

	CDM: Response form for Request for revision of approved methodologies (version 01.1)
<i>Date of Meth Panel meeting:</i>	09 – 11 October 2006
<i>Title and number of Request for revision</i>	“Proposal of new scenario for ACM0006 in order to cover energy efficiency projects resulting in fossil fuel displacement plus expansion of surplus power capacity”; AM_REV0015
Summary of the query: Please use the space below to summarize the request for revision on the related approved methodologies.	
It is proposed to amend ACM0006 (Consolidated methodology for grid-connected electricity generation from biomass residues) by a new scenario which involves the improvement of energy efficiency in an agro-industrial plant. This includes the reduction of energy demand in the agro-industrial plant and the expansion of the power generation capacity to increase electricity exports to the grid.	
Recommendation by the Meth Panel: (a) Please use the space below to provide amendments /changes (in your expert view, if necessary).	
<p>It is recommended not to approve the request, for the following reasons:</p> <ul style="list-style-type: none"> • The methodology is proposes amendment to calculate emission reductions from demand-side energy efficiency improvement measures without specifying what are the energy efficiency measures undertaken by the project. The proposed revision should specify the measures through which the demand for heat (and electricity is reduced). • The proposal for revision does not appropriately consider the lifetime of existing equipment. As clarified by EB08 and EB22, the historical performance may only serve as a baseline until the end of the lifetime of any equipment which is replaced or retrofitted as part of the project activity. If demand-side measures at the agro-industrial facility are undertaken, it would be necessary to specify whether the existing equipment could have continued to operate without retrofit or replacement in the baseline scenario, and if yes for how long. Similarly, this aspect needs to be taken into account, if modifications are made to the power plant / boilers. • The proposal for revision does not provide a procedure to identify the baseline scenario for the demand-side measures at the facility, but implicitly assumes that the historical energy intensity (PERF) of production would continue throughout the crediting period. However, in some situations, the energy intensity of a facility over time may improve even in the absence of the project, e.g., due to replacements of old equipment (e.g. motors) by newer equipments. It is recommended that a proper procedure be provided to establish a clear baseline scenario for demand-side measures, if any, taking into account endogenous improvements of energy efficiency over time. • The proposed revision does not explain the procedure to determine the performance rate (PERF) in cases where an agro-industrial facility produces several products. Either provide additional guidance on the above issue or limit the applicability of proposed scenario to agro-industrial facilities that only produce one homogeneous product. • The proposed revision calculates the steam demand activity (QBy) but does not calculate the electricity demand in the absence of the project activity. It is not explained why the electricity demand is not considered. 	

- The proposed revision implicitly assumes that the quantity of electricity exported to the grid would remain the same as the maximum exports in the three most recent years before the start of the project activity. However, electricity exports may be heavily influenced by other factors. The electricity demand at the project site – which may change due to circumstances not affected by the project activity – may decrease and as a result exports may increase due to factor that is not attributable to the project activity. Furthermore, a increase in production of electricity may also result in an increase in electricity exports, if electricity produced, prior to implementation of project activity, was in excess of the demand. Such an production increase would not be attributable to the project activity but as per the proposed revision this will be accounted towards emission reductions due to project activity.
- The proposed revision implicitly assumes that historical carbon intensity of heat generation (equation IV) would remain the same throughout the crediting period. However, the types of fossil fuels used may change over time and, in this case, also would have changed in the baseline scenario. In such a case, the project implicitly may account for emission reductions from switch between fossil fuels (without even increasing the share of biomass residues). If accounting emission reductions from fuel switches is not intended, equation iv should be modified, e.g., by assuming that the baseline fuel mix would be the same as the mix of fossil fuels in the year y If accounting of emission reductions from fuel switches is intended, the guidance in ACM0009 on upstream emissions should be taken into account and a clear baseline scenario for the types of fossil fuels in the absence of project activity would need to be established.

Furthermore, it is strongly recommended to submit this type of project as a new proposed methodology, since demand-side energy efficiency improvement measures are not within the scope of ACM0006 and require rather different procedures.

(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

Please, see above.



Signature of the Meth Panel Chair

Date: 13/09/2006

(Rajesh Kumar Sethi)



Signature of the Meth Panel Vice-Chair

Date: 13/09/2006

(Jean-Jacques Becker)

Information to be completed by the secretariat

F-CDM-AM

F-CDM-AM-REV-0015

Name of the authors of the query:

DNV-CUK

Date when the form was received at UNFCCC secretariat	13 September 2006
Date of transmission to the EB	13 September 2006
Date of posting in the UNFCCC CDM web site	13 September 2006