



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>	16–19 February 2010, SSC WG 24
<i>Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):</i>	Clarification on the interpretation of para 5 in AMS-III.F in relation to the use of sludge from two biogas projects in a new compost facility
<i>Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.</i>	AMS-III.F. ver. 8
<i>Name of the authors of the query:</i>	Soeren Varming Institution: YTL-SV Carbon Sdn. Bhd. soeren@ytl.com.my , bhavna@ytl.com.my

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 seeking clarification is ‘**Composting of Solid Biomass Waste at Syarikat Cahaya Muda Perak (Oil Mill) Sdn. Bhd.**’ which is in validation.

The clarification is sought about the existing pilot plant at the same site producing compost with an increase every year since 2005 (5,575 MT/year in 2008; 2,244 MT/year in 2007; 794.14 MT/year in 2006 and 427.27 MT/year in 2005, April onwards). The compost expected to be produced under the project activity is 23,775 MT/year. There will be a distinct new investment in machinery and buildings when expanding the production into the project activity.

The project activity to be implemented is a co-composting facility where solid biomass (excess EFB and decanter cake) (63% of wet weight of input) is composted together with a fraction of the dewatered sludge (37% of wet weight input) from the anaerobic digesters from two biogas projects by the same project proponent. CDM process was initiated at the same time and the site validation was at the same time for the three projects. The compost project has just been delayed during the final part of the validation process. This project activity is linked with the implementation of registered CDM biogas plants in the two mentioned mills:

- [Methane Capture and On-site Power Generation Project at Syarikat Cahaya Muda Perak \(Oil Mill\) Sdn. Bhd. in Tapah, Perak, Malaysia](#) (Project No 2181) and
- [Methane Capture and On-site Power Generation Project at Sungai Kerang Palm Oil Mill in Sitiawan, Perak, Malaysia](#) (Project No. 2185)

In the PDDs for the two registered biogas projects it is stated that the sludge from the bio digesters will be treated in the **compost facility, which is another CDM project as described in the registered biogas PDD’s as follows:**

As conservativeness, the CSTR digester system is capable of achieving 80% treatment efficiency or better in terms of anaerobic conversion and removal of COD input into the system. A further 15% of COD remaining in the sludge is mainly in the form of wasted anaerobic bacteria and will be removed

from the digester system and used in the composting facility. The compost facility is located within Syarikat Cahaya Muda facility that used AMS III-F (Version 5) methodology for the composting project. This project utilizes Empty Fruit Bunches, Decanter cake and sludge from the bio digesters to produce compost. It is a separate CDM project and is running concurrently with the biogas CDM project. Emission reductions relating to the 15% COD entering the sludge will further be claimed in the Syarikat Cahaya Muda Composting Project.

(NB: For conservativeness, the project proponent has later decided not to claim for CER's of sludge composted in the new compost facility)

The DOE is of the opinion that the boundary of the compost project is part of the biogas project and it does not comply with paragraph 5 of the methodology.

Para 5 of AMS III F (Version 8): *This methodology includes construction and expansion of treatment facilities as well as activities that increase capacity utilization at an existing facility. For project activities that increase capacity utilization at existing facilities, project participant(s) shall demonstrate that special efforts are made to increase the capacity utilization, that the existing facility meets all applicable laws and regulations and that the existing facility is not included in a separate CDM project activity. The special efforts should be identified and described.*

We wish to seek clarification whether the compost project can be considered in compliance with Para 5 and whether the project boundary can be seen as independent of the biogas projects based on the following:

- (i.) Para 5 would only exclude the project activity in case it is "increase capacity utilization" and the project under discussion is not "increase capacity utilization" but a new compost project established close to the pilot plant. There are major investments documented in the PDD including buildings for the compost and new machinery.
- (ii.) The existing pilot facility is not part of another CDM project because the digested sludge from other two registered projects will not be treated in existing facility.
- (iii.) Even if the new project is considered as capacity expansion, the existing facility is not included in a separate CDM project as digested sludge from two CDM projects will only be used in new composting plant and not in existing plant. As already informed, all three projects were planned together and validation contracts were awarded together.
- (iv.) We are of the opinion that the fact that the biogas projects incidentally have been registered faster than the compost project should not have any negative impact on the latter by making the biogas projects part of the baseline for the compost project.
- (v.) Throughout the three PDDs the project boundaries have been kept non-overlapping in terms of financial investment, baseline emissions and project emissions.

Recommendation by the SSC WG:

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

Please refer to paragraph 14 of the meeting report of the SSC WG 24 (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 SSC WG understands that there are multiple existing or planned CDM projects in the same geographical location with many interlinked material flows; existence of a composting facility with year to year increase in the amount of waste composted is adding to the complexity of the case.

Compliance with AMS-III.F would entail not only meeting the requirements of paragraph 5 of the methodology but would also involve a credible proof that in the absence of the project activity the biomass would remain deposited in landfill like conditions for decades emitting methane. Given the multiple uses for the biomass within the project boundary illustrated in the submission and the PDD, a validation of this aspect would be a critical factor, together with the meeting of the requirements in the paragraph 5.

Given the above issues and considering the queries are project specific issues seeking a confirmation of compliance with the requirement of the methodology, SSC WG is of the opinion that the “request for clarification on SSC methodologies” is not the appropriate procedure to use for the purpose of the submission and agreed not to consider the case further.



Signature of SSC WG Chair

(Peer Stiansen)

Date: 19/02/2010



Signature of SSC WG Vice-Chair

(Hugh Sealy)

Date: 19/02/2010

Information to be completed by the secretariat

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