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:	14–16 April 2008, SSC WG 15
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Energy efficiency measures with more than one emission reduction component
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS II.D ver 11
Name of the authors of the query:	Henning Thiel Institution: EcoSecurities Group plc henning.thiel@ecosecurities.com, jessica.wade@ecosecurities.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.

The project involves an energy efficiency measure in a process of an industrial facility, which reduces specific steam (GJ steam/ton process output) and specific electricity consumption (MWh/ ton process output) of the process. Steam component contributes about 120 GWh/yr savings as opposed to electricity component that contributes about 80 GWh/yr (it is easy to quantify one component independently from the other since steam and electricity are measured using different meters). Thus the energy savings from both electricity and steam savings together exceed the small-scale threshold i.e., 180 GWh_{th} while either of the component on a standalone basis does not exceed the threshold.

The project proponents wish to register only the steam component as a CDM project that is below the SSC threshold. The savings from the electricity component will not be registered as a second small-scale CDM project.

A financial additionality analysis demonstrates that the project is additional, including costs for the energy efficiency measure and resulting energy savings from *both* components.

AMS II.D defines the project boundary as "the physical, geographical site of the ... production facility, processes or equipment that are affected by the project activity" which means any emission reductions that result due to a specific measure (i.e. saving of steam *and* electricity) would be included in the project boundary.

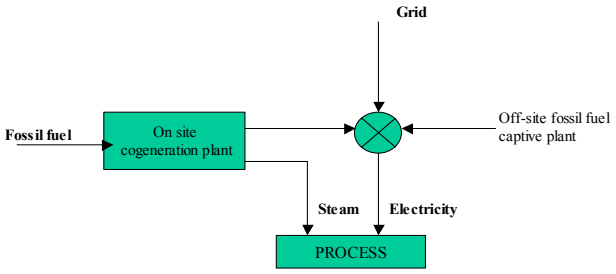
Following issues need to be clarified:

Question 1: Is it possible to develop a small scale project for the emission reductions from the improvement in steam efficiency only, in case where the result from the implementation of the energy efficiency measure is an improvement in efficiency of both steam and electricity consumption?

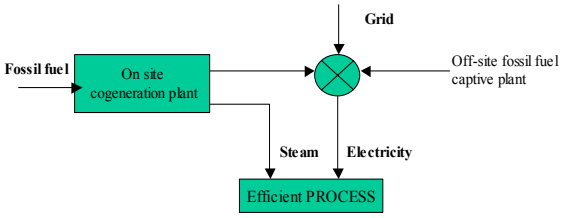
Question 2: Can the project boundary of AMS II.D version 11 be re-defined to include only a part of the emission sources?

Diagrammatic representation of the project activity

Baseline Case



Project Activity



Recommendation by the SSC WG:

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

Please refer to paragraph 24 of the meeting report of the SSC WG 15 (http://cdm.unfccc.int/Panels/ssc_wg).

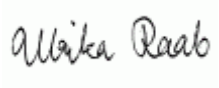
Answer to authors of query by the SSC WG:

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

As regards question 2, in the light of definitions of boundary, baseline, leakage and monitoring as provided by the modalities and procedures of small scale CDM[1] redefining of the boundary of AMS II.D to include only a part of the emission sources is not feasible.

As regards question 1, the SSC WG agreed to clarify that in the case of 'a project activity with more than one component' (as defined by the Board at its twenty-eighth meeting, see para. 55-58 of EB 28), any one of the eligible components can be developed as a small scale CDM project activity. However the rest of the components shall be transparently described in the PDD, included in the boundary and monitored as required by the procedures although no emission reductions are claimed from these components. In the specific case of the proposed project activity, the improvement in steam efficiency can be developed as a standalone CDM project activity while both steam and electricity consumption are monitored.

[1] "Boundary: The project boundary shall encompass all anthropogenic emissions by sources of greenhouse gases under the control of the project participants that are significant and reasonably attributable to the CDM project activity."
"A baseline shall cover emissions from all gases, sectors and source categories listed in Annex A within the project boundary."
"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."
"Monitoring shall include: The collection and archiving of all relevant data necessary for estimating or measuring anthropogenic emissions by sources of greenhouse gases occurring within the project boundary during the crediting period."
"Monitoring shall include: The identification of all potential sources of, and the collection and archiving of data on, increased anthropogenic emissions by sources of greenhouse gases outside the project boundary that are significant and reasonably attributable to the project activity during the crediting period."



Signature of SSC WG Chair ……..

(Ulrika Raab)

Date: 16/04/2008

Signature of SSC WG Vice-Chair ……..

(Kamel Djemouai)

Date: 16/04/2008

Information to be completed by the secretariat	
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