	CALL FOR INPUT
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Date of submission	23/07/2026

Document reference number and title: (Recommendation from the MEP to SBM020) Concept note: Revision of methodological standards and tools for application to programmes of activities (version 01.0) and its appendices				
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	-	Para 27	Introduction Though our understanding is that the main purpose of this call for inputs is to collect feedback on revisions made to most of the tools to include and thus respectively cover the PoA approach, we would like to draw the attention of the Supervisory Body and the Methodological Expert Panel to one important issue which we came across once we had started to apply PACM tools and the first new and drafted methodologies to particular projects in various jurisdictions. 1. Issue Paragraph 27 of the draft tool permits activity participants to exclude, from the set of comparable activities identified under paragraph 26, only “comparable registered A6.4 activities”. Activities registered under other GHG crediting carbon programmes/standards remain within the set of comparable activities and, where they employ the same technology, within the set of similar activities under paragraph 34. Such activities therefore count in full towards Psim in Equation (5) and drive the common practice factor F upward against the threshold Fmax applied under paragraphs 41–43. 2. Why this creates a systemic barrier • Operationalization gap. The Article 6.4 mechanism became operational only after an extended period during which no mechanism methodologies, tools or registration pathway were available. Project proponents that reached financial close during that period had no option to pursue Article 6.4 registration, irrespective of intent. • Reliance on other crediting programmes was the only available route. In consequence, in most host countries the mitigation activities that needed to rely on carbon revenues to be implemented were registered under other GHG crediting carbon programmes/standards, as they did not have the option to be developed under PACM. • The para. 27 exclusion appears to be inoperative in practice. The relief it is designed to provide – preventing carbon-financed activities from defeating the additionality of subsequent carbon-financed activities – is unavailable precisely in the jurisdictions where it is most needed (where the mitigation activities had to be developed under other GHG crediting carbon programmes/standards). • Resulting outcome. In a country where recent capacity	4. Proposed remedy It is respectfully suggested that paragraph 27 be revised so that the exclusion extends beyond registered Article 6.4 activities. Two options can be considered: • Option 1 (preferred): extend the exclusion in paragraph 27 to comparable activities registered under, or having received credits from, any other GHG crediting programme/standard – subject to the same five-year registration-date restriction in paragraph 27(b)–(c). This mirrors the established treatment of registered activities and restores the intended function of the provision. • Option 2 (transitional): introduce a time-limited provision permitting the exclusion of activities registered under other GHG crediting programmes/standards where registration of these activities occurred before the date on which the first mechanism methodology applicable to the relevant activity type entered into force, reflecting the fact that Article 6.4 registration was not available to those activities. Consequential guidance may be added under section 7.5 (identification of comparable activities) and section 7.7, so that methodology proponents determining Fmax take into account the share of recent capacity additions in the applicable geographical area that were carbon-financed under other crediting programmes.

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			additions in a given technology consist overwhelmingly of projects registered under other crediting programmes, F will most likely exceed Fmax at any threshold within the range indicated in paragraphs 68–69, and the activity will be found to be common practice and therefore not additional under paragraph 43. This holds even where the technology is demonstrably not commercially viable in that market without carbon revenue. 3. The consequence is a market outcome that appears unintended New projects that are excluded from the Article 6.4 mechanism on common practice grounds will instead try to continue to be registered under other GHG crediting carbon programmes/standards, whose common practice or additionality provisions do not contain an equivalent constraint, and will continue to receive carbon revenue. The practical effect of paragraph 27 as currently worded is therefore not to screen out non-additional activities, but rather to route additional activities away from the Article 6.4 mechanism into the voluntary carbon market – with a corresponding loss of activities available for authorization, corresponding adjustment and Article 6 accounting. Host countries with the strongest prior record of carbon-market participation are the most affected.	