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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	7. BASELINE EMISSIONS	Section 7.2.2 (Paragraph 42)	The proposed approach for determining the reduction in electricity generation by nearby wind power plants due to wake effects (EGwake,y) may present significant implementation challenges and increase transaction costs for activity participants. The methodology requires activity participants to identify neighbouring wind power plants, determine whether the wake effect provisions apply, engage a third-party expert to undertake wake modelling using peer-reviewed models and representative site-specific inputs, and update the assessment when new neighbouring wind power plants commence operation. These additional technical studies and monitoring requirements are likely to increase implementation and verification costs, potentially creating unnecessary barriers to the implementation of renewable energy projects. Furthermore, the methodology provides only high-level requirements for determining EGwake,y and does not provide sufficient guidance on acceptable data sources for identifying neighbouring wind power plants, acceptable wake models, minimum input data requirements, or the practical approach for undertaking the assessment.	Please provide additional implementation guidance for determining EGwake,y, including: • acceptable data sources for identifying neighbouring wind power plants and obtaining the required turbine location data; • acceptable wake models and minimum technical requirements; • minimum input data requirements for the wake assessment; • practical procedures and frequency for updating the wake effect assessment during the crediting period. Consider also introducing a streamlined screening approach or proportionate implementation pathway for cases where wake effects are expected to be negligible, in order to reduce unnecessary implementation burden and transaction costs while maintaining environmental integrity.
2	4. APPLICABILITY	Section 4 Applicability, Para 15	The methodology permits renewable energy projects with an integrated Battery Energy Storage System (BESS) but does not specify a minimum capacity requirement. In the absence of a minimum threshold, projects with very small or nominal BESS installations may qualify despite the storage system providing limited operational value. Establishing a minimum threshold would help ensure that the integrated BESS contributes meaningfully to enhancing renewable energy integration, grid stability and dispatchability, while promoting consistency in the application of the methodology.	Consider introducing a minimum eligibility threshold requiring the installed BESS capacity to be at least 15% of the installed renewable energy generation capacity. This would help ensure that the BESS serves a meaningful operational purpose while providing a clear and consistent applicability criterion across projects

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3	4. APPLICABILITY	Section 4 Applicability, Para 15 (b)	The methodology requires that an integrated Battery Energy Storage System (BESS) be charged exclusively by the renewable energy power plant. While this simplifies accounting, it may exclude renewable energy projects where limited grid charging is required for operational purposes, such as maintaining battery health, supporting system reliability, black-start capability, or ancillary services. Such limited charging may not materially affect the overall emission reductions if appropriately accounted for.	Consider allowing limited grid charging of an integrated BESS, subject to clearly defined eligibility criteria and robust monitoring and accounting procedures to ensure that any associated emissions are fully accounted for and that no over-crediting occurs. The methodology could specify an appropriate threshold or operational conditions under which limited grid charging is permitted while maintaining environmental integrity.
4	13. DATA AND PARAMETERS NOT MONITORED	Section 13, Data / Parameter table 4.	The methodology requires the upstream emission factor for BESS manufacturing, transportation and installation to be obtained from peer-reviewed literature. However, it does not prescribe a default emission factor or a hierarchy of acceptable data sources. This may result in different projects selecting different literature sources, leading to inconsistent estimation of leakage emissions for similar BESS technologies.	Consider specifying conservative default upstream emission factors for commonly used BESS technologies (e.g. lithium-ion batteries) within the methodology. Alternatively, provide a hierarchy of acceptable data sources (e.g. Internationally recognized LCA databases, followed by peer-reviewed literature) to improve consistency, transparency and comparability across Article 6.4 activities.
5	6. DEMONSTRATION OF ADDITIONALITY	Section 6.4 Common practice analysis- para 37 (f)	The draft methodology currently proposes three alternative common practice thresholds: 2.5%, 5%, or 10% for non-LDC/SIDS host Parties, and 5%, 10%, or 15% for LDC/SIDS host Parties. A threshold set too low risks excluding genuinely additional projects, especially given real financing barriers (currency risk, policy uncertainty, rising equipment costs, insufficient PPA pricing) that persist despite falling LCOE trends.	Consider adopting the upper threshold option (10% for non-LDCs/SIDS; 15% for LDCs/SIDS). A stricter (lower) threshold risks generating false negatives excluding genuinely additional projects.

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6	7. BASELINE EMISSIONS	paragraphs 51 and 54 (Step 1.2 and Step 2 of section 7.3)	The methodology cuts credited baseline emissions by a minimum of 10% in year 1, and this cut grows by 1% every year after that, for as long as the crediting period runs. This adjustment keeps growing with no upper limit. Over time, this means projects earn fewer and fewer credits for the same amount of electricity generated. This makes it hard for developers to plan long-term financing, and adds to the pressure already caused by rising equipment costs and low PPA prices.	Introduce a cap on the total downward adjustment. For example, stating that the adjustment shall not exceed a fixed maximum (e.g., 15% or 20%) by the final year of the crediting period, no matter how long the project runs or how many times it renews. This keeps the year-on-year increase in place (so it still rewards grids that are decarbonizing) but stops it from compounding indefinitely and eroding project revenue without limit.