



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:	24–27 February 2009, SSC WG 19
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Applicability of AMS-III.B to project facility not owned or operated by the user of energy
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-III.B
Name of the authors of the query:	Junji Hatano Institution: Carbon Partners Asiatica junji.hatano@cp-asiatica.com

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 PP:

We wish to clarify that AMS-III.B. is applicable to a project activity with the features described in 1. Specific points of request for clarification are enumerated in 2.

1 Project activity

- 1) The project activity consists of constructing a 16-20 MW natural gas-fuelled power plant to supply electricity to an industrial facility that does not belong to the same owner as the power plant.*
- 2) The project activity obviates the need for the industrial facility to build a new diesel-based captive power plant to meet an increase in electricity demand associated with the expansion of its capacity.*
- 3) The project activity is carried out on or near the site of the industrial facility.*
- 4) The project activity is expected reduce GHG emissions by less than 60ktCO₂e annually.*

2 Points requested for clarification

- 1) Project facility not owned or operated by the user of the electricity*

We would like to confirm that the project facility not being owned or operated by the user of the electricity it generates does not prohibit the application of AMS-III.B. to the project activity as long as its project boundary complies with the requirements stipulated in paragraph 9 of the methodology.

In this context, it is noted that the changes that have been made to AM0014 indicate that less emphasis is given to the distinction between self-owned and third-party-owned facilities. AM0014, which was initially applicable only to third-party-owned facilities, can now be used for BOTH third-party-owned and self-owned facilities. For your quick reference, the relevant parts of the applicability conditions from version 1 and the current version of AM0014 are reproduced.

Version1 of AM0014: The cogeneration system is a third party cogeneration systems, i.e. not own or operated by the consuming facility that receives the project heat and electricity

Current version of AM0014: The cogeneration system is either third party cogeneration systems, i.e. not owned or operated by the consuming facility that receives the heat and electricity from project cogeneration systems or the cogeneration system is owned by the industrial user (henceforth referred to as self-owned) that consumes the heat and electricity from project cogeneration systems;

We believe the same kind of flexibility between self-ownership and third-party ownership is appropriate for AMS-III.B. This is particularly so in view of the similarity between AM0014 and AMS-III.B. after a major change was made to AM0014 in its version 3 to expand its applicability to fuel-switching project activities. The current version of AM0014 describes the project activity that can apply it as follows (excerpt).

“The project activity encompasses the installation a cogeneration system --- whose input is natural gas -- and displaces electricity from the grid or fossil fuel based, dedicated power plant(s). The displaced fossil fuel power plant(s) for electricity generation may use fuels with higher carbon intensity, including fuel oil, diesel. --- “

2) Greenfield project

The project activity does not involve fuel switching at an existing power plant. It will displace a higher-carbon power plant that would have to be built in the absence of the project activity.

Paragraph 4 of AMS-III.B. addresses this issue and allows greenfield project activities to apply the methodology, subject to compliance with the requirements in the General Guidance for SSC methodologies concerning the subject. We wish to clarify that third-party-owned project activities will not be treated differently in this respect if the methodology's applicability to them is confirmed pursuant to 1 above.

Recommendation by the SSC WG:

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

Please refer to paragraph 6 of the meeting report of the SSC WG 19
(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 that the described project activity is in principle eligible to apply AMS-III.B; however, as currently written, AMS-III.B does not include specific provisions for electricity and steam/heat export to third party.

The SSC WG agreed to recommend the current version of AMS-III.B to include heat or electricity produced under the project activity exporting to other facilities included in the project boundary. In case energy produced by the project activity is delivered to another facility, or facilities, within the project boundary, a contract between the supplier and consumer(s) of the energy will have to be entered into specifying that only the facility generating the energy can claim emission reductions from the energy displace.

The recommended revision also broadens the applicability of the methodology by including options to consider multiple fuel use in the baseline and the project case as well as grid electricity use/displacement. Additional procedures for determining baseline emissions for Greenfield facilities have been provided.

If the revisions are approved by the Board, the project proponent may evaluate if the proposed project activity is covered by the revised version.



Signature of SSC WG Chair

(Hugh Sealy)

Date: 27/02/2009



Signature of SSC WG Vice-Chair

(Peer Stiansen)

Date: 27/02/2009

Information to be completed by the secretariat

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