



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:	29 April–02 May 2009, SSC WG 20
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Addressing overlap between NTG and BP, and use of <i>ex post</i> surveys to adjust LFR
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-II.J version 02
Name of the authors of the query:	Philip Cohn Institution: Cool nrg International Pty Ltd phil@coolnrg.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:

This brief submission seeks to address to two issues highlighted in paragraph 11 of the report of the 19th meeting of the SSC WG. Cool nrg and others have made numerous submissions with regard to improving the utility of AMS IIJ, and it is hoped that the amendments suggested below represent a sensible methodological approach that will result in the rapid and broad application of AMS IIJ.

Issue 1: *Address potential overlap of net to gross ratio and BP.*

The Net-to-Gross (NTG) ratio accounts for a range of factors relevant to residential energy efficiency projects; in particular, free-ridership, positive spill-over, and rebound effects are incorporated in this single ratio. This simplified approach applies a discount factor of 5% to all projects in order to account for the small proportion of individuals taking up energy efficient lights under a CDM project, who would have purchased such bulbs irrespective of the project. Accounting for free-riders is an important aspect of ensuring the additionality of emission reductions generated by such projects.

Requiring that CPA of PoA also apply a baseline penetration (BP) discount factor to emission reductions represents a two-fold, or double discount. As with NTG, BP accounts for free-riders. Applying both NTG and BP to CPA of PoA is methodologically incorrect.

Cool nrg recommends that the SSC WG revise AMS IIJ to remove the requirement to apply BP to CPA. This would satisfy two inconsistencies in the current methodology: firstly, as stated above it would remove the double-discount effect of applying both NTG and BP discounts; and secondly, it removes the unjustified and inconsistent approach of applying BP only to CPA of PoA but not to stand alone small-scale projects.

Issue 2: *Review and possibly modify lamp failure rate calculations including use of survey data to revise ex-ante estimates.*

At present paragraphs 14(ii) and 15 of AMS IIJ are contradictory. Paragraph 14(ii) states that ex-post survey data will be used to determine the quantity of lamps in operation ($Q_{PJ,i}$). However, because the variable LFR (fixed ex-ante, depending on the rated lifetime of the CFLs used in the project, using equation 3) is also applied to the value of $Q_{PJ,i}$ the number of CFLs used in emission reduction calculations is discounted below the number known to be operating based on the results of ex-post surveys. In effect, lamp failures are counted twice – once using an ex-ante estimate (LFR), and again based on the results of ex-post surveying ($Q_{PJ,i}$).

In contradiction to this approach, paragraph 15 states that “net electricity savings are adjusted considering the *actual* lamp failure data”. This implies that the results of ex-post surveys, other than the first survey which establishes the initial value for $Q_{PJ,i}$ (see paragraph 14(i)), should alter LFR. Such an approach is logical because it means that the ex-ante estimations of lamp survival are adjusted according to ex-post monitoring surveys. Such an approach means that emission reduction claims and issuance can be adjusted according to actual lamp failure data, to either increase CERs issued for improved lamp performance or reduce CERs to compensate for overestimations of lamp survival.

Recommendation by the SSC WG:

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

Please refer to paragraph 11 of the meeting report of the SSC WG 20
(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 agrees that there is potential overlap between NTG and BP, and is thus proposing to the EB elimination of BP from AMS-II.J. The SSC WG is also recommending that the EB consider providing additional guidance on the definition and use of BP in small scale methodologies.

The SSC WG agrees with the author that a modification is required to the savings calculation with respect to the factor $Q_{PJ,i}$, and is proposing such a change to AMS-II.J to the EB.



Signature of SSC WG Chair

(Hugh Sealy)

Date: 02/05/2009



Signature of SSC WG Vice-Chair

(Peer Stiansen)

Date: 02/05/2009

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