new paragraph after paragraph 41: "For activities with vessel-specific, facility-specific, or otherwise non-fungible outputs, scale assessment may be deemed not applicable, as such activities do not reasonably prevent the supply of lower-emission outputs by others."