CDM: Response form for request for clarification on Approved Methodologies (version 01.1)

Date of Meth Panel meeting:	22–26 February 2010
Title and number of request for clarification	"Clarification for Computing the emission reductions - Sasan Power Ltd." AM_CLA_0173

Summary of the query:

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

The approved consolidated methodology ACM0013, "Consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using a less GHG intensive technology", is applicable to project activities that comprise the construction and operation of a new fossil fuel fired grid-connected electricity generation plant that uses a more efficient power generation technology than what would otherwise be used with the given fossil fuel.

In accordance with the case presented in this request for clarification, the underlying project activity applying the approved ACM0013 v.2.1 may claim emission reductions from two sources:

(i) The higher efficiency of the project activity generation technology in contrast to the baseline generation technology; and

(ii) The difference in the emission factor of the fuel, despite the fact that the fuel used is the same in the baseline scenario as in the project scenario, due to the different approaches used to calculate this factor in each scenario. Under the project scenario the fuel emission factor is calculated using the Option A of the "Tool to calculate project or leakage CO_2 emissions from fossil fuel combustion", i.e. carbon mass fraction approach; whilst under the baseline scenario the fuel emission factor is calculated using the NCV and the IPCC emission factor of the fuel.

Within this context, the DOE is of the opinion that *ex ante* emission reductions of the project activity should be limited to the extent of incremental efficiency, and no emission reductions should be claimed due to differences in the fuel emission factor calculated using different approaches.

Question from the DOE

In view of the above-mentioned observations, clarification is sought, whether emission reductions should be limited as per the integrated approach of ACM0013 or shall it be limited only to the incremental efficiency difference between the baseline and project scenario?

Recommendation by the Meth Panel:

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

N.A.

Answer to authors of the request for clarification by the Meth Panel :

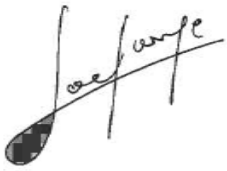
Please use the space below to provide an answer to the authors of the above query

Reply from the Meth Panel

The panel thanks the DOE for highlighting this important issue and acknowledges that the methodology contains an inconsistency; The intention of the approved methodology ACM0013 v.2.1 is to allow claiming emission reductions from using more efficient power generation technologies than what would otherwise be used in the baseline. The methodology does not intend to allow claiming emission reductions from using fuel types with a lower CO_2 emission factor. Consequently, the panel agrees that the emission reductions coming from the difference in fuel emission factors used for calculating baseline emissions and project emissions should not be accounted for as CERs.

Inconsistent with this objective, the methodology, however, implicitly allows to claim emission reductions from using a fuel type with a lower CO_2 emission factor. In the version 2.1 of the methodology, project proponents may even claim emission reductions if the baseline power plants use exactly the same fuel type and operate with the same efficiency as the project power plant, only due to the use of different approaches to calculate the CO_2 emission factor in the baseline and the project scenarios. This is not the intention of the methodology.

To remove this inconsistency, the panel agreed to recommend the revision of the methodology with a view to ensure that emission reductions are only claimed due to the higher efficiency of the power generation technology used in the project activity compared to the baseline.



Signature of Meth Panel Chair ……..

Date: 26/02/2010 *(Lex de Jonge)*

Signature of Meth Panel Vice-Chair ……..

Date: 26/02/2010 *(Philip Gwage)*

Information to be completed by the secretariat

F-CDM-AM	AM_CLA_0173
Name of the authors of the query:	TUEV NORD
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