



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)

<i>Date of SSC WG meeting:</i>	10–12 November 2008, SSC WG 18
<i>Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):</i>	Request for reconsideration of the requirement to charge minimal cost for CFL in AMS-II.J
<i>Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.</i>	AMS-II.J
<i>Name of the authors of the query:</i>	Monali Ranade & Martina Bosi Institution: The World Bank Carbon Finance Unit mrnade@worldbank.org , mbosi@worldbank.org

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 PP:

This request proposes revision to the requirements under 8(ii) of methodology AMS-II.J.

Paragraph 8 of the methodology requires that, “The project activity must be designed to limit undesired secondary market effects (e.g., leakage) and free riders: (i) By ensuring that replaced lamps are exchanged and destroyed; (ii) By direct installation, charging at least a minimal price for efficient lighting equipment and restricting the number of lamps per household distributed through the project activity; and (iii) By ensuring incandescent bulbs will not be replaced by an efficient lamp in spots where the (daily) utilization hours can be expected to be very low.”

Secondary market effects are an important consideration for all lighting projects. However, the requirement for charging a minimal price is emerging as a major constraint in project design in developing countries, specifically in the context of the following scenarios,

1. A utility is launching a pilot phase of a lighting program and is unsure of consumer response to a new product. In this case, the utility will distribute the CFLs free-of-cost and based on this experience decide to charge a minimal cost for future phases or not.
2. A utility is undertaking a large scale CFL replacement program and through its informal/formal outreach initiatives understands that
 - a. Consumers will not be willing to pay for purchasing a CFL, even at a minimal price, as they no longer have confidence in the benefits of CFL. This is largely due to widespread availability of extremely poor quality, some lasting less than 300 hours with very poor light quality.
 - b. Consumers not accepting the rationale of surrendering a perfectly working incandescent lamp, the light quality of which they like and are comfortable with, and paying the cost equivalent of another incandescent lamp for purchasing a CFL, that they may not really want.

As you will notice, the points above are consumer behavior issues that affect project implementation. A consumer's purchase decision is also largely beyond the control of a utility. The project design and the

methodology require replacement of incandescent lamps for CFLs, either at the residence of the consumer or at the utility office and the CFL can easily be tracked to its socket through the monitoring system. As the methodology has numerous safeguards to ensure conservativeness in estimation of emission reductions, simplifying this requirement will not affect the environment integrity of the CDM activity.

In light of these considerations, we request the SSC-WG to relax the requirement under paragraph 8(ii) by allowing the project proponents to use one or more of the options by replacing the “and” with “and/or”.

Recommendation by the SSC WG:

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

Please refer to paragraph 8 of the meeting report of the SSC WG 18
(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.

In response to the submission, the SSC WG agreed to recommend a revision of AMS-II.J as contained in annex 5 of SSC WG 18 report. The proposed revisions clarify the project design requirements, consideration of electricity T&D losses in the baseline, frequency of *ex post* surveys, and estimation of cross-effects of lighting and heating.



Signature of SSC WG Chair

(Ulrika Raab)

Date: 12/11/2008



Signature of SSC WG Vice-Chair

(Kamel Djemouai)

Date: 12/11/2008

Information to be completed by the secretariat

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