

Meth Panel recommendation

Comment category	Required changes	Location of change in NM0092	Description of change
B.I.	1.a) N/a		
	1.b) The proposed approach is as per paragraph 48 (b) of the CDM modalities and procedures: "Emissions from a technology that represents an economically attractive course of action, taking into account barriers to investment".		No adjustments required
	1.c) The approach selected is appropriate, although the approach of paragraph 48 (a) of the CDM modalities and procedures would also be appropriate, since the project would not have been implemented in the absence of CDM given its likely inferior economic performance and the fact that barriers to its implementation exist. In addition, as this methodology focuses on current metal smelting activities, real and verifiable data in relation to existing performance of the installation will be applied to underpin the baseline development process in a credible and transparent manner. "Existing actual or historical emissions, as applicable".		No adjustments required
	2.a) The documentation does not explain how the baseline scenarios are to be identified and how the baseline scenario is to be chosen. The CDM-NMB just uses the additionality tool to assess that the project is not the baseline scenario, but it does not identify what other baseline scenarios could be.	D.1	See: A.I.b.ii. 6
	2.b) The marginal approach is adopted to evaluate the emissions factor [combined margin].		No adjustments required
	2.c) Yes, the documentation explains how, through the methodology, it can be demonstrated that the project is additional. The project proponent adopts the consolidated "tool for the demonstration and assessment of additionality" agreed by the Executive Board. It should however be clarified whether or not this additionality tool will be applied to each individual component of a project.	D.3	Included: In this regard, when the project uses the additionality tool, it should be applied to the project as a whole in case of more than one furnace.
	2.D The basis for determining the baseline scenario is missing, but that for assessing additionality is appropriate. This conclusion is hinged on the fact that the methodology is based on approved consolidated baseline methodology ACM0002 "Grid-connected electricity generation from renewable sources". The basis for determining additionality is the approved CDM consolidated additionality tool and therefore is adequate and appropriate.		See: A.I.b.ii. 6

3.A No, the methodology has not been described in an adequate manner. There are many vague areas as highlighted in the recommendation for change section above. A key inadequacy is hinged around the fact that the baseline scenario determination component is missing. Other components of the methodology, for example the additionality determination and the baseline and project emission calculation steps has however been adequately described.

3.B The proposed methodology is appropriate for the referred proposed project activity and the referred project context (described in Sections A-E of the draft CDM-PDD). There is however a need for some changes in the way the new methodology has been crafted. As earlier elucidated, the changes will cover: a modification of the handling of emissions from onsite fossil fuel use; and a refined treatment of the use of operating margin (OM) or combined margin (CM) in the estimation of emissions from the grid.

3.C The application of the methodology would result in a baseline scenario that reasonable represent the anthropogenic emissions that would occur in the absence of the proposed project activity, especially when the changes described in the earlier sections and sub-sections are implemented.

4.A The methodology based on consolidated baseline methodology includes general formulae/ algorithms, which can be used to determine emission reduction from other potential project activities. The methodology can be applied to reduction of electricity from a grid system through use of energy efficiency measures and technologies. However, the required changes earlier elucidated must be made to ensure valid calculations. For example, equations 7 and 8 of the new baseline methodology should be included in the general formulae. Where this is not done, emissions from onsite fossil fuel use must be properly handled in the consideration of leakages. Similarly, proper emphasis should be placed on the choice of the appropriate grid.

4.B The spatial scope of data used to determine baseline correspond to the installation, local, national and international level, depending on whether or not it refers to alloy production, electricity consumption or process fuel consumption. Local level for example covers the evaluation of the project financial parameters, national or regional for the discount rate and the grid emission factor and international for the default emission factors. Yes, the spatial scope is appropriate.

4.C The vintage of the data used is appropriate and data sources are based on measurements from the project site. For example, data sources used are based on last three years, from 2000-2002 and obtained from "relevant" grid system. However, we stressed the word "relevant" as there is a need to consider grid interconnections in the determination of what is the "relevant grid". The vintage and the quality of the results can be improved if instead of yearly data, hourly data is used in the creation of the baseline.

D.2.

See: A.I.b.ii. 6

See:
- For Fossil fuel use A.I.b.ii. 1
- for (OM) and (CM)

Included:
Due to the decentralised nature of electricity savings and their linking to the industrial process (in this case metal production), the electricity saved will both have an impact on the current power plants in the electricity grid (operating margin) and impact investment decisions relating to future power plants (build Margin). A combined margin approach, based on operating margin as developed in ACM0002 is therefore the most appropriate approach to reflect the electricity savings profile from electricity savings measures in industry.

