



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

<i>Date of Meth Panel meeting:</i>	26 – 30 March 2007
<i>Title and number of Request for revision</i>	<p>“To apply approved methodology to the cement industry where fossil fuel(s) used in cement manufacture are partially replaced by alternative fuels and they are already part of the existing fuel mix” /</p> <p>AM_REV_0045</p>
<p><b><u>Summary of the query:</u></b></p> <p>Please use the space below to summarize the request for revision on the related approved methodologies.</p> <p>The revision request claims that the current version of ACM0003 is applicable to projects that already use alternative fuels in a cement plant and that wish to increase the share of alternative fuels in the fuel mix. However, as also recognized in the request, ACM0003 assumes in the calculation of emission reductions that no alternative fuels are used so far. Project participants correctly highlight that applying the methodology to projects that use already alternative fuels would result in a significant overestimation of emission reductions. The request contains procedures to estimate emission reductions in the case that an alternative fuel is already used. In addition it is suggested to change the current applicability condition that the amount of alternative fuels available for the project is at least 1.5 times the amount required to meet the consumption of all users.</p>	

**Recommendation by the Meth Panel:**

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

The Meth Panel recommends the Board to clarify that the current version of ACM0003 is not applicable to cement plants that already use alternative fuels. Although this is not made fully explicit in the applicability conditions, the entire procedure to calculate emission reductions builds on the implicit assumption that no alternative fuels have been used so far in the cement plant.

The Meth Panel recommends not to approve the request for revision, mainly for the following reasons:

1. The proposed revision allows for the situation that different alternative fuels are used prior and after the implementation of the project activity. The approach implicitly assumes that the increase of one alternative fuel as part of the project activity will displace only the use of fossil fuels. In reality, one alternative fuel may also displace another alternative fuel that has been used in the past. Following the approach in equation (8), which does not consider the effect of the project activity on the use of “non-project” alternative fuel types (i.e. alternative fuels that would also be used without the project), emission reductions can be claimed even if the share of all alternative fuels remains the same and only one alternative fuel type is being replaced by another alternative fuel type.
2. As highlighted by project participants on page 3 of the draft AM, the price level of alternative fuels is an important parameter which determines to which extent alternative fuels are used in the plant. The key problem is that prices vary over time and so the share of alternative fuels may vary over time. Therefore, assuming a fixed amount of alternative fuel in the baseline if the price of the fuel is an important factor is not appropriate, as it would not be possible to clearly factor out the signal (increased use of alternative fuels as a result of the CDM) from the noise (changes in the use of alternative fuels as a result of changes in fossil fuel prices and prices for alternative fuels). Generally, it seems difficult to establish a reasonable baseline for a situation where the fuel mix depends mainly on the price level of different fuels that vary over time. Such a methodology would need to take into account the actual price differentials between different fuels over time. This situation may be different if a technical change to the process involving a considerable investment would be necessary to increase the share of alternative fuels beyond historical levels (see, for example, AM0036). However, also in this case future price levels for alternative fuels and fossil fuels will be an important indicator for the mix, making the estimation of the fuel mix in the absence of the project rather uncertain. To address this uncertainty, the baseline would need to be established in a conservative manner (see, for example, AM0036).

(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

See above.

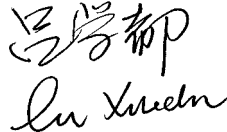
Please Note that the Meth Panel agreed to recommend a revision to ACM0003 at its next meeting.



Signature of the Meth Panel Chair .....

Date: 30/03/2007

(Akihiro Kuroki)



Signature of the Meth Panel Vice-Chair .....

Date: 30/03/2007

(Xuedu Lu)

**Information to be completed by the secretariat**

F-CDM-AM	AM-REV-0045
Name of the authors of the query:	AENOR
Date when the form was received at UNFCCC secretariat	30 March 2007
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