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Document reference number and title: (Recommendation from the MEP to SBM020) A6.4 MEP012-A03: Draft mechanism methodology: Electricity generation from renewable sources connected to electricity systems (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	APPLICABILITY	Paragraph 8	We kindly request that PACM consider expanding the scope of this methodology. Expanding the scope will increase the flow of carbon finance to grid-connected renewable energy projects that require such assistance. For example, there is a growing trend to add BESS to brownfield renewable energy projects, which are currently excluded from this methodology. We suggest extending the applicability conditions to include combinations such as 'existing RE + greenfield BESS.' This specific project configuration is critical for markets experiencing high curtailment as it allows for the optimization of existing renewable assets through integrated storage solutions In addition, for example in South Africa, there is a growing trend re the installation of grid-tied solar PV systems (with or without BESS) which are implemented primarily for embedded generation but also include the ability to back-feed surplus renewable energy into the grid. The provision for grid export can be very important: it can help project developers finance the PV (e.g. additional revenue stream); contributes to greening of the national energy sector (highest national GHG source) and helps make electricity supplies in the country more secure, which is extremely important for the country's development agenda.	Consider expansion of the scope of projects that are applicable under the methodology.

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3	APPLICABILITY	Paragraph 14. Furthermore, the mechanism methodology is only applicable under the following conditions:... (b) The activity participants have not entered into any agreements to supply the electricity through the electricity system to specific consumers;	This applicability condition exclude renewable power plants that are wheeled through the grid. Wheeling of renewable electricity is beneficial because it enables project developers to unlock geographically unconstrained demand, which in turn creates the conditions necessary to monetize carbon attributes and channel carbon finance into projects. Without wheeling, renewable projects are typically limited to selling electricity to the local grid or a single off-taker (often a utility). This restricts both pricing power and the ability to structure sophisticated environmental attribute transactions. The claiming of carbon credits and the wheeling of the renewable energy can coexist on the condition of clear articulation of the environmental attribute of renewable energy, as well as the clear and agreed ownership of the environmental attribute. This can be achieved if the project developer retains the environmental attributes and sells the “grey power" separately to the carbon credits. There must be a clear agreement and understanding that the off-taker cannot claim renewable energy use in this case.	Kindly consider allowing wheeling. This could be facilitated by changing the applicability condition of 14(b) to reflect that the claiming of carbon credits and the wheeling of the renewable energy can coexist on the condition of clear articulation of the environmental attribute of renewable energy, as well as the clear and agreed ownership of the environmental attribute. This can be achieved if the project developer retains the environmental attributes and sells the “grey power" separately to the carbon credits. There must be a clear agreement and understanding that the off-taker cannot claim renewable energy use in this case. As a suggestion, provisions from the GHG Protocol's Scope 2 Guidance could be consulted and considered, particularly the Scope 2 Quality Criteria.
4	PROJECT BOUNDARY	Para 23., Table 2. Emission sources included in or excluded from the project boundary	The Boundary table provides for "CO2 emissions from combustion of fossil fuels for electricity generation in solar thermal power plants and geothermal power plants". However, in the case of some concentrated solar power (CSP) facilities, fossil fuels such as diesel are used to ensure that the project's heat transfer fluid is kept at a certain temperature. The use of this fossil fuel is not generate electricity but instead to ensure ongoing operations of the CSP plant. We propose that the wording be amended of this emission source be amended.	CO2 emissions from combustion of fossil fuels for the continued operation of solar thermal power plants and geothermal power plants

