



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>	26–29 April 2010, SSC WG 25
<i>Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):</i>	Exemption from performing debundling check for project activities based on small independent subsystem/measures
<i>Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.</i>	
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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:

Overall issue

The de-bundling check appears inappropriate for projects involving independent subsystems/measures (e.g. biogas digester, solar home system, LED or CFL deployment, etc.). This was acknowledged by the Executive Board at EB 47, hence the revision of the “Guidelines on assessment of de-bundling for SSC project activities”.

While the revision applies only in the context of Programmes of Activities, the issue is of general relevance to all similar project activities, whether or not implemented as a PoA.

Context

- The original intent of the de-bundling check was to help the CDM EB determine whether large scale industrial projects were not being presented under two or more PDDs as small scale CDM projects. The test when it was formulated did not envisage categories of projects (such as decentralised installations) where such a test would not be practicable or effective.
- If necessary, project developers could demonstrate compliance with the de-bundling requirement, but this would leave out possible installations (e.g. households in the context of AMS-II.J.) in between boundaries of different projects (in order to ensure that the project boundaries of different projects are not within 1 km from each other at their respective closest points). This would not be in the interest of promoting energy efficiency and emission reductions. In addition, this would deprive those households falling in-between project boundaries from the benefit of the development value of the projects. Furthermore, such demonstration of boundaries will require project proponents to incur a significant additional development cost and time which are avoidable in the context of small scale since such a demonstration would not address the accuracy of emission reduction estimates. The de-bundling guidelines are not intended to address issues around ‘double counting’ of CERs which are adequately addressed in the methodology and through the host country approval, validation and registration process.

- The nature of decentralised installations is that they are geographically dispersed so testing physical concentration by looking at the boundary of installations is somehow an anachronism.
- In cases of domestic DSM installations, by definition households at the periphery of the boundary may be mobile (due to relocations etc.) and hence even if one can demonstrate compliance to the debundling test ex post, there are possible movements at the periphery during the life of the project which do not alter the 'small scale' character of the project.
- The project boundaries –hence the size – of our projects developed under AMS-II.J are defined as the households who are registered electricity consumers within a designated service area of the electricity distribution company operating in the region/district. For instance, in the case of project 2709, this is the Rajnandgaon Electricity Distribution Circle which provides electricity only to residential customers in a specified geographical area. Consumers from a neighbouring service area – as defined per the electricity distribution company's database – could be entitled to participate in a separate, similar project in their own service area. This will necessarily take place under a different CDM small scale project activity. However, at the periphery, there are households who may be located less than 1 km from households in the service area covered by project 2709. Yet, such possibly contiguous projects remain discrete small scale CDM projects. This manner of defining boundaries is more suitable for such projects also from the standpoint of minimising 'double counting' effects as consumers outside a database are excluded (rather than being outside a hard to define physical perimeter).
- Recognising these constraints, the "Guidelines on assessment of de-bundling for SSC project activities" (EB 47 Report, Annex 32 - Part II, Para 9 on Page 3) waives the de-bundling test in case of independent subsystems/measures (e.g. biogas digester, solar home system). The intent is to cover all decentralised installations as measured by the threshold (any single subsystem no greater than 1% of the CPA).
- Recognising the difficulty with the formulation of the current debundling test in the context of AMS IIJ and CFL distribution projects, the Small Scale Working Group has raised this issue (along with the need for other modifications to AMS IIJ) for public and expert inputs (See CDM SSC WG 24th meeting report, Annex 7).

Proposed clarification

- Since such projects (i.e., based on decentralised small subsystems/measures) may be implemented as small scale CDM projects as well (not just as CPAs of a PoA) and they experience the same constraints, it is reasonable that the de-bundling test be waived for all small scale projects that fit the criteria defined at EB 47 described herein.
- This could take the form of an additional section B.3 in the "Guidelines on assessment of de-bundling for SSC project activities", using the language currently in paragraph II.9, but not limiting its applicability to CPAs of a PoA alone but extending it to all small scale CDM projects based on decentralised small systems/measures.

Recommendation by the SSC WG:

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

Please refer to paragraph 20 of the meeting report of the SSC WG 25
(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 the Guidelines on assessment of de-bundling for SSC

project activities as contained in annex 10 of the SSC WG 25 report to align the requirements for determining the occurrence of de-bundling for multiple SSC CDM project activities involving independent subsystem/measures no greater than 1% of applicable SSC thresholds, which are implemented at multiple locations, with the approved provisions on de-bundling check for PoAs (EB 47, annex 32).

Signed by the Chair, Mr. Peer Stiansen

Date: 29/04/2010

Signed by the Vice-Chair, Mr. Hugh Sealy

Date: 29/04/2010

Information to be completed by the secretariat

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