



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:	16–19 June 2009, SSC WG 21
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Applicability of AMS-III.Q to project activity based on existing practice
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-III.Q version 02
Name of the authors of the query:	Mr. Thirumalavan Panchaksharam Institution: Asia Carbon Pte Ltd thiru@asiacarbon.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 (Figure 1) is involved the installation of cogeneration system which is generating steam and electricity by utilizing flue gas from incinerator. The proposed CDM project activity encompasses the primary equipments such as Incinerator, waste heat recovery boiler (WHRB) and gen set (steam turbine + generator). The electricity generated by the project activity is partially replacing grid power. The plant still consuming some electricity from the grid.

The Project Proponent (PP) is mainly involving in treatment, recycling and disposal of oily sludge, slope and industrial waste oil. The process of treatment and recycling requires steam and electricity. In baseline, the steam was produced by the fossil fuel based boiler and power was consumed from the national grid. Therefore the fossil fuel based steam generation and grid power should be considered as the baseline (Figure 2).

In the proposed project activity, the rotary kiln incinerator is incinerating hazardous industrial waste. This hazardous industrial waste is generated by the project proponent at the same site where the proposed project is implemented. In absence of this project activity, The hazardous waste was disposed by the third party incinerator without recovering flue gas. Therefore PP implemented an incinerator (with cogeneration system) to avoid disposing industrial waste through third party.

Figure 1

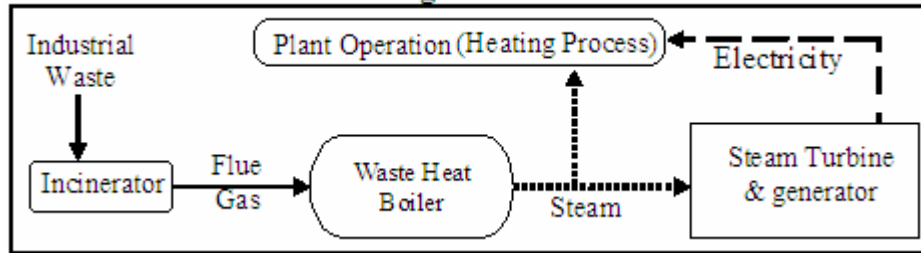
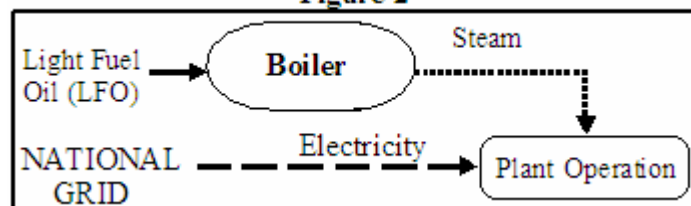


Figure 2

Request1:

AMS-III.Q (Version 2) states that the methodology applies to “**project activities that utilize waste gas and/or waste heat at *existing facilities* as an energy source for:**

- (a) Cogeneration; or
- (b) Generation of electricity; or
- (c) Direct use as process heat; or
- (d) For generation of heat in elemental process (e.g. Steam, hot water, hot oil, hot air)
- (e) For generation of mechanical energy”

As highlighted in the applicability, The incinerator is not an existing facility but an existing practice. The existing practice did not recover (confirmed by third party waste collector) any flue gas for energy generation. We seek clarification whether the definition of existing facility may include existing practise to ensure that the flue gas is a waste heat.

Request2:

As per AMS-IIIQ (version 2), point (6) states that “**The waste gas/heat or waste pressure utilized in the project activity would have been flared or released into the atmosphere in the absence of the project activity. This shall be proven by one of the following options:**

- (i) By direct measurements of energy content and amount of the waste gas/heat or waste pressure for at least three years prior to the start of the project activity.
- (ii) Energy balance of relevant sections of the plant to prove that the waste gas/heat or waste pressure was not a source of energy before the implementation of the project activity. For the energy balance the representative process parameters are required. The energy balance shall demonstrate that the waste gas/heat or waste pressure was not used and also provide conservative estimations of the energy content and amount of waste gas/heat or waste pressure released.

(iii) Energy bills (electricity, fossil fuel) to demonstrate that all the energy required for the process (e.g. based on specific energy consumption specified by the manufacturer) has been procured commercially. Project participants are required to demonstrate through the financial documents (e.g. balance sheets, profit and loss statement) that no energy was generated by waste gas/heat or waste pressure and sold to other facilities and/or the grid. The bills and financial statements should be audited by competent authorities.

(iv) Process plant manufacturer's original specification/information, schemes and diagrams from the construction of the facility could be used as an estimate of quantity and energy content of waste gas/heat produced for rated plant capacity per unit of product produced."

In absence of proposed project activity, the flue gas would have been released into atmosphere by the third party incinerator. They are incinerating mixed wastes from the various industries. Therefore, quantifying the flue gas generated from the PP's waste is quite complicated. Therefore other than point number (iii) would not be applicable.

We seek clarification on the highlighted part that the PP has financial documents to demonstrate the energy consumption in the baseline. Even though, the electricity generated by the project activity will be partially replaced the grid power. The available electricity bills are showing that the total payment made by PP for total consumption. As per the monitoring, separate meters are in place to calibrating power from grid and power generation at the project site to meet the methodology requirement.

Recommendation by the SSC WG:

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

Please refer to paragraph 27 of the meeting report of the SSC WG 21 (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 not to recommend broadening of the methodology to projects activities where the baseline scenario is determined based on existing practice, considering the complexity involved in such project activities which will be difficult to capture under the simplified framework of small scale methodologies. The SSC WG took into account paragraph 58 of EB 47 while considering the case:

"The Board considered the new small-scale methodology "AMS-II.K Industrial process optimization for energy efficiency and electricity generation" recommended by the SSC WG and agreed not to approve the methodology. The proposed methodology does not adequately capture baseline and project emissions associated with the complex industrial process to which the methodology is applicable. The Board was of the opinion a simplified small scale methodology may not provide the right framework for the kind of technology/measure being addressed by the methodology."

The SSC WG noted the following issues in the submission:

- The proposed project activity involves "treatment, recycling and disposal of oily sludge, slope and industrial waste oil". This implies that the wastes are not only generated by the Project Participants but also derived from other sources. This would increase the uncertainty not only in fixing the baseline, but also in monitoring the project activity since the wastes received during the crediting period may vary widely in amount, composition and origin, and it will be almost impossible to distinguish what is "waste" and what is "fuel" in the incinerator/co-gen facility.

- Leakage: additional baseline fuel may be needed in the incinerator after the implementation of the project activity.

It should be noted that the opinion of the SSC WG was based on the limited information available from the submission and the above issues are only examples and may not cover all the issues.



Signature of SSC WG Chair

(Hugh Sealy)

Date: 19/06/2009



Signature of SSC WG Vice-Chair

(Peer Stiansen)

Date: 19/06/2009

Information to be completed by the secretariat

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