



**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)*

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| <b>Date of SSC WG meeting:</b>                                                                                                                             | 11–14 October 2011, SSC WG 34                                                                                                                                                                                                            |
| <b>Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):</b>                                               | Revision of AMS-III.K to allow for indirect determination of fugitive project emissions                                                                                                                                                  |
| <b>Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.</b> | AMS-III.K<br>“Avoidance of methane release from charcoal production by shifting from traditional open-ended methods to mechanized charcoaling process”                                                                                   |
| <b>Name of the authors of the query:</b>                                                                                                                   | Mischa Classen<br>Institution: First Climate Group<br><a href="mailto:Mischa.Classen@firstclimate.com">Mischa.Classen@firstclimate.com</a> ,<br><a href="mailto:Konstantin.Drozd@firstclimate.com">Konstantin.Drozd@firstclimate.com</a> |

**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

This request for revision refers to the clarification provided in SSC\_557 where the SSC WG clarified that the “ $ME_{y,project}$  shall be determined ex post by measuring all the captured methane”. This value then shall be “used to calculate the fugitive emissions by applying equation 5”.

While we acknowledge the swift and clear response provided by the SSC WG, we would like to draw the attention to the implications of this clarification on actual and potential projects.

Currently First Climate is developing a PoA that would allow for a shift from traditional open pit charcoaling method to the use of mechanized kilns. The carbon finance component would contribute the necessary incentive for this novel technology to be disseminated and used more broadly. UNEP Risoe Center is funding this mandate for the Egyptian Environmental Affairs Agency (EEAA).

However, in the current form and after the clarification SSC\_557 each of the kilns would be required to install monitoring equipment to measure methane generation. The resulting costs of acquiring, installing and operating the necessary monitoring equipment, even if sampling techniques were applied, are disproportionate to the costs of implementing the kiln itself. As a result, the program implemented under the CDM would be even more expensive than the alternative of bypassing the mechanism and implementing it as a pure development program. Without the facilitation provided by carbon finance component through the mechanism, the program would be dependent on foreign donor money; and its implementation would be delayed indefinitely to a future point in time.

This situation clearly runs counter to the purpose of the CDM, which is “...to assist Parties not included in Annex I in achieving sustainable development and in contributing to the ultimate objective of the Convention. ...” (Article 12.2, Kyoto Protocol).

The burden of overly conservative methodologies and the related transaction costs has been widely acknowledged as a cause for a regionally imbalanced distribution of activities under the mechanism as well as the clear bias towards larger scale industrial or infrastructural projects. Households as well as small and medium sized enterprises too often are denied access to the needed support from carbon

finance. Probably the most prominent, among a multitude of calls for improving this disproportion was the last CMP in Cancun where the parties requested the board to work on elements to standardise monitoring and baseline methodologies (3/CMP.6).

In the light of the above background we request that the methodology be revised to allow for a determination of the fugitive project emissions by indirect means, similar to the current determination of the baseline emissions provided in the methodology. By employing the ex ante established empirical correlation, the methane generation potential shall be determined by monitoring raw material input, temperature of the charcoaling process and produced amount of coal.

This would lower transaction costs to a level that would allow projects to effectively use this methodology. The potential impact on the integrity of the mechanism would be limited as:

- without financial support the charcoal pit operators will not adopt more efficient kilns
- the potential for excess issuance is small as there is a clear relation between the carbon content in the raw material input (wood) and the methane generation
- a single project kiln would produce a limited amount of charcoal (250-500 t charcoal production / estimated 300-650 CERs per year and kiln)

Ultimately it is of course at the discretion of the Executive Board to adopt a level of standardisation that sets the desired balance between distribution / scale of mitigation and the overall integrity of the mechanism.

This said, we wish to confirm our great trust in the political acumen of the Executive Board and the expertise of its panels and working groups to adopt a way forward for activities under this methodology. We are happy to participate in the endeavour to establish a practicable version that satisfies all of the requirements such a way that the ultimate purpose of the mechanism is met

#### **Recommendation by the SSC WG:**

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

Please refer to paragraphs 14 and 17 of the meeting report of the SSC WG 34  
<[http://cdm.unfccc.int/Panels/ssc\\_wg](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-III.K, as contained in Annex 2 of the meeting report of the SSC WG 34.

With respect to the proposed option to use a default value for the specific methane generation (mass of charcoal over mass of biomass raw material) for *ex post* project emissions determination, the SSC WG agreed not to include the default values. Before such default values can be considered as an option, the SSC WG will like the project proponent to provide inputs that can be used to determine the conservativeness of the proposed default values which does not take into consideration, differences between project technologies and is based on an earlier version of IPCC report (i.e. Revised 1996 IPCC guidelines for National Greenhouse Gas Inventories: Reference Manual).

Signed by the Chair, Ms. Fatou Gaye

Date: 14/10/2011

Signed by the Vice-Chair, Mr. Peer Stiansen

Date: 14/10/2011

**Information to be completed by the secretariat**

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