CDM: Recommendation Form for Small Scale Methodologies (version 01)

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

Date of SSC WG meeting:	19–22 October 2010, SSC WG 28
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Consideration of leakage from production emissions and vehicle capacity in Programmes of Activities
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-III.C version 11
Name of the authors of the query:	Rainer Winter Institution: TÜV NORD CERT GmbH cdm@tuev-nord.de

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 DOE:

SSC-methodology III.C./Version 11 appears to be applicable when old fossil fuel based vehicles are replaced by new more efficient fossil fuel based vehicles as is the case in PoA "Egypt Vehicle Scrapping and Recycling Program". If the PoA mentioned above should utilize another methodology the issues presented below might still be of relevance in other cases.

On a broader scope, this request for clarification intends to bring attention to production emissions in the context of PoAs applying for SSC methodologies.

The DOE encountered two issues during validation which are not covered by the methodology.

1. Leakage arising from the production emissions of new vehicles

3/CMP.1, Annex, paragraph 51:
"Leakage is defined as the net change of anthropogenic emissions by sources of greenhouse gases which occurs outside the project boundary, and which is measurable and attributable to the CDM project activity."

EB 5, Annex 3, paragraph 10(d):
"In an operational context, the terms "measurable" and "attributable" in paragraph 51 of the CDM modalities and procedures should be read as "which can be measured" and "directly attributable", respectively."

However, SSC-methodology III.C./Version 11 states explicitly under paragraph 7 that "no leakage calculation is required".

The only leakage mentioned in the SSC-methodology III.C./Version 11 (annex 1) covers fuel switching. Furthermore, VVM paragraph 76 mentions the following:

"The validation report shall contain information regarding greenhouse gas emissions occurring within the proposed CDM project activity boundary as a result of the implementation of the proposed CDM project activity which are expected to contribute more than 1% of the overall expected average annual emissions

reductions, which are not addressed by the applied methodology."

Even though the production emissions well exceed the 1% threshold (e.g. 10-20% estimated by TÜV NORD) vehicle production takes place outside the project boundary. Hence, these emissions would have to be considered as leakage. However, as stated above SSC-methodology III.C./Version 11 does not include this leakage.

In the light of the above paragraphs it is unclear whether the emissions arising from the production of new vehicles are to be accounted for.

2. Replacement of vehicles of different sizes

The methodology lacks guidance on the need for new vehicles to provide the same capacities as those used in the baseline. TÜV NORD would like to point out that replacing larger by smaller vehicles appears questionable. A situation in which two new vehicles are providing the same service previously provided by one old vehicle should either be avoided or accounted for. E.g. one old 24-seat bus may be replaced by a new 12-seat bus. However, if this triggers a second 12-seat bus to offer its transport service outside the project boundary, corresponding leakage does not appear to be covered by the methodology.

Recommendation by the SSC WG:

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

Please refer to paragraph 21 of the meeting report of the SSC WG 28 (http://cdm.unfccc.int/Panels/ssc_wg).

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 of the CDM Executive Board would like to thank the author for the submission.

The SSC WG agreed to clarify as follows to the specific issues raised by the query author:

Question 1: Should Leakage on account of production of new vehicles be taken into account?

SSC WG is of the opinion that, consistent with the decision of the CDM Executive Board at its forty second meeting, the emissions attributed to manufacture of new vehicles can be neglected. In the context of simplified methodology 'AMS-III.U Cable Cars for Mass Rapid Transit System (MRTS)', the Board agreed that emissions related to production and installation of cable car infrastructure need not be considered for emission reduction calculations in the context of the simplified methodology as there would be comparable or more emissions embedded in the baseline transport system.

The SSC WG agreed to clarify further that the old versions of SSC CDM methodologies had included instructions to quantify the leakage due to baseline equipment transfer outside of CDM boundary where baseline equipment are not scrapped. After a lengthy analysis by both the Meth Panel and the SSC WG, it was concluded that it is not possible to quantify such emissions and it was conservative to ignore such emissions due to prevailing practices in non Annex-I countries to use equipment for an extended period of time and CDM baseline equipment typically replaces even more inefficient equipment. Consequently current versions of SSC methodologies exclude such emissions.

Question 2: Replacement of vehicles of different size

The query author pointed out that there would be leakage in case new vehicle has reduced capacity as compared to the baseline vehicle that it replaces, whereas there is no specific guideline provided in the methodology. The SSCWG is of the opinion that it may not be necessary to have this guidance in every methodology as the issue has been covered in the CDM modalities and procedure. As per paragraph 47 of the Decision 3/CMP.1 Modalities and Procedures for a Clean Development Mechanism 'the baseline shall be defined in a way that CERs cannot be earned for decreases in activity levels outside the project activity or due to force majeure'.

Signed by the Chair, Mr. Peer Stiansen
Date: 22/10/2010

Signed by the Vice-Chair, Mr. Hugh Sealy
Date: 22/10/2010

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