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Document reference number and title: (Recommendation from the MEP to SBM020)**Draft mechanism methodology: Electricity generation from renewable sources connected to an electricity system (version 02.0)**

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	4. APPLICABILITY	12	This paragraph, in conjunction with footnote 13, excludes all activities connected to existing power plants (capacity addition, retrofit, rehabilitation, replacement). This scope omits several categories of grid-connected renewables activities that are additional and material to the market, in particular: (a) the addition of a battery energy storage system to an existing (brownfield) renewable plant; (b) renewable plants that sell part of their output to identified consumers while feeding surplus renewable electricity into the system (embedded generation); and (c) capacity additions, repowering, modernization, rehabilitation and replacement of existing renewable facilities. The application of this methodology to the installation of new BEES in connection to existing renewable power plants is ambiguous. These activities can improve the financial viability of renewable assets through additional revenue streams, optimise existing infrastructure, avoid additional land occupation and strengthen the security and decarbonisation of national power supply. Their exclusion reduces the relevance of the methodology in more mature renewable markets and excludes a large share of potential Article 6.4 activities.	Amend para. 12 as follows: "This mechanism methodology is applicable to Article 6.4 activities that install (a) a greenfield power plant that generates electricity from renewable sources and feeds at least [X% of the] electricity generated into an electricity system. The power plant may include a battery energy storage system (BESS); (b) a battery energy storage system connected to a brownfield power plant that generates electricity from renewable sources and feeds at least [X% of the] electricity generated into an electricity system." Footnote 13 should be deleted.
2	4. APPLICABILITY	14	Given the very stringent additionality test applying to Article 6.4 activities using this methodology, there is no reason to disqualify activities based on their geographical location if they pass the test. Other crediting programmes that applied such a crude geographical criterion in the past are in the process of revisiting their decisions.	Retain Option A2 (no text)

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3	4. APPLICABILITY	15	BEES is a very important activity type in need of carbon finance. Electrification and power grid decarbonisation are key policy priorities for many Parties, and the inadequacy of storage infrastructure is one of the major barriers. While para. 15 explicitly includes BEES, these activities will in practice be ineligible due to lack of specific provisions in the methodology. IETA urges the SMB and the MEP to promptly address this gap.	The SBM should mandate the MEP to urgently elaborate the necessary provisions that will effectively expand the applicability of this methodology to BESS on both greenfield and brownfield sites.
4	4. APPLICABILITY	17	The special circumstances of LDCs and SIDS explicitly recognised in the RMPs often hinder to the technical and economic feasibility of hydro-power projects. As a result, the application of a higher threshold to these Parties is fully justified. The selected value of 50 MW is conservative and will exclude very large projects.	Retain Option B1.2
5	6. DEMONSTRATION OF ADDITIONALITY	37(g)	Comparable activities are defined as all power plants connected to the electricity system, with similar activities differentiated only by technology type. This does not distinguish between utility-scale, grid-connected plants from distributed generation, behind-the-meter, captive and other materially different market segments. In several systems, distributed generation accounts for a substantial share of capacity additions and operates under different regulatory frameworks, financing structures, revenue models, connection arrangements and risk profiles. Aggregating distributed generation with utility-scale generation in the numerator or denominator can significantly distort the assessment of whether a utility-scale activity is common practice.	Add the following text to para. 37(g): "For the purpose of determining comparable and similar activities, utility-scale power plants connected directly to the transmission or distribution system shall be assessed separately from distributed generation, behind-the-meter generation, captive generation and other generation arrangements operating under materially different regulatory, commercial or technical frameworks."

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6	6. DEMONSTRATION OF ADDITIONALITY	37(f)	IETA believes that setting the maximum penetration at very low levels risks unduly classifying renewable energy power plants as common practice, hampering the ability of carbon finance to contribute to emission reductions and energy transition goals. High penetration does not imply absence of barriers. The application of low thresholds may lead to the exclusion of activities that are not yet common in practice and disproportionately penalises certain countries (e.g. smaller markets, early adopters). An approach using higher penetration thresholds would strike a more appropriate balance between ensuring environmental integrity and enabling transformational change in the power sector.	Use the maximum values provided for in paragraph 67 of the approved Common Practice Analysis tool A6.4-AMT-001, Version 01.0. We urge the SBM to investigate whether these thresholds adequate to effectively support the achievement of NDCs and the goals of the Paris Agreement.