



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>	20–23 March 2012, SSC WG 36
<i>Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):</i>	Clarification regarding the use of sampling to estimate the date of distribution of project lamps under AMS-III.AR
<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.AR “Substituting fossil fuel based lighting with LED/CFL lighting systems”
<i>Name of the authors of the query:</i>	Adriaan Tas Institution: Carbon Africa Limited adriaan@carbonafrica.co.ke , info@carbonafrica.co.ke

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:

The project activity involves the replacement of fossil fuel based lamps through the distribution of renewable energy based LED lighting systems (Project Lamps) to end users. Approved baseline and monitoring methodology AMS III.AR *Substituting fossil fuel based lighting with LED/CFL lighting systems (Version 02)* is used.

According to the revised *Standard for sampling and surveys for project activities and programme of activities (Version 02.0)*, paragraph 14 states that “*In addition to the parameters specifically indicated in CDM methodologies that are to be determined through sampling, project implementers may propose to obtain estimates of their variables using sampling techniques if that is the only practical or cost-effective means to obtain them. In those instances, project proponents shall request a revision of methodology or request deviation from methodology or request a clarification using the approved procedures before developing a sampling plan*”.

The only parameter that is to be determined through sampling in the project activity and is indicated in the CDM methodology AMS III.AR is the percentage of Project Lamps distributed to end users that are operating and in service in the third year of the crediting period.

In addition to the above-mentioned parameter, the project proponent would also like to use sampling techniques to estimate the ‘date of distribution of the Project Lamp to end users’ because it is the only practical and cost-effective means.

According to paragraph 19 of the approved baseline and monitoring methodology AMS III.AR (version 02.0), emission reductions of Project Lamps are to be considered from the date of distribution of Project Lamps to end users. It is practically impossible to monitor the dates of distribution of all the Project Lamps to end users for the specific project under consideration due to the large number of Project Lamps that will be distributed and due to the geographical distribution of the end users. Monitoring the date of distribution for every single project lamp will require the collection of all the sales records from all the distributors in a country and enter them into an electronic database, the cost of which will be prohibitively

high.

Therefore, the project seeks to obtain the dates of distribution of Project Lamps to end-users by statistically estimating the average number of days between the date on which Project Lamps are delivered to a distributor and the date on which the Project Lamp is distributed to the end user using a sample.

The date on which Project Lamps are delivered to a distributor will be monitored and recorded by the project activity. Distributors will also keep sales records, which will include the sales dates of the Project Lamps. Sampling will take place by randomly selecting a number of distributors and collect the sales records from those distributors. Based on this, the average number days between the date of delivery to the distributor and the date of distribution to the end user can be estimated. This will then be used to estimate the date on which project lamps are distributed to other end users using the following formula:

$$\text{Date of distribution of project lamp to end user} = \text{date of delivery of Project Lamp to distributor} + \text{statistically estimated number of days from sales documentation}$$

Additional information from the PPs

Please find below additional information as requested in you emails dated 27 and 29 February 2012. Attached also the draft PoA-DD

a) The planned distribution model for the Project Lamps (Nuru Lights) is as follows:

The project proponent (Nuru East Africa Limited herein referred to as Nuru) will set up a network of Nuru entrepreneurs (generally local shopkeepers). The entrepreneurs will sell the Nuru lights to the end users. The lights will be charged by a stationary bicycle (PowerCycle) which will be operated by the entrepreneurs. Therefore, end users will have to go back to the entrepreneurs on a regular basis to recharge their lights. This ensures that regular contact takes place between the entrepreneurs and the end users.

Entrepreneurs will be selected and set up by the project proponent (Nuru) based on location, local experience, capacity (i.e management and financial capacity) to implement the activities (i.e selling or renting project lamps and/or providing charging services), credit history and membership of groups (e.g. co-operatives and microfinance organized lending groups).

Entrepreneurs will receive lights from Nuru country headquarters. Nuru will set up software that tracks the serial numbers of each light that is distributed to each entrepreneur. When the entrepreneur sells a light to an end user, the end user fills out a warranty card indicating his/her information.

b) The project will comply with the requirement in methodology AMS III.AR (version 02) paragraph 08 as given below:

As entrepreneurs are the ones who ultimately sell the lights to end users, they are the only people that can properly track the number of lights per household or per business location. For this reason, Nuru will instruct entrepreneurs to record if more than 5 lights have been distributed per household and will keep track of such instances (This approach can work for this specific project but might not work for other projects that don't have close links to the intermediaries. It is one of the key challenges of AMS III.AR at the moment).

c) The project will comply with the requirement in methodology AMS III.AR (version 02) paragraph 21 (a and b) as given below:

The number of project lamps will be conservatively based on the number of lamps distributed to the

entrepreneurs (as per footnote 11 of version 2 AMS III.AR). The number of lights distributed to the entrepreneurs is reported to the CME by the Nuru field offices and country headquarters.

Each lamp has a unique serial number. When a lamp is sold to an end user, the end user fills out a warranty card (or other sales record), which has the unique serial number of the lamp, along with the date of distribution and information of each end user (including contact information for the recipient i.e. the end user). The entrepreneur that sold the light collects these warranty cards. The entrepreneur then passes the cards to the Nuru field staff. Nuru will then file each warranty card into folders in the Nuru field offices; each entrepreneur is to have his/her own folder in the field office. The project will only keep hard-copies of the warranty cards because it will be too costly and time consuming to enter all the data into an electronic database. During monitoring, the project will randomly select a number of entrepreneurs and use the warranty cards in the folder of the entrepreneur to put together a sample of end users to check whether the lights are still operational. The same principle will be used to estimate the number of days between the delivery of the lights to the entrepreneurs and the date on which lights are distributed to end users.

Each light type has a unique serial number, so judging from the serial number, Nuru can determine the lamp wattage and the battery type. Currently, all lights to be sold will be being charged mechanically using Nuru POWERCycle, so it can be assumed that all lights are charged with the same method.

However, in the future, if lights are to be charged by a different method, the project will have a spot on the warranty card to indicate the charging method.

We hope the above clarifies the approach sufficiently. Feel free to contact us in case you do have additional questions.

Recommendation by the SSC WG:

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

Please refer to paragraph 22 of the meeting report of the SSC WG 36
<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 that in the case of project activities which do not involve direct distribution of project lamps to end-users, but instead involves distribution of project lamps through intermediaries, the average number of days between the date on which project lamps are delivered to intermediaries and the date on which the project lamps are distributed from the intermediaries to end-users can be determined using either survey methods or by using a default value of 120 days. The survey methods may either be of a census of intermediaries (if the number of intermediaries is equal to less than 50) or sampling methods in accordance with the “Standard for Sampling and Surveys for CDM Project Activities and Programme of Activities”. However, the date of delivery of project lamps to all intermediaries shall be directly recorded with no recourse to sampling.

The SSC WG agreed to include this provision in the revision of the methodology at a future meeting.

Signed by the Chair, Mr. Peer Stiansen

Date: 23/03/2012

Signed by the Vice-Chair, Ms. Fatou Gaye

Date: 23/03/2012

Information to be completed by the secretariat

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