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)

Date of SSC WG meeting:	15–18 June 2010, SSC WG 26
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Clarification on applicability of AMS-III.B to switch from high carbon intensive fossil fuel to low carbon intensive grid electricity supply in aluminium melting
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-III.B "Switching fossil fuels"
Name of the authors of the query:	Joaquín Moreno Leal Institution: Zeroemissions Technologies S.A. joaquin.moreno@zeroemissions.abengoa.com, elena.fernandez@zeroemissions.abengoa.com

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:

Imusa S.A. is developing a project activity that involves the change of furnaces for aluminium melting. The baseline involves the process of melting aluminium for the production of cookware in reverb furnaces that run on fuel oil. These furnaces will be replaced by induction furnaces that run on electricity, for which the carbon emission factor is lower given that the grid is composed by a mix of renewable and fossil sources. The project will increase energy efficiency as well, but the project activity primarily aims at reducing emissions through fuel switching.

Being in force version number 12 of the methodology, a question/clarification "SSC 232" was submitted in order to clarify the applicability of methodology AMS-III.B to project activities consisting in the switch from fossil fuels to grid connections when the grid has a lower emission factor.

The text within the question/clarification SSC 232 is shown: "Imusa is developing a project activity that involves the change of furnaces for aluminium melting. The baseline involves the process of melting aluminium for the production of cookware in reverb furnaces that run on fuel oil. These furnaces will be replaced by induction furnaces that run on electricity, for which the carbon emission factor is lower given that the grid is composed by a mix of renewable and fossil sources. The project will increase energy efficiency as well, but the project activity primarily aims at reducing emissions through fuel switching. The project participants wish to request a clarification regarding the applicability of AMS-III.B to project activities such as this one, which switch from the use of fossil fuels to less carbon intensive electricity in a single industrial facility, where no significant changes in electrical infrastructure are expected to occur (the company is already connected to the national grid) due to the project activity."

The answer to authors of query by the SSC WG: "The SSC WG agreed to clarify that the current version of AMSIII. B is not applicable to the described project activity. The SSC WG is preparing a revised version of AMS-III-B, considering this and other requests for clarifications related to fuel or energy source switching, to broaden its applicability which is likely cover the described project situation".

These comments were considered for writing the version number 13 of the methodology. But this version

and the current 14th version don.t show in a clear manner the applicability of the methodology when the project consist on switching from fossil fuels to grid connection.

The project participants wish to request a clarification regarding the applicability of AMS-III.B to project activities such as this one, which switch from the use of fossil fuels to less carbon intensive electricity grid connection .

Recommendation by the SSC WG:

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

Please refer to paragraph 24 of the meeting report of the SSC WG 26 <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 to clarify as follows:

AMS-III.B or AMS-III.AG are intended for project activities whose primary output is energy and not the product (e.g. steel, brick etc.). For the latter, the variation in other parameters (such as input raw materials, output quality, etc.) may also affect the fuel consumption. Such issues are not addressed in AMS-III.B or AMS-III.AG but are addressed in AMS-III.Z which covers fuel switch in a brick production facility. In this case, the entire facility is included in the boundary and all the input and output parameters are monitored. (See also the response provided by the SSC WG to SSC_347 and SSC_381)

The currently written AMS-III.B or AMS-III.AG does not include procedures to cover the issues for example impact on energy consumption due to variation in the raw material quality, density of the materials and processing parameters. The quality of the raw material, its grain size etc. can have impact on the energy consumption in the kiln or drier, also the temperature profile in each zone in the baseline and project of the drier needs to be alike in both the baseline and project. A monitoring of all these parameters need to be an essential part of a methodology to cover the described project, however AMS-III.B in its current form does not capture these issues.

The SSC WG is of the opinion that covering the above issues under AMS-III.B would render the widely used simplified methodology rather complex and hence agreed to reiterate SSC WG response to SSC_381 that a new methodology would be required for such project activities in order to ensure that emission reductions are measurable and reasonably attributable to the project activity. The project proponent also may note the responses provided by the SSC WG to the relevant submissions such as SSC-NM038, SSC-NM40 and SSC-NM047.

On the basis of reviewing the suggested new methodologies SSC-NM038, SSC-NM40 and SSC-NM047 including the described situation and the existing AMS-III.B/AMS-III.AG, the opinion of the small-scale working group is that a set of small-scale methodologies is required to cover the range of possible projects that involve switching from high carbon intensive to low carbon intensive energy sources. The SSC WG will begin the work of preparing a methodology to cover these cases considering the situation described above where the primary output is a product, and not energy,. The project proponent may consider following the progress of this work, and is also invited to provide inputs on it, e.g. in the form of a new methodology.

Signed by the Chair, Mr. Peer Stiansen
Date: 18/06/2010

Signed by the Vice-Chair, Mr. Hugh Sealy
Date: 18/06/2010

Information to be completed by the secretariat	
SSC-Submission number	SSC_417
Date when the form was received at UNFCCC secretariat	18 June 2010
Date of transmission to the EB	18 June 2010
Date of posting in the UNFCCC CDM web site	18 June 2010