



**Approved baseline and monitoring methodology /
methodological tool clarification response form
(Version 02.0)**

INFORMATION TO BE COMPLETED BY THE SECRETARIAT OR PANEL / WG

Date and number of Panel / WG meeting:	15–19 June 2015 / MP 67
Title/Subject of the request for clarification:	Calculation of $EG_{PJ,y}$ and monitoring in the case of a capacity addition hydro power plant CDM project which was also subject to a retrofit that is not included in the CDM scope
Reference number of the request for clarification:	AM_CLA_0267
Exact reference (number, title and version) of the methodology or methodological tool to which the request for clarification applies:	ACM0002: Grid-connected electricity generation from renewable sources — Version 16.0
Fast track or Regular track:	<input type="checkbox"/> Fast track <input checked="" type="checkbox"/> Regular track

Summary of the request for clarification

Original text from PP:

The enquirer is preparing the renewal of the crediting period of the CDM project UHE Mascarenhas power upgrading project, originally registered on the 26th of May 2008. The CDM project consisted on the addition of the fourth generation unit with a capacity of 49.5 MW on the Mascarenhas power plant. This plant had an installed capacity of 131 MW prior to the capacity addition and 180.5 MW after the capacity addition.

For the current renewal, a revised PDD is being prepared, using the current version (16) of the ACM0002 methodology. As required for renewals of crediting period, the PDD is being updated in the sections related to baseline, estimated GHG emission reductions and monitoring plan.

Version 16 of the methodology requires that for capacity addition projects, the quantity of net electricity generation that is produced and fed into the grid as a result of the implementation of the CDM project activity is calculated using the formula:

$$EG_{PJ,y} = EG_{facility,y} - (EG_{historical} + \sigma_{historical});$$

Where:

$EG_{PJ,y}$	=	Quantity of net electricity generation that is produced and fed into the grid as a result of the implementation of the CDM project activity in year y (MWh/yr)
$EG_{facility,y}$	=	Quantity of net electricity generation supplied by the project plants/units to the grid in year y (MWh/yr)
$EG_{historical}$	=	Annual average historical net electricity generation delivered to the grid by the existing renewable energy power plants/units that was operated at the project site prior to the implementation of the project activity (MWh/yr)

$\sigma_{historical}$ = Standard deviation of the annual average historical net electricity generation delivered to the grid by the existing renewable energy power plants/units that was operated at the project site prior to the implementation of the project activity (MWh/yr)

The methodology also refers that a separate metering of electricity supplied to a grid by the added plants/units is not necessary if the CDM project consists of a capacity addition.

However, in the specific case of UHE Mascarenhas power upgrading project, after the original CDM registration, the remaining three generation units were subject to a retrofit which was not implemented under the CDM. The total current installed capacity of the project is now 198 MW. The retrofit of the three units has added additional 17.5 MW to the power plant.

Therefore, if the methodology is followed, GHG emission reductions will be highly overestimated, as they will be arising not only from the capacity addition of the fourth generation unit (CDM project) but also from the retrofit of the remaining three generation units which were not undertaken under the CDM.

The project participants would therefore like to clarify if for the purpose of the renewal of the crediting period, the CDM project UHE Mascarenhas power upgrading project can be considered as a Greenfield power plant, in terms of baseline, estimated GHG emission reductions and monitoring plan, which was also the approach taken at the original registration of the project activity on the 26th of May 2008 when using version 6 of ACM0002.

The approach taken is:

- i. the separate metering of electricity supplied to a grid by the added unit

the calculation of the emission reductions considering that the quantity of net electricity generation that is produced and fed into the grid as a result of the implementation of the CDM project activity ($EG_{PJ,y}$) equals the quantity of net electricity generation supplied by the added unit to the grid ($EG_{facility,y}$).

Clarification by the secretariat or Panel / WG

The Methodology Panel agreed to clarify the following:

1. As per the current version of the methodology, for a capacity addition project, it is required to apply equation 10 to determine the quantity of net electricity generation ($EG_{PJ,v}$) that is produced and fed into the grid as a result of the implementation of the CDM project activity eligible to claim emission reductions. Therefore the use of the approach taken for first crediting period of the project activity, i.e. project being considered as Greenfield, is not eligible.
2. As per the current provisions (namely paragraph 24) the capacity addition projects cease to generate emission reductions if power units existed before the implementation of the CDM project were retrofitted. Therefore project proponent may consider submitting a request for deviation or revision where the approach for adjusting the annual average historical net electricity generation ($EG_{historical}$) for incremental capacity added as a result of retrofit need to be elaborated. The project proponent may consider exploring an approach based on adding incremental capacity due to retrofit to actual historical generation by the existing renewable energy power units prior to the implementation of the project activity and adjusting it for historical load factor.

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Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
02.0	18 July 2013	Revised to remove the row "Date and signature of the chair and vice chair of Panel/WG (in case of clarification by Panel/WG)"
01.0	4 July 2013	Initial publication. This document supersedes and replaces the following documents: <ul style="list-style-type: none">• Recommendation Form for Small Scale Methodologies (F-CDM-SSCwg) (Version 01.1)• Recommendation Form for Small Scale A/R Methodologies and Procedures (F-CDM-SSC-AR) (Version 01.1)
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