



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:	24–27 February 2009, SSC WG 19
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Clarification about the project boundary in AMS-I.C for cogeneration projects that run in parallel with existing cogeneration unit
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-I.C version 13
Name of the authors of the query:	Nikolaus Wohlgemuth Institution: First Climate (Switzerland) AG Nikolaus.Wohlgemuth@firstclimate.com luca.morganti@firstclimate.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 PP:

The project activity involves generation of electricity and heat through the installation of a new biogas-based cogeneration system consisting of biogas generators and waste heat recovery boilers. It will be running side-by-side with an existing cogeneration system consisting of boilers and steam turbines which is currently based on bagasse and biogas combustion; a small amount of complementary natural gas is co-fired.

Due to an increased availability of bagasse feedstock for the existing cogeneration system, the surplus biogas will fuel the new and more efficient cogeneration system. Approximately 84 % of biogas will be diverted in that way from the existing cogeneration system to the new biogas-based cogeneration system. However, due to increased availability of bagasse, consumption of natural gas in the existing boilers is expected to stay at average historical levels.

The electricity generated by the project activity will displace the electricity imported from the grid; surplus electricity from the biogas-based cogeneration plant will be exported to the grid. Emission reductions will be claimed only for the net electricity exported to the grid.

With regard to the project boundary, paragraph 5 of AMS I.C states:

“The physical, geographical site of the renewable energy generation delineates the project boundary.”

The project proponent aims at including only the new biogas-based cogeneration system in the project boundary; while excluding the existing installations. Consequently natural gas consumption in the existing installations above historical level will be considered as leakage. Natural gas consumption will be monitored during the lifetime of the project activity.

The above project boundary design is based on following considerations:

- The CDM Glossary states that the *project boundary* shall comprise emissions under the control of the PP **and** reasonably attributable to the project activity.
- The same source defines *leakage* as “the net change of anthropogenic emissions (...) which occur outside the project boundary and which are measurable and attributable to the CDM project activity”.
- This qualifies the emissions from natural gas combustion as lying outside the boundary (not “reasonably attributable”).

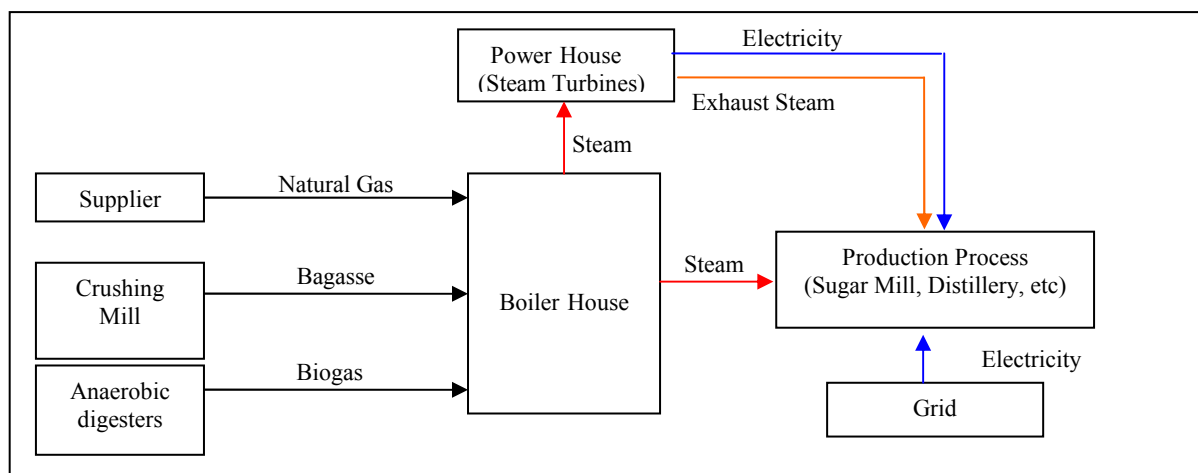
However, the used notion (“reasonably attributable”) is ambiguous, as noted in the CDM glossary. In the abovementioned context, the project proponent seeks to enquire whether the chosen project boundary embracing only the new parts built by the CDM project activity is correct as this depends on the explanation of the notion “reasonably attributable” and, consequently, whether the emissions from natural gas are to be considered as project emissions or leakage.

Thanks for your reply.