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5	DEMONSTRATION OF ADDITIONALITY	Section 6.1. Regulatory analysis, paragraph 26(b)(iii)	The regulatory analysis disqualifies activities that 'participate in a support scheme designed to achieve a quantitative target or outcome, such as competitive bidding processes for the installation of a certain capacity of renewable power plants.' This is overly broad. Competitive bidding processes are widely used precisely because they reduce the cost of renewable energy deployment in developing countries. Under this provision, a project that won a competitive tender — even in a country with a 5% renewable penetration — would be ineligible, regardless of whether it is financially additional.	Kindly consider revising para 26(b)(iii) to distinguish between support schemes that achieve renewable targets at or above a country's NDC trajectory (which may undermine additionality) and those in countries where renewable penetration remains well below NDC targets. Projects in the latter category that participated in competitive tenders should be eligible if investment analysis demonstrates financial additionality. A specific carve-out for LDCs and SIDS — where government support schemes are often the only viable financing mechanism — should also be included.
6	DEMONSTRATION OF ADDITIONALITY	Section 6.2. Assessment of lock-in risk, paragraph 28	The methodology indicates that the activity participants shall assess the requirements of paragraph 26 for each monitoring period and that the crediting shall cease on the date when a new relevant legal requirement enters into force. This is too stringent considering the investment involved in constructing a greenfield power plant and could lead to situations in which after investing and implementing in the project activity, the implementor could not receive any revenue if the law changes a year or two (for example) after implementation and before the first verification. This is contrary to the principle of non- retroactivity of the laws that exits in many countries.	The requirements of paragraph 26 should be assessed at the crediting period renewal.

7	DEMONSTRATION OF ADDITIONALITY	Section 6.2. Assessment of lock-in risk, paragraph 29	We support Option 1 in Section 6.2, namely that no lock-in analysis is required under this methodology, as lock-in risks are not relevant for grid-connected renewable energy projects such as solar, wind, hydro, and geothermal. These technologies are inherently aligned with long-term decarbonisation pathways and national climate commitments. They displace higher-emitting generation and support the structural transition toward low- and zero-carbon power systems. Unlike fossil fuel-based infrastructure, renewable energy technologies do not rely on continuous fuel combustion and therefore do not create or reinforce emissions-intensive systems or behaviours that would inhibit future mitigation. Lock-in risk typically arises from long-lived, carbon-intensive assets (e.g. coal or gas plants) that commit systems to ongoing emissions. Renewable technologies fundamentally avoid this risk because they operate with near-zero operational emissions and do not require carbon-intensive inputs over time. While lifecycle emissions exist (e.g. manufacturing and installation), these are minimal and do not increase during operation. As a result, the core driver of lock-in—sustained emissions—is absent. Furthermore, renewable energy investments generally enhance system flexibility, reduce reliance on fossil fuels, and enable further scaling of clean energy. Even in cases of long asset lifetimes (such as hydro or geothermal), these technologies remain fully compatible with net-zero trajectories and do not pose a technological or emissions lock-in risk. Applying a lock-in screening requirement to such activities would therefore introduce unnecessary complexity without improving environmental integrity, and may unintentionally hinder the deployment of renewable energy—an outcome that would be inconsistent with the objectives of the Paris Agreement. Finally, any residual concerns around fossil fuel lock-in should be addressed at the Host Country level, as part of sovereign energy planning and policy frameworks.	Option 1 is appropriate and should be adopted.
8	DEMONSTRATION OF ADDITIONALITY	Section 6.3, para 32: Activity participants shall use a valid version of the "Methodological tool:	While the requirements of para. 30(h) and 33(h) of the Tool are fundamental to demonstrating additionality under the Benchmark Analysis and Investment	We kindly request that the MEP improve the clarity of paragraphs 30(h) and 33(h) by providing additional guidance or "best practice examples" of what constitutes "credible

