



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

<i>Date of Meth Panel meeting:</i>	7 - 11 March 2011
<i>Title and number of request for clarification</i>	Clarification on applicability criteria 2 of ACM0003 version 07.3 AM_CLA_0197

Summary of the query:

Please use the space below to summarize the request for clarification on the related approved methodologies.

The approved consolidated methodology ACM0003 “Emissions reduction through partial substitution of fossil fuels with alternative fuels or less carbon intensive fuels in cement manufacture” is applicable to project activities in the cement industry where fossil fuel(s) used in an existing clinker production facility are partially replaced by less carbon intensive fossil fuel(s) and/or alternative fuel(s).

One of the applicability conditions of the methodology is that “during the last three years prior to the start of the project activity, no alternative fuels have been used in the project plant.” As defined in the CDM glossary of terms, the starting date of a CDM project activity is the earliest date at which either the implementation or construction or real action of a project activity begins. It further states that the start date shall be considered to be the date on which the project participant has committed to expenditures related to the implementation or related to the construction of the project activity. This, for example, can be the date on which contracts have been signed for equipment or construction/operation services required for the project activity. Minor pre-project expenses, e.g. the contracting of services/payment of fees for feasibility studies or preliminary surveys, should not be considered in the determination of the start date as they do not necessarily indicate the commencement of implementation of the project. For those project activities which do not require construction or significant pre-project implementation (e.g. light bulb replacement) the start date is to be considered the date when real action occurs. In the context of the above definition, pre-project planning is not considered “real action”.

The request for clarification concerns a project activity in which alternative fuels were used in the project activity plant on a trial basis prior to the start of the project activity as defined in the CDM Glossary of Terms referred to above. The request claims that:

- The start of the trial period happened on 23 August 2004 when project participants decided to use alternate fuel in kiln system and that date should mark the “start of the project activity” used as reference in the applicability conditions of the approved methodology ACM0003;
- The “start of the project activity” as defined in the CDM Glossary of Terms should be 10 June 2005, when the project participants placed the purchase order for the alternate fuel handling system;
- Between those two dates, 23 August 2004 and 10 June 2005, several alternative fuels were tried at the project plant during different times of the year and in varying ratios. The trial was stopped on 15 July 2005.
- The trial phase was required in order to determine the impacts of the fuel switch on the process and to determine the optimum fuel mix;
- The fuel switch finally resumed on 20 February 2006;
- Taking the start of the project activity as 23 August 2004, then no alternative fuel was fired in the kiln, thus meeting the requirement of methodology.

The request then seeks clarification on two issues:

- The definition of “start of the project activity” as mentioned in the applicability condition (2) of ACM0003; and,
- Whether the consumption of alternative fuel during the trial period can be considered while applying condition (2) of ACM0003 version 07.3.

Recommendation by the Meth Panel:

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

Not applicable.

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

The Meth Panel clarifies that:

- The applicability condition referred to above, which concerns the prior use of alternative fuels in the project activity plant, aims at preventing projects that could permanently use alternative fuels prior to the project activity from using the methodology. This is to provide a safeguard to the fact that the project activity should involve capital investment and physical changes to the facility that allow for the use of alternative fuels on a permanent basis, rather than being a flexible fuel switch that can be undertaken at any time, given that fuel prices are favourable;
- Taking account that the use of alternative fuels prior to the start date of the project activity in the situation described was not on a permanent basis, but rather on a temporary basis as part of a trial period, the Meth Panel believes that, in principle, the case described does not breach the spirit of the applicability condition and should be eligible under the methodology;
- Nevertheless, in order to ensure consistency, the definition of “start of the project activity” as mentioned in the applicability condition (2) of ACM0003 should be as per the CDM Glossary of Terms and therefore, the consumption of alternative fuel during the trial period should be considered while applying the applicability conditions of ACM0003;
- The Meth Panel thus recommends that if a proposed project activity faces the circumstances described in the request for clarification, then registration should be sought by means of a request for deviation;
- The request for deviation should in particular: (i) provide a clear definition for a trial period, (ii) ensure that sufficient evidence be provided that the alternative fuels were used on a temporary basis as part of a trial period, and (iii) explain the assumptions made with respect to the determination of the fuel emission factor used for the calculation of baseline emissions, in particular, taking into account that during the period when that fuel emission factor should be determined, alternative fuels were being used.

Signed by the Chair, Mr. Philip Gwage

Date: 11/03/2011

Signed by the Vice-Chair, Lex de Jonge

Date: 11/03/2011

Information to be completed by the secretariat	
F-CDM-AM	AM_CLA_0197
Name of the authors of the query:	SGS
Date when the form was received at UNFCCC secretariat	11 March 2011
Date of transmission to the EB	11 March 2011
Date of posting in the UNFCCC CDM web site	11 March 2011