No adjustments required

See : A.I.b.ii. 1

No adjustments required

See: B.I. 5

5.A. Yes, the project boundary is appropriate as long as emissions from onsite fossil fuel used is properly handled, and the "relevant" grid is properly chosen. "Relevant" should be defined so that the methodology gives clear instructions for other users.

D.5

Changed from:

The project boundaries proposed here are exactly the same as those set out in ACM0002 or other appropriate methodologies, with an extension of the emissions sources to encapsulate emissions on the proposed project site that may have not been incorporated.
1) Emission sources: This refers to the geographical site where the electricity consumption is altered. For this purpose the project boundary is the physical, geographical location of the installation.
It shall encompass any relevant CO2 emissions associated with the activity that will be materially affected by the proposed CDM project.
For the determination of the baseline, only CO2 from electricity generation in the relevant grid mix analysed has to be accounted for (as per ACM0002).
2) Spatial extent: The spatial extent of the project boundary includes the project site and all power plants connected physically to the electricity system that the proposed project activity will affect, as per ACM 0002 or other relevant methodology. The methodology user is referred to ACM0002.

To:

The project boundary proposed here is the metal production facility in which a technological ir

1) Emission sources: This refers to the CO2 emissions from fossil fuel consumption at the me

For the determination of the emissions from electricity generation ACM0002 is used. It should

2) Spatial extent: The spatial extent of the project boundary includes the physical location of th

6.a. Information on acceptable IRR or discount rates are available from sources like business statistics or
1. expert judgement. This is not a problematic assumption.

6.a. The calculation of IRR will be conservative, and the checking by the DOE will ensure this is so. This
2. may be considered a problematic assumption as the detailed steps to be utilized are not provided.

6.a. Emission factors, conversion factors or default data used can be obtained from scientific publications,
3. specialized institutions and consultants, the IPCC, or other recognized sources or validated documents.
This assumption is particularly not problematic, however there is a need to provide references to the sources of these data.

E.2.

The project proponent should reverence all sources of data and these should be verified by the DOE.

No adjustments required

Calculation of IRR including all appropriate steps to be taken are outlined in the consolidated tool for additionality.

6.a. It is assumed that the baseline methodology ACM0002, the AM0008 methodology, the simplified methodologies for small-scale CDM project activities and the "Tool for the demonstration and assessment of additionality" support the proponent's new methodology. The proponent should be however explicitly write out his own assumptions, as it relates to the utilization of these AMs since he is applying for the approval of his own methodology.		See: D.2
6.a. Emissions from onsite use of fossil fuels between the baseline and the project activity will not change and as such considering this in the calculation of emission reduction is not necessary. This assumption is problematic, as it has not been convincingly shown that reducing electric energy use in the project will not change onsite fossil fuel consumption.		See: D.6,D.7,D.8
6.a. Only two possible baseline scenarios (mentioned in the draft CDM-PDD, but not in the CDM-NMB). 6. This is a problematic scenario and should be addressed.	D.1	Done
7 The project proponent identifies most sources of uncertainties but no assessment of it is included. In most of the cases it is mentioned that the DOE should check the key factors and assumptions. This should be corrected in the re-writing of the method.	F.	Adressed in section F
8.b. The basic treatment of the leakage is appropriate; The likely change in fossil fuel consumption should be included in a more assertive way by considering it as part of the project emissions within the boundary. Even if it is not critical, the monitoring process will detect this situation and hence make emissions from	D.6/D.8	Done
9.a. The baseline methodology cannot be developed in a transparent way as long as the baseline scenario candidates are not robustly selected.	D.1	Done
9.b. The ad-hoc determination of baseline scenarios will impact on the conservative determination of baselines even though the approved methodology, which should yield a conservative result, will be	D.1	Done
10 N/A		
11 Although no particular explicit references are made to national and/or sectoral policies, the following national circumstances are explicitly taken into consideration: a) the low price of energy (a market barrier for this type of projects), (b) the thermal predominance of the power system, (c) the adoption of the simple adjusted OM approach instead of the dispatch data analysis, and the (d) Regional demand side management		No adjustments required
12 The methodology will be applicable to project types and regions as long as the following modifications are made: emissions from onsite fossil fuel emissions must be considered; methodology to consider the most relevant grid must be incorporated; adjust the use of OM or CM to fit into a framework that will capture a wider grid types.		Done
13.a None		No adjustments required
13.b No further comments.		No adjustments required