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		Investment analysis" (A6.4-AMT-002) to conduct the investment analysis...	Comparison Analysis tracks, respectively, the Draft Methodology does not sufficiently elaborate on what constitutes "credible evidence" in the specific context of a renewable energy project under the PACM and does not provide any specific guidance on how activity participants shall satisfy the requirement under paragraphs 30(h) and 33(h) of the Tool in the context of renewable energy projects. In particular, the Draft Methodology does not: • Define what types of evidence qualify as "credible" in the context of renewable energy projects; • Specify whether the evidence must be qualitative, quantitative or both; • Indicate the minimum level of detail or documentation required; • Clarify whether a financing gap analysis, a decision-making narrative, a contractual or institutional record, or some combination thereof is sufficient. This situation, in our opinion, creates significant uncertainty for Carbon Project Developers as to what documentation, analyses or information they must prepare and include in the Project Design Document and supporting documents.	evidence." We propose the following illustrative examples for renewable energy projects under the Draft Methodology, and invite the MEP to consider whether these should be explicitly recognised—individually or in combination: 1. Funding Gap Demonstration: A financial model showing that, without A6.4ER revenues, project returns fall below benchmarks, but meet or exceed them when such revenues are included—supported by conservative assumptions and sensitivity analysis. 2. LCOE Analysis: Evidence that project costs exceed applicable reference prices without A6.4ER revenues, and that these revenues are required to close the gap and achieve viability. 3. Investment Decision Evidence: Board or investment committee documentation confirming that final investment is contingent on Article 6.4 registration and expected A6.4ER revenues. 4. Conditional Financing: Letters or term sheets from lenders or investors showing that financing terms depend on A6.4ER revenues. 5. PPA/Offtake Evidence: Agreements demonstrating that electricity pricing assumes A6.4ER revenues, or that projects are only viable when such revenues are included. We also encourage the MEP to consider additional examples to provide greater clarity to project developers, VVBs, and the UNFCCC on meeting the requirements of paragraphs 30(h) and 33(h).

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9	DEMONSTRATION OF ADDITIONALITY	Section 6.4. Common practice analysis, paragraph 33(c) Stock-based or time-bound approach	The very absence of technologies/ activities in a host country should automatically demonstrate that the technologies/ activities are not common practice. Widening the geographic scope has many disadvantages, principally because different countries have different political, economic, social, technological and environmental factors that may promote or constrain projects. Therefore, a comparison across countries is very unlikely to be useful and may likely serve to exclude projects/activities where they are needed the most. Our first preference is to include a provision that the widening of the geographical boundary be limited to the host country, unless various comparability criteria can be established.	-
10	DEMONSTRATION OF ADDITIONALITY	Section 6.4. Common practice analysis, paragraph 33(d) Applicable geographical area	The very absence of technologies/ activities in a host country should automatically demonstrate that the technologies/ activities are not common practice. Widening the geographic scope has many disadvantages, principally because different countries have different political, economic, social, technological and environmental factors that may promote or constrain projects. Therefore, a comparison across countries is very unlikely to be useful and may likely serve to exclude projects/activities where they are needed the most. Our first preference is to include a provision that the widening of the geographical boundary be limited to the host country, unless various comparability criteria can be established.	We propose that the geographical scope for common practice analysis should be limited to the host country. Expansion beyond the host country should only be permitted where the activity participant demonstrates that: (i) there is insufficient data within the host country, and (ii) the expanded geographical area represents comparable political, economic, technological and regulatory conditions.

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11	DEMONSTRATION OF ADDITIONALITY	Section 6.4. Common practice analysis, paragraph 33(e) Consideration of scale of output or capacity of the technology, measure, or practice	This paragraph proposes that "All capacity sizes of comparable activities shall be used". However, renewable energy projects of different scales are subject to distinct economic, financial, and regulatory conditions. For example, utility-scale projects typically benefit from economies of scale, different financing structures, and access to competitive procurement mechanisms, while smaller-scale or distributed projects often face higher unit costs, different tariff structures, and additional barriers to market entry. Aggregating all capacity sizes without differentiation risks distorting the assessment of common practice, as it may mask these material differences and lead to inappropriate comparisons. This could undermine the accuracy of the analysis and potentially affect the determination of additionality. It is therefore important that comparable activities are appropriately stratified by capacity (or relevant scale categories) to ensure that the analysis reflects like-for-like conditions. This would improve the robustness and fairness of the methodology. For these reasons, we kindly request that the text should be revised to account for differences in project scale.	We kindly request that the text should be revised to account for differences in project scale.

