



**CDM: Response form for request for clarification on  
Approved Methodologies  
(version 01.1)**

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| <i>Date of Meth Panel meeting:</i>  | 25 - 29 October 2010   |
| <i>Title and number of request for clarification</i>  | <p>Clarification request on the interpretation of the word 'export' in relation to methodology applicability criterion restricting export of electricity to the grid to a maximum of 10%.</p> <p>AM_CLA_0192</p> |
| <p><b><u>Summary of the query:</u></b></p> <p>Please use the space below to summarize the request for clarification on the related approved methodologies.</p> <p>The project participants refer to the following applicability condition of AM0049.</p> <p>“Electricity from the co-generation unit may be exported to the grid on ad-hoc basis (e.g. during shut-downs or periods of maintenance on sections of the industrial process). In this case the total amount of the annual electricity exported must be less than 10% of the total electricity produced by the cogeneration plant, and potential emission reductions from displacing grid electricity can not be claimed by project participants.”</p> <p>The project situation is described by PPs in the request and the attached PDD. The project is under validation and the DOE has requested that the PPs have to clarify if the power purchase agreement (PPA) with Eskom doesn't contradict to the above applicability criteria of the methodology. This should be related to the electricity produced directly from the natural gas fired new turbines (200 MW) and through waste heat recovery (68 MW).</p> <p>According to the DOE, the PP's response is that electricity physically cannot be exported from the plant, as the point of connection of the generators is on the Sasol side of the utility meters measuring Eskom imports. The plant as a whole is a gross importer (more than 50% of its needs) of electricity from the grid and the balance of the export/import from/to the project is zero with respect to the project activity.</p> <p>The questions from PPs to Meth Panel are:</p> <ol style="list-style-type: none"> <li>1. Whether the project activity can proceed on this basis relaxing the technical violation of the applicability criterion in this instance?</li> <li>2. Would a letter from the contractual buyer of 200MW of the total power production (Eskom, owner of the national power grid and sole buyer of electricity fed into the grid) guaranteeing that they would exclude this power from the calculation of their average grid factor and hence avoid double counting of the emission reductions alleviate the concerns of the Methodology Panel?</li> </ol> |  |

**Recommendation by the Meth Panel:**

Please use the space below to provide amendments /changes (in your expert view, if necessary).

The Meth Panel clarified that:

1. Project proponents may provide alternative evidences demonstrating that there is no “physical” transfer of electricity from the plant to grid (exports) beyond the allowable limit prescribed by the methodology. The DOE shall evaluate the evidence on the basis of the guidance provided in the Validation and Verification Manual (VVM).
2. Another possible alternative is the submission of a request for deviation from the methodology to the CDM-Executive Board. The contractual agreement is an acceptable evidence to demonstrate that electricity is either being exported or imported, however in the underlying project the above mentioned contract violates the applicability condition of the methodology (all electricity is being sold and purchased back from the grid). Therefore the request for deviation should also include alternative means to verify that the applicability condition is not being violated despite the existence of the contract.

**Answer to authors of the request for clarification by the Meth Panel :**

Please use the space below to provide an answer to the authors of the above query

As above.

Signed by the Chair, Mr. Lex de Jonge

Date: 29/10/2010

Signed by the Vice-Chair, Mr. Philip Gwage

Date: 29/10/2010

**Information to be completed by the secretariat**

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| F-CDM-AM  | AM_CLA_0192     |
| Name of the authors of the query:                     | TUEV-NORD       |
| Date when the form was received at UNFCCC secretariat | 29 October 2010 |
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