Comment category	Required changes
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Comment category	Required changes	Location of change in NM0092 monitoring	Description of change
B.II.	<p>1 The monitoring methodology has been conceived to monitor emissions resulting from the project activities during and after project implementation. The monitoring of the emission related to the grid electricity generation relies on the monitoring methodology defined by the already approved ACM0002 methodology and, if the required data is not available, other approved methodologies could be applied. If changes in on-site fossil fuels are identified in the project scenario related to the baseline scenario, the emission source should be monitored using procedures similar to those settled by the SSC methodologies and the approved AM0008 methodology.</p> <p>2.a. 1) Quantity of metal production is known with sufficient precision and provided by the project proponent. Not Problematic and Implicit;</p> <p>2.a. Quantity of grid electricity consumed by tonne of metal produced is known accurately and provided by the project proponent. Not Problematic and Implicit;</p> <p>2.a. Quantity of any fossil fuel consumed by tonne of metal produced known with certainty, and will be provided by the project proponent. Not Problematic, Implicit;</p> <p>2.a. The IPCC emissions factor can be utilized for any fossil fuel consumed for the metal production. Not 4) Problematic, Implicit;</p> <p>2.a. The grid emission factor to be provided by the project proponent, not explicitly mentioned by the proponent, is the fact that those emission factors would be calculated using data provided by the grid operator. The source of this grid information must be specified explicitly;</p> <p>2.a. No change in fossil fuel consumption will occur between the baseline and the project cases. This is a problematic assumption that was explicitly stated.</p> <p>2.b. The key assumptions, with the exception of the last one have been established in a transparent manner, even though they are mostly implicit.</p> <p>2.c. Assumptions (1-5) have been utilized in an adequate manner. For the sixth assumption, we have suggested that this be dropped and emissions from fossil fuel utilization handled explicitly.</p> <p>3.a. The data sources include: from historical and measured data from the project site; data from relevant grid operator; IPCC; national sources.</p> <p>3.b. Data used are adequate, consistent, accurate and reliable.</p> <p>3.c. If the onsite emissions from fossil fuel use and the choice of relevant grid are correctly handled, then there will be no data gaps.</p> <p>4.a. The proposed methodology has been described in an adequate manner.</p> <p>4.b. The proposed monitoring methodology is appropriate for the referred proposed project activity and the referred project context.</p> <p>4.c. Yes, the proposed monitoring methodology is compatible with the proposed baseline methodology described in CDM-NMB of the draft CDM-PDD.</p> <p>5.1) Electricity generation; based on ACM0002, leakage could be related to the plant construction, fuel handling and land inundation. The methodology proposed doesn't consider any significant leakage due to these causes and also affirm that no credits shall be claimed by the project if these emissions are reduced below the level of the baseline scenario;</p> <p>5.2) On site fossil fuel leakage; the methodology assumes that no changes in the fossil fuel consumption per tonne produced will arise and if this assumption is not correct, leakage should be evaluated (it is not indicated how the eventual leakage could be estimated);</p> <p>5.3) Other leakage sources; the methodology doesn't anticipate any other off-site leakage as a result of the project activities, but this assumption should be verified once the project had been developed.</p> <p>6 The methodology covers appropriately the QC and QA procedures for: metal production, grid electricity consumption, fossil fuel utilised and emissions factors. The corresponding data have a low level of uncertainty.</p> <p>7 N/A</p> <p>8 When the changes suggested in this review are made, the methodology will be applicable across project zones and regions</p>		<p>Done</p> <p>No adjustments required</p> <p>No adjustments required</p> <p>No adjustments required</p> <p>No adjustments required</p> <p>Included: As based on data sources specified in the ACM0002 monitoring methodology (e.g. the grid operator)</p> <p>Done</p> <p>No adjustments required</p> <p>Done</p> <p>No adjustments required</p> <p>No adjustments required</p> <p>No adjustments required</p> <p>These issues should be considered in any proposed revision of ACM0002 by the EB if and when appropriate.</p> <p>Done</p> <p>No adjustments required</p> <p>Done</p>