



Approved baseline and monitoring methodology/ methodological tool clarification response form (Version 02.0)

INFORMATION TO BE COMPLETED BY THE SECRETARIAT OR PANEL/ WG

Date and number of Panel/ WG meeting:	19–22 August 2014/MP 64
Title/Subject of the request for clarification:	Monitoring of εproject,i in case of application of Option D as per ACM009 version 4.0.0 page 6
Reference number of the request for clarification:	AM_CLA_0262
Exact reference (number, title and version) of the methodology or methodological tool to which the request for clarification applies:	ACM0009 “Consolidated baseline and monitoring methodology for fuel switching from coal or petroleum fuel to natural gas --- Version 4.0.0”
Fast track or Regular track:	<input type="checkbox"/> Fast track <input checked="" type="checkbox"/> Regular track

Summary of the request for clarification

Original text from DOE:

The submitted clarification request is generally applicable to any project activity which applies Option D on page 6 of ACM0009 version 4.0.0.

The issuance has been identified during the verification of the project activity with UNFCCC reference number 0834 title “Egyptian Brick Factory GHG Reduction Project”, especially with the submission of a corresponding submission of approval of changes to the project activity.

Methodology ACM009 version 4.0.0 provides several options to determine the baseline efficiency of the technology used during the baseline scenario. One of the options to determine the baseline efficiency is Option D.

Option D states:

“Where project participants can reasonably demonstrate that the efficiency of the element process does not change due to the fuel switch or that any changes are negligible (i.e., $\epsilon_{project,i} - \epsilon_{baseline,i} < 1\%$) or that $\epsilon_{project,i}$ can be expected to be smaller than $\epsilon_{baseline,i}$, project participants may assume $\epsilon_{project,i} = \epsilon_{baseline,i}$ as a simplification.”

Further as per equation (3) and (4) in the methodology the emission reductions are calculated by applying following method:

$$BE_y = \sum_i FF_{baseline,i,y} \times NCV_{FF,j} \times EF_{FF,CO2,i}$$

with

$$FF_{baseline,i,y} = FF_{project,i,y} \times \frac{NCV_{NG,y} \times \epsilon_{project,i}}{NCV_{FF,i} \times \epsilon_{baseline,i,y}}$$

As per this option D the baseline and project efficiencies can be set equal at validation stage. If it is reasonably demonstrated at validation stage that project and baseline efficiencies can be set equal and taking equations above the ratio of the two efficiencies will result in a term 1 in $FF_{baseline,i,y}$.

If the criterion as per Option D above is demonstrated, clarification is requested why related parameter $\epsilon_{project,i}$ has to be further monitored as per ACM0009 monitoring methodology especially as

1. the monitoring would not influence final emission reduction result
2. provide an additional burden on the project participants to monitor an unnecessary parameter esp. for

- a) bundled projects including several single project activities or even hundreds
- b) Programme of Activities where even higher number of project activities could be involved.

From the above it is provided to update the related methodology in its monitoring section to specify that the monitoring parameter $\epsilon_{project,i}$ is not to be monitored in case compliance with Option D is demonstrated.

Clarification by the secretariat or Panel/ WG

The Methodologies Panel (Meth Panel) of the Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) would like to thank the author for the submission.

In response to the query the Meth Panel agreed to clarify as follows:

- Option D of ACM0009 which states that project participants may assume $\epsilon_{project,i} = \epsilon_{baseline,i}$ as a simplification, where project participants can reasonably demonstrate that the efficiency of element process does not change due to the fuel switch or that any changes are negligible (i.e., the difference between $\epsilon_{project,i}$ and $\epsilon_{baseline,i}$ is under 1 per cent) or that $\epsilon_{project,i}$ can be expected to be **smaller** than $\epsilon_{baseline,i}$. seems to include an error which results in cancelling out project and baseline efficiency in equation (4) of the methodology, possibly leading to an overestimation of baseline emission reductions when project efficiency is smaller than baseline efficiency. Thus, a conservative approach which was originally intended by option D where project participants may assume $\epsilon_{project,i} = \epsilon_{baseline,i}$ is only in cases where project participants can reasonably demonstrate that the efficiency of element process does not change due to the fuel switch or that any changes are negligible (i.e., the difference between $\epsilon_{project,i}$ and $\epsilon_{baseline,i}$ is under 1 per cent) or that $\epsilon_{project,i}$ can be expected to be **higher** than $\epsilon_{baseline,i}$, which will lead to conservative baseline emissions estimation;
- The Meth Panel further agreed to clarify that in the case where project proponents can reasonably demonstrate and it is validated/verified by DOE that the project efficiency is higher than baseline efficiency or the changes are negligible (i.e. the difference between $\epsilon_{project,i}$ and $\epsilon_{baseline,i}$ is under 1 per cent) project efficiency is no longer required to be monitored for determining baseline emissions. Sampling may be applied for projects with estimated annual emission reductions of each of the element processes equal to or less than 3000 t CO₂e per year provided that requirements of the "Standard for sampling and surveys for CDM project activities and programme of activities" are followed and estimates of project efficiency at upper limit of the uncertainty confidence interval are used.

The Meth Panel agreed to take into account the above clarification in a future revision of the methodology ACM0009.

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Document information

Version	Date	Description
02.0	18 July 2013	Revised to remove the row "Date and signature of the chair and vice chair of Panel/WG (in case of clarification by Panel/WG)"
01.0	4 July 2013	Initial publication. This document supersedes and replaces the following documents: <ul style="list-style-type: none"> • Recommendation Form for Small Scale Methodologies (F-CDM-SSCwg) (Version 01.1) • Recommendation Form for Small Scale A/R Methodologies and Procedures (F-CDM-SSC-AR) (Version 01.1)
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