



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

<i>Date of Meth Panel meeting:</i>	23 - 27 January 2012
<i>Title and number of request for clarification</i>	Definition of “New” as per Condition 1 of the applicability of the methodology AM_CLA_0224

Summary of the query:

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

The DOE refers to Version 3 of AM0029 “Baseline Methodology for Grid Connected Electricity Generation Plants using Natural Gas”, which involves the construction and operation of a new natural fired grid-connected electricity generation plant.

The proposed project activity involves the implementation of a grid connected natural gas fired power plant at a Greenfield/new site where no power plant or other industry existed prior to the proposed project. The project participant has obtained new applicable regulatory clearances for the proposed project activity at the Greenfield site; however, the power generating equipment (including the turbines and the generators) were operated by the project participant on naphtha for 7 years at a different site, became idle after the expiration of the power purchase agreement, and were retrofitted for natural gas firing at the cost of 100 million USD.

The DOE seeks the clarification from the Meth Panel regarding

- Whether the proposed project activity can be termed as “new”; and
- Whether AM0029 Version 3 is applicable to the proposed project activity.

Recommendation by the Meth Panel:

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

Not applicable.

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

The Meth Panel would like to clarify that the use of retrofitted equipment at a Greenfield site may be allowed for the application of AM0029 Version 3, if the retrofitted equipment is valued conservatively in the investment analyses for the additionality demonstration and for the baseline identification:

- If the used equipment is purchased, the lower of the purchase price and a fair market value should be applied in the investment analyses. If no such equipment has been sold in the market over the past three years, a cost of zero should be assigned to this equipment in the investment analyses.
- If the used equipment was owned and operated by the project participant prior to the implementation of the project activity, a value of zero should be applied in the investment analyses.

The costs associated with transport and retrofitting of the equipment may be included in the investment analysis.

Signed by the Chair, Mr. Philip Gwage

Date: 27/01/2012

Signed by the Vice-Chair, Mr. Lex de Jonge

Date: 27/01/2012

Information to be completed by the secretariat

F-CDM-AM	AM_CLA_0224
Name of the authors of the query:	BVCH
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