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Att: CDM Executive Board

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Your ref.:
CDM Ref 0898

Our ref.:
LT/LINW/BRADB/MLEH/BRINKS

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Response to request for review

“Ningguo Cement Plant 9100 kW Waste Heat Recovery and Utilisation for Power Generation Project of Anhui Conch Cement Co. Ltd” (0898)

Dear Members of the CDM Executive Board,

We refer to the issue raised in the requests for review by three EB members regarding project activity 0898 “Ningguo Cement Plant 9100 kW Waste Heat Recovery and Utilisation for Power Generation Project of Anhui Conch Cement Co. Ltd” and would like to provide the following initial response to the issue raised:

Question:

The DOE is requested to clarify how it verified that the calculation of the ex-post grid emission factor is appropriate considering the fact that the ex-post grid emission factor is calculated based on three year data (2003 ~ 2005) published in 2007.

DNV Response:

According to the tools to calculate the emission factor, *“If the ex post option is chosen, the emission factor is determined for the year in which the project activity displaces grid electricity, requiring the emissions factor to be updated annually during monitoring. If the data required to calculate the emission factor for year y is usually only available later than six months after the end of year y, alternatively the emission factor of the previous year y-1 may be used. If the data is usually only available 18 months after the end of year y, the emission factor of the year proceeding the previous year y-2 may be used. The same data vintage (y, y-1 or y-2) should be used throughout all crediting periods.”*

The current monitoring period is from 01 March 2008 to 31 May 2009. Hence, the emission factors (EF) for 2008 and 2009 should be considered when calculating the emission reduction during year 2008 and 2009. However, in China partial data sourced from the government required to calculate the emission factor are only available 18 months later than current year y. Hence, the EF from the previous year (y-2) should be used consistently, i.e. the EF of 2006 is to be used for generation in 2008 and EF of 2007 for generation in 2009.

Hence, for the EF of 2006, we can only use the year book 2007 and the year book is a statistic of the information in previous year, i.e. 2006. For the EF of 2007, we can only use the year book 2008, and the year book is a statistic of the information in previous year, i.e. 2007.

The emission factor of ECPG (EAST China Power Grid) thus is determined *ex-post* as a combined margin (CM, the weighted average $w_{OM} = 0.5$: $w_{BM} = 0.5$) of the operating margin (OM) and build margin (BM) for data in 2006 and 2007 respectively, which are derived from NDRC data (as indicated in the attached spreadsheet for emission factors in 2006 and 2007):

	OM/ (CO ₂ e/MWh)	BM/ (CO ₂ e/MWh)	EF (CM)/ (CO ₂ e/MWh)
2006	0.8813 ¹	0.7607 ¹	0.821
2007	0.8571 ²	0.6826 ²	0.770

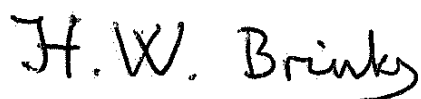
Hence, the actual emission factor in 2006 of 0.821 tCO₂e/MWh is used for generation in 2008, and actual emission factor in 2007 of 0.770 CO₂e/MWh is used for generation in 2009, which will result in the emission reduction decreasing from 71 857 tCO₂ to 68 560 tCO₂.

DNV verified all referenced documents and concludes that the data used for emission factor comparison is reasonable and conservative for the emission reduction calculation.

We sincerely hope that the Board find our elaboration on the above satisfactory.

Yours faithfully

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Hendrik W. Brinks
Technical Director for CDM

¹ <http://cdm.ccchina.gov.cn/WebSite/CDM/UpFile/2008/20081230102527637.pdf>

² <http://cdm.ccchina.gov.cn/WebSite/CDM/UpFile/File2413.pdf>