	<b>CDM: Response form for Request for revision of approved methodologies (version 01.1)</b>
<i>Date of Meth Panel meeting:</i>	19 - 23 January 2009
<i>Title and number of Request for revision</i>	Revision to extend AM0058 applicability to include new power plant is installed at the same time as start of the district heating system  AM_REV_132
<b>Summary of the query:</b> Please use the space below to summarize the request for revision on the related approved methodologies.	
<p>The request for revision follows the previous request for revision AM_REV_0111 discussed in MP35.</p> <p>AM0058 "Introduction of a new primary district heating system --- Version 2" is about the introduction of a new primary district heating system to connect a secondary district heating system to an existing power plant which is converted from power only to combined heat and power generation. The methodology in the resent form cannot be applied to a new power plant which is installed as part of the project activity at the same time as the start of the new primary district heating system or has been operating for less than three years.</p> <p>The purpose of AM0058 is improving the energy efficiency of heat supply by establishing a new primary district heating system designed to utilize the surplus of heat from power production. The methodology takes a simplified approach and only considers emission reductions from supply of heat to consumers by enhancing energy efficiency. The request for revision tries to expand the emission reduction calculation only for heat production by revision of baseline, additionally and emission factors.</p> <p>Request details</p> <p>The requests modifications to the methodology are divided into two:</p> <ol style="list-style-type: none"> <li>1. Baseline scenario for new power plant.</li> <li>2. Baseline emission factor for new power plant.</li> </ol> <p><b>Baseline scenario for new power plant</b></p> <p>The request for revision incorporates new procedures to select the baseline scenario for power generation. The methodology now incorporate baseline scenario selection for power plants connected to the grid (follows AM0029 procedures).</p> <p><b>Baseline emission factor for new power plant</b></p> <p>In this section the emission factor is chosen among:</p> <ol style="list-style-type: none"> <li>1. Baseline emissions in case there is three years of historical information, and</li> <li>2. Baseline emissions in case of no historical data available. The emission factor is calculated as the lowest among BM, CM or the emission factor of the technology and fuel identified in the baseline scenario. This approach is similar as the existing one for AM0029.</li> </ol>	

**Recommendation by the Meth Panel:**

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

As it is pointed in the request for revision, the approved methodology AM0058 “Introduction of a new primary district heating” does not allow new power plants to use the methodology because they require to have at least three years of historic information to estimate the baseline emissions. The purpose of the restriction is to avoid possible claiming of emission reductions due to electricity production, for which this methodology does not provide a related procedure.

In the previous response to the AM\_REV\_0111 the Meth Panel highlighted that it is not evident that in absence of the project activity the same type of plant would have been built, as the technological and economic requirements for a CHP may be different than for a power plant without heat utilization. In order to allow for new plants, the methodologies would also need to include guidance on how to determine adequately the fuel and efficiency of the hypothetical baseline plant. With existing plants, this problem is not existent, as the technical characteristics of the plant are already set.

The introduction of a procedure to determine what would be the baseline scenario for power generation as well as the procedure to estimate an emission factor for the power plants, following AM0029 procedure, is a step in the right direction. However, the proposed approach has several problems:

- (1) AM0029 is a methodology for the implementation of new NG based (power only) power plants that are connected to the grid. In contrast, AM0058 does not specify the type of fuel and a procedure for baseline scenario determination would need to provide guidance on the fuel. Also, the alternative to a specific new co-generation plant includes not only heat only and power only sources, but different co-generation schemes (e.g. with different ratios of heat vs. power output) must also be considered as alternatives to the proposed activity. In this context, a sound procedure for the determination of the capacity (MW) and efficiencies for the baseline alternatives is also not provided in the present approach.
- (2) The proposed approach suggests to rank baseline alternatives according to levelized cost of both heat and electricity. It is not clear how this should be done. Rather, the economic viability of the entire system would need to be considered. The underlying PDD ignores the implications of the economics of electricity generation altogether and consider only the levelized cost of heat (it is not clear how investments in new power plant are accounted for in this investment analysis calculation). This is clearly not adequate.

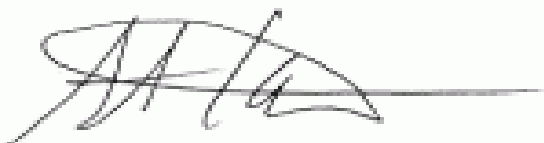
Given the many difficulties in the merging of the two methodologies while trying to maintain the full applicability spectrum of AM0058, PPs might consider to propose a new methodology that is more specific to their project and therefore simpler, rather than trying to build on a revision of AM0058.

(b) Please use the space below for providing guidance, as per Para 93 of EB25 Report, on what type of projects need to revise the PDD as a consequence of the suggested revision, if the recommendation is to revise the methodology.

The recommendation is not to revise the methodology according to the present request.

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

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

[See above.](#)


Signature of Meth Panel Chair .....

Date: 23/01/2009

(Akihiro Kuroki)



Signature of Meth Panel Vice-Chair .....

Date: 23/01/2009

(Philip Gwage)

**Information to be completed by the secretariat**

F-CDM-AM	AM_REV_0132
Name of the authors of the query:	DNV
Date when the form was received at UNFCCC secretariat	23 January 2009
Date of transmission to the EB	23 January 2009
Date of posting in the UNFCCC CDM web site	23 January 2009