



CDM: Response form for request for clarification on Approved Methodologies (version 01.1)

<i>Date of Meth Panel meeting:</i>	18 - 22 January 2010
<i>Title and number of request for clarification</i>	<p>“GUIDELINES FOR THE REPORTING AND VALIDATION OF PLANT LOAD FACTORS” Annex 11, EB 48</p> <p>AM_CLA_0170</p>

Summary of the query:

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

The project proponents seek clarification on the “Guidelines for the reporting and validation of plant load factors”, as per the Annex 11 of the EB48 report. The guidelines present two alternatives in order to determine the power load factor (PLF) for a renewable energy power plant:

Option 3(a): “The plant load factor provided to banks and/or equity financiers while applying the project activity for project financing, or to the government while applying the project activity for implementation approval”; and

Option 3(b): “The plant load factor determined by a third party contracted by the project participants (e.g. an engineering company)”.

In accordance with the project proponents, option 3 (a) in the guidelines to determine the PLF is not available to them as their project activity (wind power plant) is funded only through equity and the local government does not request the PLF for the approval of the implementation of the project. As a consequence the PLF is neither provided to banks/equity financiers nor to the government.

Concerning option 3(b), according to the project proponents it is not clear what “a third party” is. Furthermore, the project proponents claim that in the case that the project activity is already running and under validation, actual performance data would be available for validation and this data would be deemed as more meaningful than data from a feasibility study done by another party.

Question from project proponents

For project activities that are funded only through equity and are already under validation: can this type of project activities (i) be exempted of following these guidelines or (ii) use as the PLF a value provided by governmental agencies or other reliable sources available in public domain?

Recommendation by the Meth Panel:

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

N.A.

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

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

Reply from the Meth Panel

The Meth Panel clarifies that all CDM project activities are required to be additional. One of the ways to demonstrate project additionality is to carry out an investment analysis, where the power load factor (PLF) of the power plant has an important role to play. It is with this background that the project activities are required to determine the PLF in a credible manner. Therefore, all CDM project activities that require determination of the PLF, for renewable energy power plants, should follow the guidelines provided by the EB on this matter using either of the options available in the document, i.e. (3a) or (3b).

In the particular case presented by the project proponents, there seems to be no evidence of a constraint for project proponents to use option 3(b). It is considered that project proponents would have mandated a feasibility study before starting the project, and this feasibility study would have formed the basis for the investment decision together with the CDM consideration. In the case that such feasibility study uses a PLF that was not provided by an independent third party, the project proponents are required to document the PLF used for the investment decision, and obtain the PLF again provided by an independent third party. Project proponents can contract an independent third party to determine the PLF even after the start of the operations of the renewable energy project under consideration. Furthermore, it has to be noticed that an average PLF estimated during the first months of operation may not necessarily be an accurate proxy for the PLF under the full operation of the project activity power plant.



Signature of Meth Panel Chair

Date: 22/01/2010

(Philip Gwage)



Signature of Meth Panel Vice-Chair

Date: 22/01/2010

(Pedro Martins Barata)

Information to be completed by the secretariat

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