

 <p style="text-align: center;"><b>CDM: Revision Form for Approved Methodologies (version 01)</b> (To be used for responding to requests for revision on approved methodologies)</p>	
Date of Meth Panel meeting:	04 – 07 April 2006
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Request for amendment of ACM0006 by two new scenarios (covering fuel switches and energy efficiency improvements)
Indicative methodology to which your submission relates	ACM0006
Name of the authors of the query:	DNV-CUK
<p><b>Summary of the query:</b></p> <p>Please use the space below to summarize the request for revision on the related approved methodologies.</p> <p>It is proposed to amend ACM0006 (Consolidated baseline methodology for grid-connected electricity generation from biomass residues) by two new scenarios. These scenarios cover cases, where biomass residues are already used at a facility and where the use of biomass residues is increased. One scenario (16) not only covers fuel switch but also any type of supply-side and demand-side energy efficiency improvements that may be undertaken at the facility.</p>	
<p><b>Recommendation by the Meth Panel:</b></p> <p>Please use the space below to provide amendments /changes (in your expert view, if necessary).</p> <p>It is recommended not to approve the requested revisions, since a number of issues need to be addressed. A detailed recommendation on required changes is provided below.</p>	
<p><b>Answer to authors of the request for revision by the Meth Panel :</b></p> <p>Please use the space below to provide an answer to the authors of the above query</p> <p>The development of the new scenarios in the draft AM needs further consideration. The following changes and clarifications are recommended:</p> <ul style="list-style-type: none"> <li>The main problem with the proposed approach is that it implicitly assumes that any increase of electricity exported to the grid or any increase in the use of biomass beyond historical levels is attributable to the CDM project activity. However, the electricity generation, the electricity demand at the project site and the biomass availability may be influenced by many other factors that are not attributable to the CDM project activity. For example, with the proposed approach, project participants could receive more CERs if the electricity generation remains the same but the production at the agro-industrial facility decreases, resulting in less on-site electricity demand and more electricity being exported to the grid. Similarly, an increase in the production of the main product (e.g. sugar) due to a capacity expansion could result in more CERs if the amount of electricity generated and exported is increased proportionally, without any energy efficiency improvements or changes in the share of biomass used in the existing plant;</li> <li>The above mentioned aspect is particularly important in the case of power plants that already use biomass and the project activity only increases the share of biomass. In equation 16a, the methodology implicitly assumes that for electricity generation the <i>absolute</i> quantity of electricity generated during the last three years would remain constant, whereas in equation 16c it is implicitly assumed that the <i>relative</i> share of fossil fuels fired would remain constant in the absence of the project activity. Firstly, it is unclear why the relative share of fossil fuels has been chosen and the absolute share of biomass. Since there is a considerable uncertainty involved in assumptions on the level of biomass that would be used in the absence</li> </ul>	

of the project activity, it is recommended to make a more conservative assumption here, e.g., by assuming that the baseline is the higher level of biomass between the historical level used in absolute and relative terms and by using the highest level of biomass used in one year within the three years. It may also be considered to include an applicability condition that an investment is required to increase the use of biomass beyond historical levels for this type of project activity;

- Another issue is associated with energy efficiency improvement measures both at the supply and demand side. Consistent with guidance provided by EB22, in case of energy efficiency improvements it is necessary to determine the remaining lifetime of the equipment that is being replaced or retrofitted. Emission reductions can only be claimed as long as the existing equipment would not be replaced or retrofitted at the end of its lifetime in the absence of the project activity;
- The description of the scenario on page 16 is not stated clearly and as such not completely understandable. It is suggested that the project activity involves supply-side and demand-side energy efficiency improvements, whereas on page 22 it is stated that the project activity mainly reduces emissions through the substitution of fossil fuels by biomass. The description should clearly describe the exact nature of the project activity;
- The calculation of project emissions for heat generation but not for electricity generation is confusing, since the scenario on page 16 is suggested to be applicable to power projects (without heat generation). Since the co-firing of fossil fuels in the project can not be attributed to either heat or electricity generation, it is suggested to keep the approach in ACM0006 to calculate project emissions from co-firing fossil fuels;
- The description of the efficiency ( $\epsilon_{B-boiler}$ ) is not consistent in the draft. On page 17 it is stated that this refers to the efficiency of the *boiler* that would be used in the absence of the project activity, while on page 16 it is stated that this refers to the energy efficiency of the existing *cogeneration* plant. This should be clarified. Note also that equation 16c leads to wrong results if heat would in the baseline be generated in the existing cogeneration plant because the relative improvement of the efficiency between the project plant and the baseline plant would need to be taken into account.



Signature of the Meth Panel Chair .....

Date: 13/ 04/06

(Rajesh Kumar Sethi)



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

Date: 13/04 /06

(Jean-Jacques Becker)

**Information to be completed by the secretariat**

F-CDM-AM	F-CDM-ACM0006
Date when the form was received at UNFCCC secretariat	13 April 2006
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