12	DEMONSTRATION OF ADDITIONALITY	Section 6.4. Common practice analysis, paragraph 33(f) Common practice threshold	While the introduction of differentiated common practice thresholds for LDCs/SIDS and non-LDC/SIDS is a constructive step toward reflecting varying market conditions, we see a more fundamental limitation in the reliance on fixed, stock-based penetration thresholds to assess common practice. In particular, at low levels of technology deployment, stock-based metrics are not a reliable proxy for common practice. In early-stage markets, small absolute changes in installed capacity or number of activities can result in disproportionately large shifts in percentage penetration, without reflecting meaningful changes in financial viability, replicability, or systemic adoption. As such, the application of low thresholds may lead to the exclusion of activities that are not yet common in practice, especially in markets where deployment remains nascent. The 4th edition of the OECD's 2018 'Oslo Manual: Guidelines for Collecting, Reporting and Using Data on Innovation' defines diffusion as the process by which innovations are widely spread and used across markets. In policy terms, “common practice” therefore aligns with broad diffusion, not early adoption. Many highly recognised studies and references support this view point, which emphasizes “broad-based adoption” as the stage where technologies generate societal impact. For example, Everett Rogers' publication, 'Diffusion of Innovations (5th ed., 2003)' notes the concept of “critical mass”. His work shows that once adoption reaches the majority (~50–70%), an innovation becomes socially normalized. The above is relevant as it supportings one of the Paris Agreement's core principles, which is to encourage and support the broad-based adoption of climate change mitigation technologies that have the potential to materially reduce the GHG intensity of the global economy. This is particularly important for developing countries, which have not benefited by the exploitation of fossil fuels, to the degree that more developed countries have. Accordingly, PACM should be encouraging the uptake of renewable energy technologies, particularly in developing country contexts. Accordingly, we propose to use the maximum common practice threshold	(i) 16 per cent for countries other than LDCs and SIDS and 20 per cent for LDCs and SIDS, where a stock-based approach is used; and (ii) 20 per cent for countries other than LDCs and SIDS and 25 per cent for LDCs and SIDS, where a time-bound approach is used. Furthermore, we kindly request the differentiation of penetration rates based on small and large scale project activities. Providing more flexible conditions for small scale projects could reduce the barriers to implementing these project activities.

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			values provided for in paragraph 67 of the approved common practice tool A6.4-AMT-001, Version 01.0. However, we kindly request that PACM consider the opportunity to investigate whether these thresholds can be increased in future, because in many jurisdictions, renewable energy penetration is growing due to falling technology costs and supportive policy frameworks. In particular, many smaller scale projects still face high economic and regulatory, which some larger scale projects can overcome due to economies of scale. Setting the penetration threshold at a low level risks prematurely classifying renewable energy technologies as common practice, thereby excluding a significant share of projects, particularly those classified as small scale, that continue to contribute meaningfully to emissions reductions and energy transition objectives. In other words, low common practice thresholds may inadvertently constrain the role of the mechanism in scaling up renewable energy deployment, particularly in grids that still rely heavily on fossil fuels. Limiting eligibility at relatively low penetration levels is not consistent with the Paris Agreement's objective of enabling progressive decarbonisation of electricity systems. Higher thresholds would better reflect current market dynamics and allow the mechanism to support continued expansion of renewable energy in line with long-term climate goals, while still ensuring that activities are not fully mainstream. This approach would strike a more appropriate balance between maintaining environmental integrity and enabling transformational change in the power sector.	

