



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

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| <i>Date of Meth Panel meeting:</i> | 23 - 27 June 2008 |
| <i>Title and number of Request for revision</i> | Revision to extend AM0014 to include newly developing facility AM_REV_0097 |

Summary of the query:

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

This request for revision is in continuation of the earlier request AM_REV_0084, which was partially rejected by the Meth Panel. The original request (AM_REV_0084) was the following:

The project proponents have requested the revision in the context of a project activity for installation of a new 56.3 MW cogeneration facility to supply heat and electricity to new commercial and residential complexes. The request was to revise the methodology as follows:

- (i) To expand the applicability to include commercial and residential complexes receiving heat and electricity from the cogeneration project, as present version is applicable to an industrial facility only;
- (ii) To include the baseline approach 48 b) along with the existing approach 48 a);
- (iii) To remove the applicability condition which requires that no excess electricity will be supplied to the grid and no excess heat will be supplied to other user/s.

Out of above points, the Meth Panel, in its 32nd meeting, accepted the first and second points, whereas third point was rejected giving the following justification:

“The fourth condition was included in the methodology not to allow excess electricity/heat generation for the supply to grid/other users, because by doing so the project might increase the emission intensity of the grid or of other users, who might be using electricity/heat with cleaner sources in the baseline. As these users are outside the project boundary, the possible impact of supplying excess electricity/heat to these users cannot be monitored and estimated under provision of existing methodology. Also, project proponents have not proposed/made any changes in the proposed revised methodology to address these issues“.

The project proponents have again requested to remove the fourth applicability condition from the methodology. The argument given is that, if the increase of emissions due to supply of excess electricity or heat to grid or another user respectively is estimated, treated as leakage emissions and discounted from the claim of emission reduction, the applicability condition can be safely removed.

Another issue in the last submission pointed out by the Meth Panel was that the project proponents had advised the use of the combined tool for identification of the baseline scenario and demonstration of additionality, but the additionality in the methodology was still determined as per *Additionality Tool*, resulting in the reference of two different tools within the same methodology, which is quite confusing.

In this request, the project proponents have requested to keep the identification of the baseline scenario separate from additionality demonstration. As per project proponents, the baseline scenario selection should be separated for customers of an existing facility and for customers of a new facility. For new facilities, project proponents have divided the baseline scenarios into identification of alternatives for power generation and alternatives for heat generation.

Recommendation by the Meth Panel:

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

The Meth Panel has the following observations regarding the proposal from project proponents:

1. The emissions due to supply of electricity/heat to grid and/or other users, because they occur within the boundary of the project activity, must be calculated as project emissions rather than as leakage emissions. This means that the grid and the possible other users should be included in project boundary and all relevant parameters related to the baseline of the grid (combined emission factor) and of the other users (use of fossil fuel in the baseline) should be monitored for a minimum duration of one year. Also, the probable baseline scenario of heat or electricity for the other users in the absence of the project activity would also need to be determined (This does not need to be applied to the grid if it is the only customer, because the combined margin approach takes into account the emissions of future fuels and technologies which are included in the built margin). In case the most likely baseline scenario is that the other users would have gone for use of an even lower carbon fuel in the baseline, than this new scenario should be used for estimation of the baseline emissions. The scenario selection in such cases should not allow the selection of a baseline fuel with higher carbon intensity than that of the existing fuel used by the project proponent. This revision should not allow for credits if the excess electricity/heat supplied actually leads to emission reduction due its lower carbon intensity as compared to that of grid or other users;
2. Also it needs to be demonstrated by project proponents that the excess electricity supplied to the customer is really excess, which means that they are not meeting their domestic energy demand from other sources while selling the energy generation through cogeneration plant to others for economic (or any other) reasons. This has to be properly covered up in the applicability conditions;
3. In view of above, the demonstration of additionality also has to take into account the (possible) revenues earned through the selling of excess electricity/heat to other users;
4. It is not clear why project proponents have maintained the second applicability in the revised methodology, that requires third party ownership or, in case self owned, 100% consumption within the facility. As project proponents are now asking for the inclusion of an option to export excess electricity/heat to other consumers, then this applicability condition cannot stay for this new option;

Therefore, the Meth Panel cannot accept the revision of the methodology as proposed, due to the issues related to baseline identification for the users of excess electricity/heat supplied by project proponents, determination of baseline emissions and additionality determination. However, project proponents can submit a new request if they are able to properly address the above issues.

(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.

The recommendation is not to revise methodology.

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 Meth Panel Chair

Date: 27/06/2008

(Akihiro Kuroki)



Signature of Meth Panel Vice-Chair

Date: 27/06/2008

(Philip Gwage)

Information to be completed by the secretariat

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| F-CDM-AM | AM_REV_0097 |
| Name of the authors of the query: | TÜV-SÜD |
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