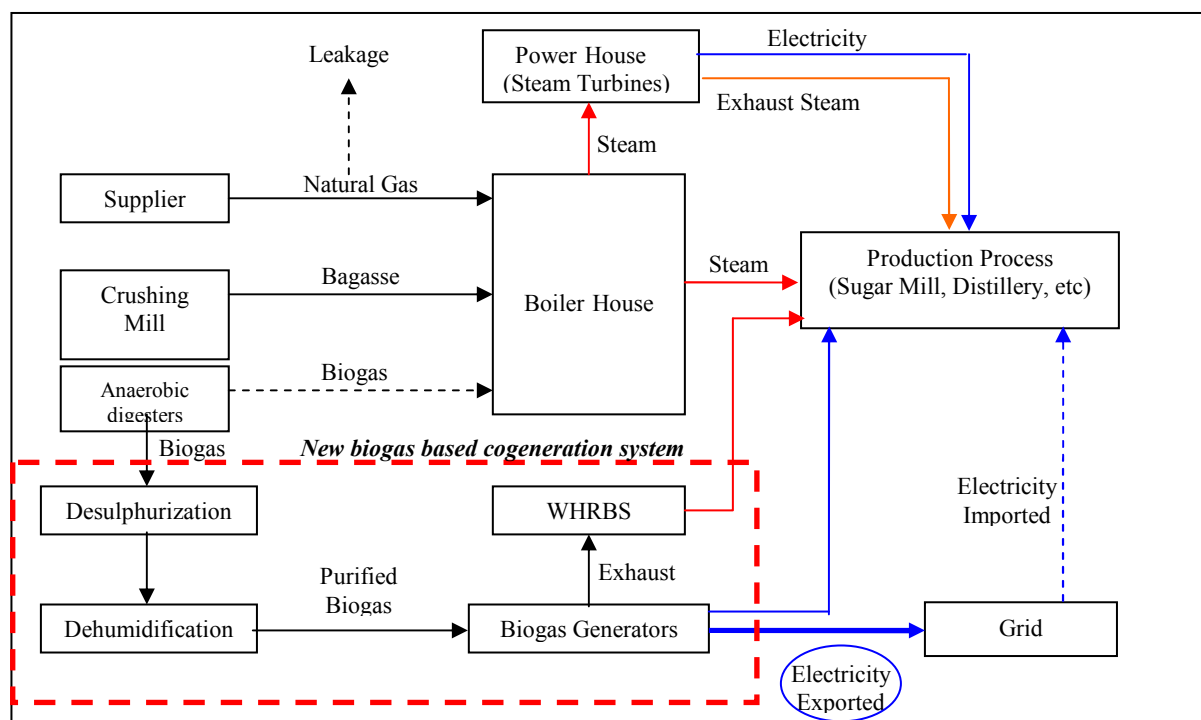
Note: PDD is also attached to provide more details on the set-up of the project. However, figures in the PDD might differ from what stated in the clarification requests, as values have been corrected recently. Please consider the quantitative figures reported here as the most reliable ones.

Schematic of the baseline and project activity

Baseline



Project Activity

**Recommendation by the SSC WG:**

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

Please refer to paragraph 34 of the meeting report of the SSC WG 19
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.

Paragraph 30 of the ‘Simplified modalities and procedures for small-scale clean development mechanism project activities’ states “Leakage is defined as the net change of anthropogenic emissions by sources of greenhouse gases which occurs outside the project boundary, and which is measurable and attributable to the CDM project activity. Reductions in anthropogenic emissions by sources shall be adjusted for leakage in accordance with the provisions of appendix B for the relevant project categories....”

Further, paragraph 31 of the document states “The project boundary shall encompass significant anthropogenic emissions by sources of greenhouse gases under the control of the project participants that are reasonably attributable to the small-scale CDM project activity, in accordance with provisions of appendix B for the relevant project category.”

The SSC WG thus agreed to clarify that for the described project, where biomass used is diverted from other existing units, any natural gas consumption above an ‘historical annual average level’ must be

accounted for as leakage emissions. Decreases in natural gas consumption (below historical level) shall not be considered as (positive) leakage¹; if this were to be the situation described by the submission, the baseline would have to include the existing systems. The project proponent may consider the average of the prior three-year historical natural gas consumption to determine the historical annual average level.



Signature of SSC WG Chair

(Hugh Sealy)

Date: 27/02/2009



Signature of SSC WG Vice-Chair

(Peer Stiansen)

Date: 27/02/2009

Information to be completed by the secretariat

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¹ see paragraph 47 of modalities and procedures of CDM