



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:	09–12 May 2011, SSC WG 31
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Baseline determination for a cogen project activity implemented in an existing facility with no three years historical data available
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-I.C “Thermal energy production with or without electricity”
Name of the authors of the query:	Vikas Thakur Institution: Indus Technical And Financial Consultants Ltd. vikasrjn@rediffmail.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 Stakeholder:

This clarification is raised due to following facts:

Pre Project Activity Scenario: Process thermal heat requirement of the Paper Mill was being met by two numbers of Coal fired “Fire tube type Lancashire marine boilers” each has 6ton per hour(TPH) steam flow capacity, with 7Kg/cm² working pressure and 240 degree C temperature which were fired only by coal; having 65% fuel energy efficiency. Power requirement of processing of paper plant at ADBML paper plant was being met by 6 numbers of Diesel Generators of 500 KW each (totalling 3MW).

Project Scenario: Considering CDM support 3 MW biomass residue based cogeneration system to generate process heat (16 tph extraction of process steam) and 3 MW electricity (both through Biomass) was installed for paper industry by replacing the existing Fossil Fuel fired facility as described in Pre Project Scenario.

The webhosted PDD was prepared as per the SSC Methodology AMSI.C VER-13, however during the validation the methodology version has changed several times and the most recent version 18 requires to determine the baseline as below:

On going through SSC methodology AMS I.C. Ver-18 EB-56 it is found that to determine baseline for the project activity para-15 (b) of meth is applicable in the project scenario. The project activity according to the pre project baseline scenario in existence falls under para 15 (b), which reads as under:

(b) “Electricity is produced in an on-site captive power plant using fossil (with a possibility of export to the grid) and thermal energy (steam/heat) is produced using fossil fuel;”

Further to this the baseline emission determination has been linked to the most recent three years data as per the narration in para 19 of meth which reads as under

“For cases 15 (a), (b) and (c), baseline emissions shall be calculated as the sum of emissions from the production of electricity and steam/heat considering most recent historical records (average of the data from a minimum of three most recent years excluding abnormal years is required).”

PP decided to implement the biomass based cogeneration facility in place of existing two numbers of Coal fired “Fire tube type Lancashire marine boilers” each has 6ton per hour (TPH) steam flow capacity, with 7Kg/cm² working pressure and 240⁰C temperature which were fired only by coal with 65% fuel efficiency and 6 Diesel Generators of 500 KW each total 3 MW. But as there were no legal requirements of maintaining data of steam and electricity and the fuel also, thus the same are not available.

Hence, the data for last three years (i.e. most recent historical records) prior to the date of decision making context or starting date of the project activity is not available with PP. However the footnote 6 linked to the Para 15 of the methodology allows to select the suitable baseline even in case the last three years (i.e. most recent historical records) data for the most plausible energy supply sources are not available with the PP as per the following narration in the footnote of the methodology:

“Cases where no historical information is available, the most plausible energy supply sources shall be established in accordance with the guidance on Greenfield projects in the general guidelines to SSC CDM methodologies.”

According to the above provisions of the methodology we are determining the most plausible baseline energy supply source in accordance with guidance on Greenfield project given in general guidelines to SSC CDM methodologies, as explained below:

The para 19 of the General Guidelines to SSC CDM methodologies ver-15 , reads as below:

“19. Type II and III Greenfield projects (new facilities): may use a Type II and Type III small scale methodology provided that they can demonstrate that the most plausible baseline scenario for this project activity is the baseline provided in the respective Type II and Type III small-scale methodology.9 The demonstration should include the assessment of the alternatives of the project activity using the following steps.....”

As per the above provision only Type II and Type III Greenfield projects can adopt the step to step procedure as explained above for determination of the most plausible baseline scenario in case of Greenfield project or new facilities.

However the clarification SSC_478 clarified that the above footnote and general guidelines for determination of baseline are also applicable to Green Field project of Type I as per the narration given below:

“The SSC WG taking into account paragraph 1 of the .General Guidelines to SSC CDM methodologies, stating that the methodology has precedence over the general guidelines and footnote 6 of the AMS-I.C which refers to procedures for Type II and Type III Greenfield projects, agreed to clarify that the assessment of the alternatives of the Greenfield Type I project activity may be undertaken as per general guidelines procedures providing that as a result of the assessment it can be demonstrated that the most plausible baseline scenario is one among those provided in the respective methodology.”

Since the project activity is not a Greenfield project but implemented in an existing facility as almost a new facility by replacing the Diesel fired power generating DG Sets and Coal fired Lancashire boilers for generating steam (both of these facilities are scrapped) with the new biomass fired cogeneration plant, as explained above therefore the further clarification is required by DOE if in an existing industrial facility where historical data is not available for energy supply source based on fossil fuel for the last three year (or most recent three years) prior to decision or implementation of project activity thus can the above general guidelines to SSC CDM methodologies for green field projects be applied and the baseline can be determined in accordance to general guidelines to SSC CDM methodologies.

Kindly clarify whether this approach is appropriate in accordance to the methodology because the baseline Industrial and Energy supply facilities were in existence and the data for fossil fuel based energy supply sources were not being recorded in the baseline situation as it had no legal or official requirements. Also the initial versions of methodology did not had any such requirement. It is therefore, requested to clarify that in a situation where last three years (historical data for most recent three years) fossil fuel based energy supply source data is not available for selection of most plausible energy supply source in existing facility prior to the deciding to go for the project activity, thus in this situation can the baseline be

determined as per the “General guidelines to SSC CDM methodologies for Greenfield Projects”?

If the approach is appropriate then whether the baseline determined through step to step approach provided in guidance on Greenfield project in general guidelines to SSC CDM methodologies can be used to determine the baseline for the project activity (provided that the baseline determined is one of the baseline option given in Para-15 of AMS I.C. Ver-18).

Recommendation by the SSC WG:

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

Please refer to paragraph 20 of the meeting report of the SSC WG 31
(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 submission author may evaluate the revised AMS-I.C as contained in annex 5 of the SSC WG 31 meeting report whether it addresses the issues. It elaborates procedures for determining the baseline for project activities implemented in existing facilities that lack three years of historical data.

Signed by the Chair, Ms. Fatou Gaye

Date: 12/05/2011

Signed by the Vice-Chair, Mr. Peer Stiansen

Date: 12/05/2011

Information to be completed by the secretariat

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