



**CDM: Response form for Request for revision of approved methodologies
(version 01.1)**

<i>Date of Meth Panel meeting:</i>	02 - 06 March 2009
<i>Title and number of Request for revision</i>	Revision for new boilers and sourcing of biomass residues outside the project region AM_REV_0136

Summary of the query:

Please use the space below to summarize the request for revision on the related approved methodologies.

AM0036 "Fuel switch from fossil fuels to biomass residues in boilers for heat generation" is applicable to project activities that switch from use of fossil fuels to biomass residues, in existing and, where applicable, new boilers. The project activities eligible are the retrofit of existing boilers, replacement of existing boilers, installation of new boilers or a combination of them.

The methodology is applicable to project activities that either don't use the heat produced with biomass residues for the production of power, or, if power is generated, it is not increased as a result of the project activity, i.e. the power generation capacity existing prior to the implementation of the project activity remains unchanged with the implementation of the project activity throughout the crediting period and the annual power generation during the crediting period is not more than 10% larger than the highest annual power generation in the most recent three years prior to the implementation of the project activity.

The request for revision proposes to expand the applicability of AM0036 to cases in which a new petcoke/coal power plant under construction would replace some of its fossil fuel use by co-firing biomass residues. Furthermore, the biomass residues are shipped from a region which is distant from the project activity using cargo ships. Other changes from editorial nature are also suggested.

The underlying project activity involves a new thermal power generation plant under development that was originally planned to burn 50% coal and 50% petcoke and will be operational in 2010. Under the project scenario, 10% of the steam energy required to operate the plant will be generated with biomass residues, supposedly displacing fossil fuels. The project will source biomass residues from the waste stream of forestry management activities in a region located 1,820 km away from the project site, by means of cargo ships.

Recommendation by the Meth Panel:

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

Not applicable.

(b) Please use the space below for providing guidance, as per Para 93 of EB25 Report, on what type of projects need to revise the PDD as a consequence of the suggested revision, if the recommendation is to revise the methodology.

Not applicable.

Answer to authors of the request for revision by the Meth Panel :

Please use the space below to provide an answer to the authors of the above query

The recommendation is **not to approve** the request for revision.

AM0036 is designed for fuel switch projects producing heat, where the heat is implicitly assumed to be used only as process heat and not to produce power. This is clear from the applicability conditions that states, in first place, that the heat generated in the boiler(s) is not used for power generation. The inclusion of project activities where the heat is used for power production is an exception to this first condition and only includes cases in which the power generated is not increased as a result of the project activity. The methodology further explains that “*power generated is not increased as a result of the project activity*” if: (i) the power generation capacity existing prior to the implementation of the project activity remains unchanged with the implementation of the project activity, throughout the crediting period; and (ii) the annual power generation during the crediting period is not more than 10% larger than the highest annual power generation in the most recent three years prior to the implementation of the project activity.

This restriction imposed on projects which involve power generation aims at reducing the complexity of the methodology by avoiding the consideration of cases where a baseline scenario would have to be identified and emissions reductions would have to be accounted for power generation. In other words, it is assumed that the production of electricity, if any, is not affected after the implementation of the project activity so as to avoid the cumbersome procedure of trying to identify a baseline scenario for electricity production. The 10% threshold is included only as a means of ensuring some flexibility in the application of the methodology, taking into account business-as-usual variations in the electricity production levels of the facility where the project is implemented. It follows from the above that AM0036 is not adequate to deal with new/greenfield power generation plants, as this would require, as well, the establishment of baseline scenario for power generation, before emission reductions can be adequately calculated.

The proposed request for revision, however, is applicable to a scenario of capacity expansion of electricity generation in a new thermal power plant which mainly uses fossil fuels and, therefore, cannot be accepted. In order for emissions reductions to be adequately calculated, the option of generating electricity in this new power plant has to be assessed against other alternative baseline scenarios for power supply and corresponding emissions reductions or increases have to be assessed and accounted for. AM0036 doesn't contain the methodological elements to do it. Furthermore, it is the purpose of the meth panel to keep AM0036 restricted to heat-only project activities, for the sake of simplicity, with one only exception as described above. This is another reason for not including the proposed revision in AM0036. Rather ACM0006 is more suitable to deal with such situations because it contains other elements which are missing in AM0036 (e.g. baseline scenario selection and emissions reductions equations for electricity generation). Project proponents may consider to submit a request for revision of ACM0006 (please refer to scenario 15) or propose a new methodology.

Concerning the other suggested revisions related to the site where biomass is sourced from and the means of transport used to bring biomass to the project site, they are adequate and should be included in the revised version of the request for revision, in case project proponents decide to submit it again.



Signature of Meth Panel Chair

Date: 06/03/2009

(Philip Gwage)



Signature of Meth Panel Vice-Chair

Date: 06/03/2009

(Pedro Martins Barata)

Information to be completed by the secretariat

F-CDM-AM	AM_REV_0136
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