	<p align="center">CDM: Recommendation Form for Small Scale Methodologies (version 01)</p> <p align="center"><i>(To be used for presenting questions/proposals/amendments to the simplified methodologies for small-scale CDM project activity categories)</i></p>
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):	Applicability of AMS-I.C to cogeneration projects displacing grid electricity and surplus electricity exporting to the grid
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.	
<p>Original text from PP:</p> <p>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 co-fired (biomass and natural gas, supplying 88% and 12% of the energy intake, respectively) cogeneration system comprising boilers and steam turbines. The existing cogeneration system caters steam and power needs of a mill producing sugar, ethanol and paperboard. The mill also imports electricity from the grid.</p> <p>The electricity generated by the project activity will fully displace the electricity imported from the grid, while it will not displace the electricity generated by the existing cogeneration system as this will continue working as per historical conditions (to cater the heat and power demands of the mill). Surplus electricity from the project activity will be exported to the grid. Emission reductions shall be claimed only for the net electricity exported to the grid.</p> <p>It is understood from the clarification SSC_174 that AMS I.C ver. 13 is applicable to the biogas-based cogeneration systems exporting surplus electricity to the grid. The most appropriate baseline scenario for the aforementioned project activity is provided in paragraph 7, option (e) which states:</p> <p><i>“Electricity is imported from the grid and/or produced in an on-site captive power plant (with a possibility of export to the grid); steam/heat is produced from renewable biomass.”</i></p> <p>Further, it is explained in the footnote to paragraph (7), option (e) that:</p> <p><i>“Baseline biomass consumption may include a small amount of complementary fossil fuel as under this scenario, no emission reduction can accrue on account of heat generation.”</i></p> <p>Therefore, our first question is:</p> <ol style="list-style-type: none"> 1. Can a natural gas energy share of 12 % qualify as “small amount of complementary fossil fuel consumption”? 	

Secondly, what we comprehend from the compound conjunction “AND/OR” used in 7(e) is that cogeneration projects can either displace electricity imported from the grid, or produced in on-site captive power plant, or both of them, and export surplus electricity to the grid.

However, complications arise when 7 (e) is read along with paragraph 11 of AMS I.C which states:

“The emission factor for the displacement of electricity should reflect the emissions intensity of the captive power plant and the grid. If annual electricity produced in the project activity is less than or equal to the sum of captive generation and net grid import (average of most recent three years data), the emission factor shall be calculated as the weighted average of captive electricity generation and the net grid electricity import. If annual electricity produced in the project activity is greater than the sum of captive generation and net grid import (average of most recent three years data), lower of the two i.e., emission factor of the grid or the emission factor of the captive plant shall be used for the incremental generation (i.e., the difference between the electricity generation in the project activity and the sum of captive generation and net grid import)”.

Paragraph 11 provides a procedure to calculate baseline emissions taking into account both the grid and the captive power plant emissions factors. However, it does not provide any guidance for the determination of the baseline emission factor in the case where the electricity generated by the project activity displaces only the electricity imported from the grid, and does not displace the captive electricity generated by an existing cogeneration system which continues to run side-by-side with the project cogeneration system.

It has been stated in clarification SSC_229 that “if the Project Proponent can demonstrate that the electricity supplied by the project activity replaces electricity imported from the grid, the emission factor of the grid could be used”.

In the context of the abovementioned, the second question is:

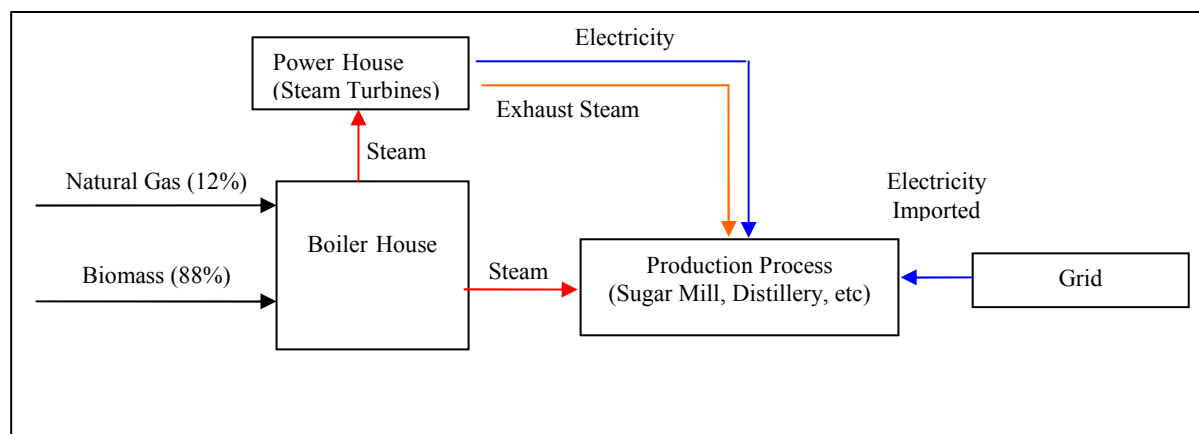
2. Can the Project Proponent claim emission reductions from exporting electricity to the grid by using only the grid emission factor? (i.e. net electricity exported to the grid x grid Emission Factor)

Thanks for your reply.

