	CDM: Response form for Request for revision of approved methodologies (version 01.1)
Date of Meth Panel meeting:	19 - 23 January 2009
Title and number of Request for revision	Revision of AM0049 to include export of electricity and to revise leakage requirements. AM_REV_0100
Summary of the query: Please use the space below to summarize the request for revision on the related approved methodologies.	
<p>Existing AM0049 “Methodology for gas based energy generation in an industrial facility” is applicable to project activities that install gas based energy generation (electricity and/or steam/heat) system at an existing industrial facility to meet its own energy demand. The on-site energy generation systems in the industrial facility can be independent for heat and electricity production or can be cogeneration units, switching the fuels used in the industrial facility from coal or oil to gaseous fuel for energy generation.</p> <p>The Request for Review intends:</p> <ol style="list-style-type: none"> 1) To extend the applicability of this methodology in such a way that it is possible to export some electricity to a grid on an ad-hoc basis (i.e. during maintenance, reduced load, or outage periods of the industrial facility) and for intermittent periods. In these cases the methodology will be applicable if: <ul style="list-style-type: none"> • The electricity produced from cogeneration unit(s) is exported to a grid that is clearly defined. • The emission factor of the grid can be shown to be higher than that of the project activity, i.e. export from the cogeneration plant to the grid reduces the emission factor of the grid. • The amount of electricity exported to the grid is less than 10% of the total amount of electricity produced by the project activity. • The potential emission reductions as a result of displaced grid electricity cannot be claimed by the project proponent. • The baseline emissions are calculated by subtracting the exported electricity from the net electricity produced on-site by the project activity. 2) To modify what the PPs claim as an incorrect reference to the term “syngas” and use the term “methane rich gas” (MRG) instead, as the PPs claim that it was an incorrect reference in the original version of the methodology. 3) Concerning the leakage emissions calculation under the marginal approach, to change the requirement for the scenario when MRG is used as project fuel that states that neither capacity expansion of the synfuel production plant nor increase in the consumption of coal for producing MRG, would occur as a result of the project activity. The original methodology states that, for producing the synfuel, no expansion based on any resource except natural gas is allowed under the scope of this methodology. The PP claims that originally the requirement was included because it was thought that the impact of any expansions based on coal could not be determined on the emission factor used under the leakage section. According to the PP, this requirement is not applicable for two reasons: (1) This requirement is not under control of the project participant and (2) It is clear for them (after discussion with the synfuel plant) that even with expansions based on coal, the change in emission factor (used in the leakage section) can be determined. The existing synfuel plant may introduce optimisation programs to increase the throughput in one of two ways: 	

- (1) Current coal based equipment or existing processes are optimised to increase the throughput of resources through the system (including coal).
- (2) Current equipment is retrofitted or existing processes are retrofitted to increase the energy efficiency and therefore the production. In this case no additional resources are consumed and therefore no additional emissions occur.

PP claims that in these cases, the project activity would be rendered unsuitable under the existing scope of the methodology for no logical reason.

Recommendation by the Meth Panel:

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

Not applicable.

(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.

Not applicable.

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

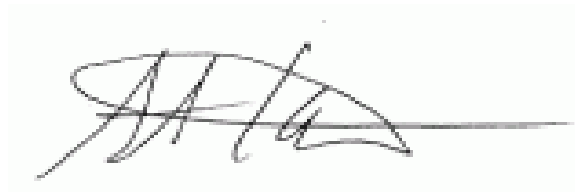
Please use the space below to provide an answer to the authors of the above query

The recommendation is:

1. To approve issue No.1, i.e. expand the applicability of this methodology to project activities that export <10% of the generated electricity to the grid. As appropriated provisions are taken in the emissions calculation formulae and it is stated that PP will not claim potential emission reductions as a result of displaced grid electricity. The methodology should be revised taking into consideration:
 - The term “well defined grid” will be replaced by the reference to a grid definition in the approved “Tool to calculate the emission factor for an electricity system “.
 - Provisions to monitor that the income from selling electricity is not higher than the income from the core business of the industrial facility, and that the EF of the grid is higher than the EF of the project activity.
2. To approve issue No.2, i.e. to change the term “syngas” or “synthetic gas” by “methane rich gas” (MRG). Furthermore, the Meth Panel agreed to include a definition section with definitions of “Methane Rich Gas” and “synfuel” in the methodology.
 - In the revised version of the methodology definitions for the terms synfuel and methane rich gas (as by-product of the industrial process) should be added.
3. Not to approve issue No. 3, i.e. for leakage emissions, if MRG is used as project fuel, allowing expansion of production capacity and increase in the coal consumption of the synfuel production plant.

Rationale: The procedures developed in the methodology for the estimation of the upstream emissions from MRG are based on a carbon balance of the synfuel plant. The so-called “marginal approach” is based on a simplified carbon balance ignoring some parameters as this omission is conservative when the applicability conditions specified for this option are verified. If the first applicability condition would be deleted as suggested by the PP, the approach would no longer be conservative.


Further, the requirements under leakage emissions when methane rich gas is used as the project fuel, the impact of the proposed modifications on the upstream and associated emissions calculation is not adequately addressed in the revision proposal.



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_0100
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