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:	11–14 October 2011, SSC WG 34
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Clarification on the eligibility of SWHs under microscale additionality guidelines
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-I.C "Thermal energy production with or without electricity" AMS-I.E "Switch from Non-Renewable Biomass for Thermal Applications by the User" Guidelines for Demonstrating Additionality of Microscale Project Activities
Name of the authors of the query:	Adriaan Korthuis Institution: Climate Focus a.korthuis@climatefocus.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 Stakeholder

For a solar water heater and household biodigester PoA we will apply the additionality guidance for Micro-scale projects. This is possible according to Footnote 1 which states that "All technologies/measures included in approved Type I Small Scale CDM methodologies are eligible to be considered."

The two projects are Type I projects and would be eligible under section 2c of the additionality guidance, which states:

The project activity is designed for distributed energy generation (not connected to a national or regional grid) with both conditions (i) and (ii) satisfied;

(i) Each of the independent subsystems/measures in the project activity is smaller than or equal to 1500kW electrical installed capacity; "

(ii) End users of the subsystems or measures are households/communities/SMEs.

As for (i) this is true except for the fact that there is no electrical installed capacity, only thermal capacity of the solar water heater and stoves connected to the biodigester. However, the thermal capacity of the solar water heaters and domestic biogas systems is even below 1500 kWe, so it seems we meet this requirement.

Please confirm that this is the right interpretation

The other question is what the micro-scale threshold would be for thermal capacity. Micro scale projects are project activities with a capacity of 1/3 of the small-scale caps (the micro-scale threshold for power generation is 5MWe, which is 1/3 of the small-scale threshold of 15MWe).

For thermal capacity the small-scale cap is 45MWth, so for micro-scale this would be 15 MWth. Similarly, for solar water heaters the small-scale cap of 64,000 m^2 then becomes 21,333 m^2.

Please confirm that this is the right way to derive micro-scale caps for projects that do not generate electricity and seek to apply the "Guidelines for demonstrating additionality of microscale project activities (Version 02)"

Request for additional clarifications:

Please refer to EB60, Annex 25 paragraph 8 (b) "Guidelines for demonstrating additionality of microscale project activities (version 2.0)". The paragraph 8 (b) is reproduced below:

"Renewable energy projects that produce electrical, thermal and mechanical energy, and cogeneration projects are covered. Definitions provided for output capacity and guidelines provided for conversion from electrical to thermal units in paragraph 4 of the General Guidelines to SSC CDM methodologies. (version 16 or its update) shall be used...;"

So, it is our understanding that the size limit for renewable energy microscale projects is 1500kW in electrical units and 4500kW in thermal units, and paragraph 4(d) of the General Guidelines to SSC CDM methodologies shall be followed for thermal applications of solar energy projects.

Additional clarification from Stakeholder submitted 19 Sep 2011

However, of the 2 questions posed, it seems 1 has been left unanswered.

From your reply we can conclude that the micro-scale threshold is simply 1/3 of the small scale threshold. Question 2 (document attached)

The other issue relates to Paragraph 8c that refers to renewable energy generation, but footnote 3 still excludes delivery to the grid. For a solar water heater PoA we will apply the additionality guidance for micro-scale projects. Our question relates to criteria 2c) and its application to household or SME level solar water heaters with small independent subsystems. Criteria 2c) identifies project activities that are "designed for distributed energy generation (not connected to a national or regional grid)". Our understanding of criteria 2c) is that it applies to all Type I projects that do not deliver electricity to the national grid. This is confirmed by the footnote 3 which states that "That means that projects applying AMS.I-D are not eligible." In the envisioned solar water heater PoA, the installations in the baseline scenario are grid connected electric heaters which are replaced under the PoA by solar water heaters. As a result the PoA will reduce power consumption for heating water. The project will apply AMS-I.C. and refers to AMS-I.D. to determine the grid emission factor based for the historic emissions of the electric heaters. Since the project does not deliver renewable energy to the grid, footnote 3 does not apply to this project example.

Recommendation by the SSC WG:

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

Please refer to paragraph 34 of the meeting report of the SSC WG 34 <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.

With reference to the first query related to eligibility of SWHs and biogas stoves under paragraph 2(c) of the microscale additionality guidelines and the second query related to applicable threshold for thermal energy generation, the author may wish to refer to footnote 2, paragraph 8(b) and footnote 10 of the microscale additionality guidelines (version 3, EB 63 annex 23). Thermal energy generating equipment like SWHs and biogas stoves are eligible under paragraph 2(c); thermal units shall be derived from electrical units by applying a multiplication factor of 3.

Regarding the third query on whether SWHs displacing grid electricity are eligible under paragraph 2(c) of the microscale additionality guidelines, the SSC WG agreed to clarify that the SWHs displacing grid-connected electric heaters can apply paragraph 2(c). The PP may note that the Executive Board at its sixty-third meeting tasked the SSC WG to further work on the microscale additionality guidelines and positive list of renewable energy technologies, thus existing requirements could change.

This clarification applies to all versions of Guidelines for Demonstrating Additionality of Microscale Project Activities.

Signed by the Chair, Ms. Fatou Gaye

Date: 14/10/2011

Signed by the Vice-Chair, Mr. Peer Stiansen

Date: 14/10/2011

Information to be completed by the secretariat	
SSC-Submission number	SSC_576
Date when the form was received at UNFCCC secretariat	14 October 2011
Date of transmission to the EB	14 October 2011
Date of posting in the UNFCCC CDM web site	14 October 2011