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13	DEMONSTRATION OF ADDITIONALITY	Section 6.4. Common practice analysis, paragraph 33(g) Comparable, similar and different activities	Support Option 2 because different types of wind facilities (e.g. onshore vs offshore) are subject to distinct economic, financial, and regulatory conditions. Aggregating all wind facilities without differentiation risks distorting the assessment of common practice, as it may mask these material differences and lead to inappropriate comparisons. This could undermine the accuracy of the analysis and potentially affect the determination of additionality. It is therefore important that comparable activities are appropriately stratified by wind project category (e.g. onshore vs offshore) to ensure that the analysis reflects like-for-like conditions. This would improve the robustness and fairness of the methodology. For these reasons, we support Option 2.	We support Option 2
14	BASELINE EMISSIONS	Section 7.2.2, para 39 (a)	It is challenging to define a single fixed distance at which wake (shadowing) effects between wind power plants can be confidently neglected, as this depends on several factors, including whether the installations are onshore or offshore, local meteorological conditions (e.g. atmospheric stability, prevailing wind directions), and the duration and intensity of wake-affected periods. However, for practical implementation, a default screening threshold can be applied. In this context, shadowing effects do not need to be accounted for where the distance between the wind turbines under the Article 6.4 activity and any other wind power plants exceeds 2 kilometres, as wake effects at such distances are generally negligible and unlikely to result in measurable reductions in electricity generation. At the same time, consideration could be given to differentiated default distances for onshore and offshore wind plants, reflecting their differing spatial layouts and atmospheric conditions, to improve accuracy while maintaining practicality.	For wind power plants, any reduction in electricity generation by other wind power plants through shadowing effects (EGshadowing,y or EGshadowing,h) does not need be account for if: The distance between the wind turbines installed under the Article 6.4 activity and any other wind power plants is greater than [2] kilometres.

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15	BASELINE EMISSIONS	Section 7.3.1, Equation (6), p. 23	A uniform 10% discount factor is applied regardless of: - grid carbon intensity - renewable penetration This results in disproportionately high ER reduction in already low-carbon grids. There are concerns that there is a lack of clarity and transparency regarding the determination of 10% as the minimum downward adjusted baseline.	We kindly request that to maintain environmental integrity while avoiding systematic under-crediting, PACM consider investigate whether the 10% minimum downward adjustment is appropriate. Furthermore, it is proposed that the methodology replace fixed and compounding conservative adjustments with dynamic, context-specific, and capped approaches.
16	BASELINE EMISSIONS	Section 7.2.2, para 39 (b)	As projects developed under PACM may not be necessarily generating A6.4ERs, but can also generate MCUs, when no Authorisation/CAs are provided by host countries (similar to various carbon units under VCM), we suggest that text of the para 39(a) is amended to allow Projects registered under any Carbon Standard (not only PACM)	The shadowing effects affect other wind power plants that are registered as an Article 6.4 activity or under any other Carbon Standard.
17	BASELINE EMISSIONS	Section 7.3.2. Downward adjustment in subsequent years, Equation (7)	There may be a concern with Equation (7), where the crediting period start date does not start on 1 January. Where the crediting period starts fairly early in the year, e.g. 16 February 2026 in the example provided below, the emission reductions in the final year will be negative. This is because the downward adjustment ($DAy1$) from year 2 is an absolute adjustment. We propose that changing $DAy1$ to a % will overcome this issue.	We propose that changing $DAy1$ to a % will overcome this issue.

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18	BASELINE EMISSIONS	Section 7.4. Determination of a conservative 'Business-as-usual' (BAU) baseline and comparison of the downward adjusted baseline and the conservative business-as-usual baseline, paragraphs 54-55	Please clarify understanding. Paragraph 54. indicates that the conservative BAU baseline scenario = the baseline scenario. Therefore, do we understand correctly that the conservative baseline emissions = the unadjusted baseline emissions (i.e. $BEEG,y1$)? If the above is correct, please clarify how the conservative BAU baseline emissions can be higher than the downward adjusted baseline in year 1 ($BEEG,adj,y1$)? In our calculations, $BEEG,y$ is always higher than $BEEG,adj,y$. Accordingly, no further downward adjustment by 0.99 is needed? Furthermore, if the 0.99 discount on BAU emissions is required, we kindly request that PACM consider whether this is the compounding of conservative measures, as the baseline has already been adjusted downwards: (likely 10% in year one and then 1% compounding decrease). These measures could be considered as unnecessary layering of conservative factors, considering that there also a number of conservative factors imbedded the calculation of the Grid EF, as pe the draft PACM tool.	We kindly request PACM to investigate the cumulative impacts of the various conservative downward adjustments, considering that there may be an unnecessary layer of conservative factors when the methodology is combined with various mandatory tools, such as the tool to calculate grid EF.
19	BASELINE EMISSIONS	Section 7.3.2, para. 52, p. 25	Downward adjustment increases by 1% annually. Adjustment increases independent of actual system changes causing progressive decline in credited ERs, even with constant generation.	Remove 0.99 factor OR: Apply only if: uncertainty exceeds a defined threshold (e.g., >10%)

