



## CDM: Recommendation form for Small Scale Methodologies (Version 01.1)

*(To be used for presenting questions/proposals/amendments to the simplified methodologies for small-scale CDM project activity categories)*

<b>Date of SSC WG meeting:</b>	As per procedures for fast track clarifications
<b>Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):</b>	Selection of baseline scenario for project involving capacity expansion under AMS-I.B
<b>Indicative methodology to which your submission relates</b> <i>(refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable:</i>	AMS-I.B "Mechanical energy for the user with or without electrical energy"
<b>Name of the authors of the query:</b>	Hemant Nandanpawar Institution: CDM Consultant <a href="mailto:nandanpawar123@yahoo.co.in">nandanpawar123@yahoo.co.in</a>

### **Summary of the query:**

Please use the space below to summarize the query related to SSC methodologies/categories SSC Modalities and Procedures provide recommendation/analysis of the SSC WG.

Original text from Stakeholder:

We are working on development of **Improved Water Mill (IWM) PoA** project in Nepal for around 2 years and the project is in validation process for more than one year. The project DoE, after more than one year of validation process, now mentions that the project baseline is a suppressed demand scenario which is not addressed in the current version-10 of SSC Meth AMS.I.B. Necessary meth revision is required to proceed further with the validation. Please note that, this meth is included in the step III list of Annex 15 of EB 67 (attached herewith for ready reference) related to treatment of suppressed demand in SSC methodologies which indicates that this meth may need revision for suppressed demand application.

In brief, the project activity is implementation of higher capacity of IWMs (energy efficient) in hilly regions of Nepal with replacement of Traditional Water Mills (TWMs) of low capacity. At present, in Nepal, small TWM owners are switching towards high capacity Diesel Mills (DM) since they are unable to meet increased service demand with small TWMs (these mills i.e TWM, IWM, DM are used for grinding food grains, taking out husk from rice etc...). In this view, the baseline scenario we have considered is implementation of DMs. As mentioned, implementation of IWMs will avoid future implementation of Diesel Mills and thus reduce CO2 emissions. At present, DMs are getting popular in Nepal due to their high capacity and speedy processing ability. Only, promotion of IWM can help to check promotion of carbon emissive diesel mills in Nepal, on sustainable basis. In this view, as per PPs understanding, there is no issue of suppressed demand since baseline scenario is continued use and expansion of diesel mills in Nepal.

With above background, we need your response to our following queries/clarifications

1. As per PPs understanding, the concept of suppressed demand is applicable when there is a desire to consume a product or service but due to barriers this desire is not met, specifically in LDCs, due to barriers including low income, poor infrastructure and low level technology. In our project activity, the service under consideration is grinding of food grains which is the main purpose of these water mills/diesel mills. We have not considered any desired service level for estimation of emission reductions hence as per our understanding, this project activity is not covered under suppressed demand scenario. Further, PP don't want to get any suppressed demand benefits for this project and hence revision of meth is also not required. Please confirm.

2. As mentioned above this meth is included in the step III list of Annex 15 of EB 67 (attached herewith for ready reference) related to treatment of suppressed demand in SSC methodologies which indicates that this

meth may need revision for suppressed demand application. Does this mean that without appropriate revision by UNFCCC (addressing Supressed demand issue), PP can not use this methodology of applicable projects ?

3. What is the criteria for declaring any project as a Suppressed demand scenario project? In our case it seems that DoE is mentioning it because the applied SSC meth is mentioned in above list. Also, in project case baseline scenario is very clear which is continued use and expansion of carbon emissive technology (with support of baseline study). Further we feel that the Suppressed demand concept has been introduced for getting additional benefits to the LDC projects and not to restrict them from availing CDM benefits. Since the project is in LDC-Nepal, it may not be necessary that it is a suppressed demand scenario project only.

We hope, this confirmation will help to improve the meth application clarity to PP and DoE and will further help to avoid confusion/complication during validation stage.

#### **Recommendation by the SSC WG:**

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

This recommendation is as per the procedures for fast track clarifications as specified in paragraph 8 of the 'procedures for the submission and consideration of request for clarification of approved small-scale methodologies' found at <[http://cdm.unfccc.int/Reference/Procedures/MethSSC\\_proc01\\_EB34a06.pdf](http://cdm.unfccc.int/Reference/Procedures/MethSSC_proc01_EB34a06.pdf)>.

#### **Answer to authors of query by the SSC WG:**

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

The small-scale working group (SSC WG) of the CDM Executive Board would like to thank the author for the submission.

With regard to the list of methodologies given in the "Concept note on the treatment of suppressed demand in approved small-scale methodologies", (Annex 15 of the annotations to the agenda of EB 67<sup>1</sup>), this is simply an indicative list of methodologies for which a revision *may* be considered in order to integrate the concept of suppressed demand, in accordance with the "Guidelines on the consideration of suppressed demand in the CDM methodologies" (i.e., the suppressed demand guidelines). However, this list in no way implies a compulsory course of action.

In response to the author's queries 1 and 2, project proponent whose projects do not involve suppressed demand may apply the current version of AMS-I.B without having to revise the methodology. Based on the information provided in the query, it is the view of the SSC WG that this is the case in the underlying project activity and that the project proponents may use the current version AMS-I.B for their project activity without waiting for a revision. The third question raised relates to the criteria for declaring a project as a suppressed demand scenario project. The suppressed demand guidelines clarify that this issue should be dealt with in the context of specific methodologies, rather than in the context of a specific project. Nevertheless, we would like to indicate that the criteria will be based on whether the identified baseline technology can realistically provide the level of service provided by the project technology. For example, if watermills are used for grinding X tons of grain per year or dehusking Y tons of rice per year, the project proponents should be able to show that baseline technology e.g. diesel mills of the required size/capacity, in use in the region also produce a similar output (i.e., X tons of grain per year or Y tons of rice per year).

The SSC WG confined the analysis to the three specific questions that were asked; if there are other issues with regard to the methodology or the project that were raised by the DOE, those issues should be resolved with the DOE, following the relevant standards/tools/procedures/guidelines approved by the CDM Executive Board.

Signature of SSC WG Chair: Mr. Peer Stiansen

Date: 28/01/2013

Signature of SSC WG Vice-Chair: Ms. Fatou Gaye

Date: 28/01/2013

<sup>1</sup> <<http://cdm.unfccc.int/Meetings/MeetingInfo/DB/CS8KD6BJMWURL4E/view>>.

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#### History of the document

Version	Date	Nature of revision(s)
01.1	12 April 2012	Editorial changes to include new logo and other improvements.
01.0	2005	Initial publication.
<b>Decision Class:</b> Regulatory <b>Document Type:</b> Form <b>Business Function:</b> Methodology		