



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>	19–22 October 2010, SSC WG 28
<i>Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):</i>	Clarification on AMS-I.C for baseline selection
<i>Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.</i>	AMS-I.C “Thermal energy production with or without electricity”
<i>Name of the authors of the query:</i>	Tridip Kumar Institution: N/A tridipkumar@gmail.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:

Dear SSC WG Team

I want to seek your clarifications on the following points

Query No 1:

I refer methodology AMS IC Version 17.

Para 15 says “Project activities producing both heat and electricity using cogeneration shall use one of the following baseline scenarios:” and it leads to a footnote (no.6) which refers “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 guidance to SSC methodologies.”

Now if I follow “General Guidelines to SSC CDM methodologies, Version 14.1”, it talks about Type II and Type III activities (Para 19, page 5). Nowhere it talks about Type I project.

Should I assume that the same steps should be followed for Type I Project activities also?

Query No 2:

In a project case, project proponent has installed one high pressure biomass based boiler for its process industry. The boiler will provide the required electricity and the steam in the industry. For electricity purpose a back pressure turbine has been installed newly in the project scenario. The fuel used is biomass.

In the pre-project scenario, PP has two low pressure coal based boilers which were meeting its steam requirement for the process and the electricity requirement was met from the grid. The existing boilers are kept as standby.

As per AMS IC, Version 17, PP has the following possible baseline scenarios:

- (a) Electricity is imported from the grid and thermal energy (steam/heat) is produced using fossil fuel;
- (d) Electricity and thermal energy (steam/heat) are produced in a cogeneration unit using fossil fuel (with

a possibility of export of electricity to the grid/other facilities and/or thermal energy to other facilities);

(e) Electricity is imported from the grid and/or produced in an on-site captive power plant using fossil fuels (with a possibility of export to the grid); steam/heat is produced from biomass;

Now to find out the baseline scenarios, PP analyzed the unit cost of generation (steam + electricity). The unit cost of generation is in the following order:

scenario(d) < scenario (a) < scenario (e) < project scenario

and thus PP has chosen the baseline as scenario (d), which is Electricity and thermal energy production using cogeneration unit based on fossil fuel (coal).

Again, if we analyze the emissions among the baseline scenarios, scenario (a), i.e. “Electricity is imported from the grid and thermal energy (steam/heat) is produced using fossil fuel”, leads to the lowest emission reductions in the project activity. This scenario is also the pre-project scenario.

Now, which of the following option is correct while selecting the baseline for the project activity?

- i) A hypothetical baseline scenario which is chosen based on the minimum unit cost of generation among the probable baseline scenarios [scenario (d)],
- ii) The existing baseline scenario which also leads to reduced no. of emission reductions for the project activity [scenario (a)].

I will be grateful for the detail explanation on the above points.

Recommendation by the SSC WG:

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

Please refer to the paragraphs 15 and 36 of the meeting report of the SSC WG 28
<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 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.

With respect to the baseline selection and determination of the baseline emission factors the SSC WG agreed to direct the PP to the response provided to SSC_460 “Clarification on estimating baseline emissions for fuel switch project” that the assessment of the baseline alternatives to a project and the demonstration of the most plausible baseline scenario should be justified to the validating DOE, where the issues related to the validation are covered under the latest version of the CDM Validation and Verification Manual. For calculating the baseline emissions in conservative manner the lowest emission factor should be used. For example the plausible baseline scenario may result in use of a lower or higher carbon intensive energy source than the historical fuel used. The SSC WG agreed to clarify the procedure in a future revision of AMS-I.C

Signed by the Chair, Mr. Peer Stiansen

Date: 22/10/2010

Signed by the Vice-Chair, Mr. Hugh Sealy

Date: 22/10/2010

Information to be completed by the secretariat

SSC-Submission number	SSC_478
Date when the form was received at UNFCCC secretariat	22 October 2010
Date of transmission to the EB	22 October 2010
Date of posting in the UNFCCC CDM web site	22 October 2010