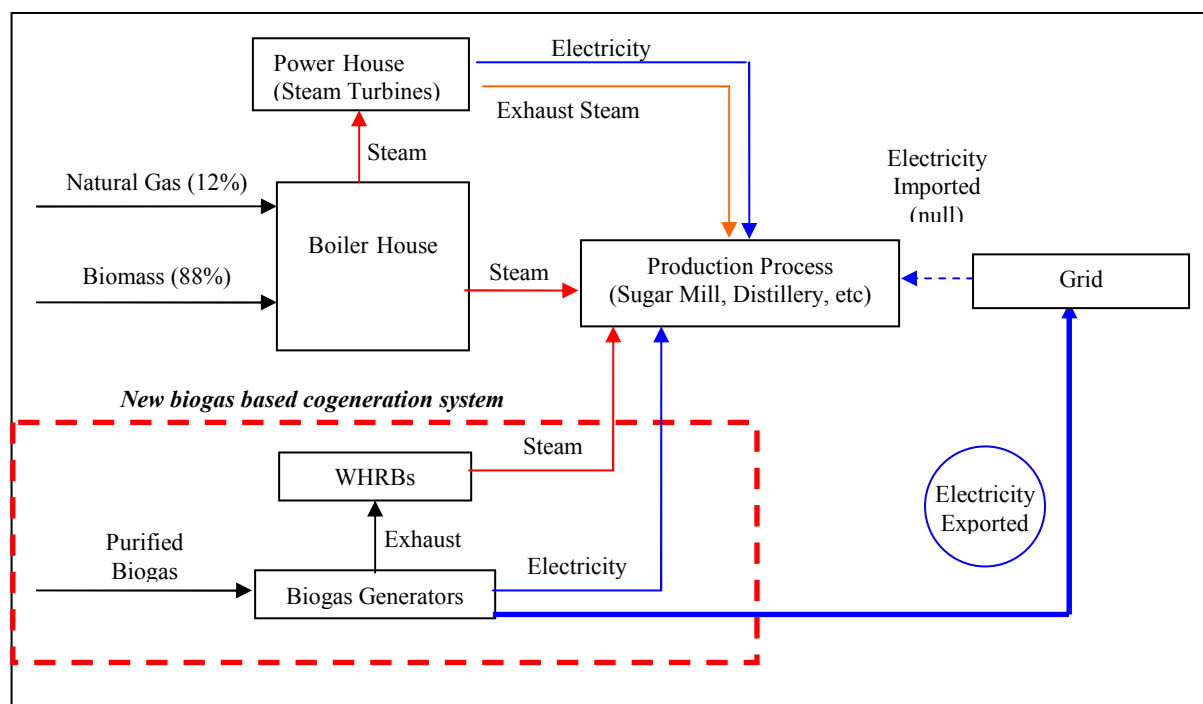
Note: PDD is also attached to provide more details on the set-up of the project. However, figures in the PDD might differ from what stated in the clarification requests, as values have been corrected recently. Please consider the quantitative figures reported here as the most reliable ones.

Schematic of the baseline and project activity

Baseline situation



Project situation

**Recommendation by the SSC WG:**

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

Please refer to paragraph 5 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.

The SSC WG agreed to recommend a revision of AMS-I.C as contained in annex 2 of the SSCWG 19 meeting report. The proposed revision eliminated the possible restriction from the interpretation of what is a "small amount of complimentary fuel". The revision of AMS-I.C also includes additional baseline scenarios and results in expanded applicability of the methodology for biomass based heat and/or power generation project activities (including cogeneration) that supply: (a) electricity to a grid and/or displace grid electricity or both; (b) electricity and/or thermal energy for on-site consumption or for consumption by other facilities and combination of (a) and (b).

If the revisions are approved by the Board, the project proponent may evaluate if the proposed project activity is covered by the revised version.



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

SSC-Submission number	SSC_273
Date when the form was received at UNFCCC secretariat	27 February 2009
Date of transmission to the EB	27 February 2009
Date of posting in the UNFCCC CDM web site	27 February 2009