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20	PROJECT EMISSIONS	Para 60–61	The emission coefficient for fossil fuels used in backup generators can be calculated via three options: chemical composition (A.1 for mass-based, A.2 for volume-based) or net calorific value (B). Option A is preferred unless data is unavailable, at which point Option B is allowed. However, for diesel generators in remote locations — the most common backup generator type for renewable plants — the practical data available to project developers is typically the volume of fuel purchased (litres of diesel), and Option A.2 requires the density of the fuel, which may not be reliably known. Option B's reliance on net calorific value is simpler but introduces additional uncertainty.	Can add a default density value for diesel (as per IPCC) and default carbon content values for common backup generator fuels (diesel, LPG, natural gas) to Table 13 (Data and Parameters Not Monitored), so that activity participants in data-poor environments can apply Option A.2 without requiring fuel sampling. This reduces uncertainty relative to Option B while maintaining practicality.
21	LEAKAGE EMISSIONS	Para 70 / Appendix para 4(c)(iv)	The Appendix identifies 'diversion of existing production processes or outputs' as a leakage source that is 'affected by the Article 6.4 activity' but is not quantified. This could be significant where a greenfield solar or wind project is built on previously productive agricultural land, displacing food production to other areas (potentially involving land clearing). This is a material issue for large-scale solar in countries , where solar parks can occupy thousands of hectares of farmland.	Add an applicability condition or screening question in the PDD requiring project developers to document the prior land use of the project site and assess whether displacement of agricultural production is likely to result in land-use change emissions elsewhere. For projects on degraded or barren land, a default 'no displacement leakage' determination is appropriate. For projects on productive agricultural land exceeding 100 hectares, a qualitative assessment by the DOE should be required.
22	DATA AND PARAMETERS NOT MONITORED	Data/Parameter Table 3 (EGshadowing)	The source of the shadowing effect data — Environmental Impact Assessments or feasibility studies are typically prepared by developers and may not be independently verified for the purpose of carbon crediting. The accuracy of wake-loss modelling varies significantly between software tools and wind resource assessors. There is no requirement for the shadowing data to be derived using a specific modelling standard, or to be independently verified before submission.	Require that shadowing effect estimates for projects within [2] km of existing wind farms be derived using an industry-standard wind flow model (e.g., WindPRO, or equivalent) and be certified by an independent wind energy assessor as part of the PDD validation. Require annual monitoring of actual curtailment events attributable to shadowing (where measurable via SCADA data) and allow ex-post correction of the assumed shadowing factor if actual measured impact differs from the modelled estimate by more than 10%.

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23	DATA AND PARAMETERS NOT MONITORED	Table 3, Section 13: Reduction in electricity generation by other wind power plants through shadowing effects in year y	In order to facilitate Project Participant and DOE efforts during validation, we suggest to introduce 2 options for Project Participants: (a) the default values (conservative default value of EGshadowing,y, in % of total Energy Production by other Plant depending on the distance), (b) The value to be sourced from project-specific reports (e.g., Environmental Impact Assessment, feasibility reports) or technical studies undertaken at the project site. In cases where no such sources/reports available, or efforts/costs for preparation of such reports are significant, Project Participants should be able to opt for Option (a) - the default values.	-
24	APPENDIX	Section 3 para 13	Including construction emissions for the project without also including equivalent construction emissions for all grid-connected plants in the baseline would create an inconsistent system boundary and bias the comparison.	Such emissions should therefore either be excluded from both baseline and project, or included consistently in both.