



**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>	Applicability of the baseline scenario as Coal based Captive Power plant in a green field project in which WHRB and AFBC boiler based power plant are implemented AM_CLA_0171

Summary of the query:

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

The project discussed under the request is a green field 20 MW Captive Power Plant (CPP) based on Coal, Coal fines, Char-Dolochar, Washery rejects within which a Project Activity, based on the considered CDM support, is implemented to generate steam for generation of about 8.7 MW power through the recovery of Waste heat from the waste flue gases emitted by it's newly implemented sponge iron kiln (having 350 tpd production capacity); thus the remaining power of about 11.30 MW is generated from the fossil fuel fired AFBC boiler; along with these, steel plant comprising of Induction Furnaces (to melt produced sponge iron) to produce semi finished steel and Re-rolling Mill (to roll the finished steel or rolled steel from the semi finished steel) is also implemented simultaneously. All these activities are power intensive industrial activities demanding reliable and uninterrupted power, at the most economical cost, to the extent of about 20 MW. Since the grid is already having power crisis as well as much more costly than the Coal based power generation hence the project participants had only alternative to set up a Coal based CPP.

The Coal based CPP is considered as baseline as per the "Combined Tool for assessment of additionality and baseline" and also as per the step to step approach given in ACM0012 ver3.1. in which the option P4 and W2 are found as baseline.

The need for the present clarification has been necessitated due to the rejection of three project activities (No. 2507, 2519 and 2127. The EB 50 minutes state that: "At its fiftieth meeting the Board could not register these projects activities " because the DOE and the project participant have failed to substantiate the application and the determination of the baseline scenario as the baseline selected is a new captive coal based power plant whereas the methodology limits the baseline scenario for power generation to be an specific existing power plant or grid import.

All the projects have chosen P4 in the baseline as realistic and plausible alternative in the baseline:

As per the methodology, the project participants have considered P4 and W2 as possible baseline options. P4 mentions that baseline as 'On-site or off-site existing/new fossil fuel based existing captive or identified plant'. The existing facility is defined in Footnote 12 of ACM 0012 (Page 4/54) as 'facilities where commercial production has begin when the project activity was submitted for validation'. In the case of MMIPL, the plant was in operation at the time of validation and it is treated as existing facility. However, as per P4, the baseline coal based plant should be a specific existing plant. In MMIPL, both WHRB and AFBC were in existence and operation and if project participants would not have put a WHRB based power plant ,then the coal based AFBC would have been scaled up or added another coal based AFBC of equivalent generation capacity would have been added.

The project participants have concluded (based on Foot Note 12) that as the baseline Coal based CPP is in operation at the time of submission of the project activity for validation therefore this is an existing facility in accordance to the methodology and accordingly may be treated as an existing facility.

Recommendation by the Meth Panel:

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

The Meth Panel would like to clarify the following about existing approved methodology ACM00012:

1. The baseline scenario P4 clearly represents (refer scenario 1 of table 1 on page 11 of version 3.2) that it is only limited to the electricity obtained from a specific existing plant or from the grid, whether the project activity is implemented in an existing or greenfield facility.
2. In equation 1a-1, the parameter $EG_{i,j,y}$ is defined as “The quantity of electricity supplied to the recipient j by generator, that in the absence of the project activity would have been sourced from i th source (i can be either grid or identified source) during the year y in MWh”, which clearly stipulates that the source of electricity should be from identified source and not hypothetical source. The same allies to definition of $E_{Felec,i,j,y}$ in equation 1a.111.
3. Further, in the text below equation 1a-1 clearly states “The proportion of electricity that would have been sourced from the i th source to the j th recipient plant should be estimated based on historical data of the proportion received during the three most recent years”. The historical data is available only for existing baseline plant.

The situation described by project participants with respect to the baseline plant that would have been built to add the capacity of existing AFBC boiler in absence of the project activity taken up under CDM does not qualify to meet the requirement of methodology due to the above requirements.

If project participants wish, they may submit a request for revision of the methodology. The project proponents may wish to know that the panel is working on the revision of ACM0012, which will also address the issue related to identification of baseline scenario for greenfield project plant.

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

Please refer to the section above.



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

F-CDM-AM	AM_CLA_0171
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