



## 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)*

<i>Date of SSC WG meeting:</i>	30 June–2 July 2008, SSC WG 16
<i>Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):</i>	Applicability of AMS III.B version 12
<i>Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.</i>	AMS III.B version 12
<i>Name of the authors of the query:</i>	Soon Chan Hong Institution: Mitsubishi UFJ Securities, Co., Ltd. E-mail: hong-soonchan@sc.mufig.jp

### **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.

Project participants request clarification on the applicability of AMS III.B version 12 for a project activity involving a shift from B-C oil to natural gas in a facility producing special steel and automotive parts.

In the project activity two existing rolling mills with a capacity of 120 ton/hr and 110 ton/hr respectively have been replaced with two mills of 150 ton/hr capacity and one mill of 180 ton/hr capacity. The total aggregate production capacity has increased to 480 ton/hr as against the baseline capacity of 230 ton/hr. The following clarifications are requested in the context of application of AMS III.B to the project activity:

- (1) Is the guidance of the Board concerning type III Greenfield project activities<sup>1</sup> applicable to the proposed project activity?
- (2) If AMS III.B is not applicable to the expanded capacity of the project activity, is it possible to apply AMS III.B up to the existing capacity prior to the capacity expansion?
- (3) If AMS III.B is applicable only up to the existing capacity prior to the capacity expansion, is it possible to submit a new methodology for the fuel-switching project for capacity expansion part and apply such project as a separate CDM project?

<sup>1</sup> Type III Greenfield projects (new facilities) can use a type III small-scale methodology provided that they can demonstrate that the most plausible baseline scenario for this project activity is the baseline provided in the respective type III small-scale methodology. The demonstration should include the assessment of the alternatives of the project activity. For the purpose of the demonstration, project participants may apply the steps 1 to 3 of the latest version of “Combined tool to identify the baseline scenario and demonstrate additionality” to identify the baseline scenario. If the identified baseline scenario is the same as the baseline of the methodology, and it can be demonstrated that the implementation of the project as ‘the proposed project activity undertaken without being registered as CDM’ is not the common practice in the region, project participants can apply the methodology. (General guidance to indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories, Annex 35, EB 35).

**Recommendation by the SSC WG:**

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

Please refer to paragraph 27 of the meeting report of the SSC WG 16  
([http://cdm.unfccc.int/Panels/ssc\\_wg](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 proposed CDM project activity can be considered as a project activity for capacity expansion in addition to fuel switch, hence the SSC WG agreed to clarify that the approved guidance of the Board pertaining to Greenfield projects (referred under question 1) is not applicable to this case.

Regarding question 2, AMS III.B version 12 can be applied to the proposed project activity limiting the baseline emissions to the actual emissions from the existing capacity prior to the capacity expansion.<sup>2</sup>

In this regard SSC WG would like to point out that proposed fuel switch project activity (< 60 kt CO<sub>2</sub>) is eligible under AMS III.B if reliable baseline monitoring data is available on:

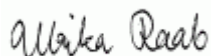
- Fuel use (B-C oil in this case); and
- Output (thermal or electrical output that is effected by the project activity).

AMS III.B requires actual monitoring of the above data for an appropriate period (e.g., a few years) if reliable records of fuel use and output prior to the fuel switch are not available.

Further, the SSC WG agreed to clarify that this response covers only issues related to capacity expansion under AMS III.B and does not address other pertinent issues of a CDM project activity applying AMS III.B, e.g. demonstration of additionality and consideration of lifetime of equipment replaced.

The SSC WG agreed to recommend a revision to AMS III.B, as contained in annex 4 of the report of the SSC WG 16, expanding the applicability of the methodology to new facilities (Greenfield projects) and project activities involving capacity expansions in existing installations. Project participants may wish to explore the applicability of the revised methodology - if approved by the Board - to the proposed project activity.

<sup>2</sup> Paragraph 10 of annex 1 of EB 08 that states “If a proposed CDM project activity seeks to retrofit or otherwise modify an existing facility, the baseline may refer to the characteristics (i.e., emissions) of the existing facility only to the extent that the project activity does not increase the output or lifetime of the existing facility. For any increase of output or lifetime of the facility which is due to the project activity, a different baseline shall apply”.



Signature of SSC WG Chair .....

(Ulrika Raab)

Date: 02/07/2008



Signature of SSC WG Vice-Chair .....

(Kamel Djemouai)

Date: 02/07/2008

**Information to be completed by the secretariat**

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