

	<p align="center"><b>CDM: Proposed New Methodology</b>  <b>Meth Panel summary recommendation to the Executive Board</b>  <b>(version 01)</b>  <i>(To be used by the Meth Panel in addition to the full recommendation to the Board regarding a proposed new methodology (F-CDM-NMmp))</i></p>
<i>Date and number of Meth Panel meeting:</i>	6 - 9 September 2005 Meth Panel 17
<i>Related F-CDM-NM document ID number (electronically available to EB members)</i>	<b>F-CDM-NM0113:</b> “Mondi Gas Turbine Co-generation in Richards Bay, South Africa ”
<i>Title of proposed new baseline methodology:</i>	Gas powered combined cycle cogeneration replacing coal based steam generation and grid electricity
<i>Title of underlying project activity:</i>	Mondi Gas Turbine Co-generation in Richards Bay, South Africa
<i>History of submission: (new section)</i>	First submission (Round 10, 19 April 2005) Clarification received as response to preliminary recommendation at Meth Meth 16 Final recommendation at Meth 17
1. One sentence describing the purpose of the methodology. <i>(new section)</i>	
>> To estimate the emissions reduction from a gas powered combined cycle cogeneration replacing coal based steam generation and grid electricity.	
2. Suggested applicability of methodology <i>(former section A.I and B.I)</i>	
>> The methodology is applicable to: <ul style="list-style-type: none"> <li>• Fuel switching to combined heat and power provision to an expanding industrial plant wherever the data exists to calculate the baseline and project activity emissions.</li> <li>• Where the cogeneration plant is owned and run by the plant it provides energy to, or by a third party operator.</li> <li>• The heat and power provided by the cogeneration plant contributes part of the energy requirements to the expanding facility it serves.</li> <li>• The leakage calculation includes a component that is applied to the production and transmission of a synthetic gas.</li> <li>• Excess electricity may be exported to the grid.</li> <li>• Excess heat from the cogeneration system is not sold to another facility/user.</li> <li>• Local regulations/programmes do not constrain the facility from using coal for steam generation</li> <li>• Use of coal for the delivery of heat is less expensive than natural gas per unit of delivered and useful energy.</li> <li>• The synthetic gas plant can prove that the synthetic gas is made entirely from natural gas.</li> <li>• Existing infrastructure of both the synthetic gas plant and the gas distribution networks make supplying synthetic natural gas to the project more economical than the alternative of direct natural gas supply but more expensive than using coal for the delivery of heat.</li> <li>• This methodology is to be used in conjunction with “Monitoring methodology for gas powered combined cycle cogeneration replacing coal based steam generation and grid electricity.”</li> </ul>	

3. Summary description of baseline methodology . Short statements on each on how the proposed methodology: *(chooses the baseline scenario, demonstrates additionality, calculates baseline emissions, calculates project emissions, calculates leakage, calculates emission reductions)* *(former section B.I.)*

>> Synthetic gas generated from natural gas with the emissions intensity per unit energy of natural gas equivalent (separately verified) is supplied by pipeline for the production of heat and power using a combined cycle gas turbine. The heat and electricity generated in the project activity is used at the industrial plant partly replacing existing sources of heat and power. The project activity heat replaces that generated by coal on site and the electricity from the project activity replaces that generated by coal on site and that imported from the national grid. The baseline emissions consist of existing actual emissions or historical emissions from the coal fired boilers and the emissions from the production of grid electricity taking into account transmission and distribution losses. A combined margin methodology is used to calculate the baseline emissions for the electricity component, while the baseline emissions for heat draw on emissions factors for the various fuels. Additionality is established using the additionality tool, with particular emphasis on technological barriers.

4. Suggested “recommendation level” for the baseline and monitoring methodologies (A, B or C). *(former section A.I and A.II.)*

>> C. Not to be approved.

5. Major reasons for B/C choice from the proposed baseline methodology: (outline the major reasons for needing revision/rejection) *(former section A.I.)*

>> Significant methodological issues are not adequately considered in the CDM-NMB and CDM-NMM. In particular, there is no procedure in the methodology that deals with the development of a baseline for the synthetic gas facility, or that deals with the question of coal vs. gas sources for the synthetic gas. Given that this element is central to estimating emissions impacts, the methodology is lacking key procedures. These concerns were raised in the feedback loop, but not adequately addressed. It appears likely that for this methodology or a similar one to work for this project context, the synthetic gas facility would need to be brought within the project boundary, with procedures to develop a synthetic gas manufacturing baseline (that consider how the gasification facility would operate and how it might evolve over time), as well as procedures to explicitly track the fuels used, plant emissions (e.g. are there fugitive CH<sub>4</sub> emissions at the plant? Or process fuel use?), and procedures to allocate input fuels (coal and gas) to specific synthetic gas users. There may be simpler ways to deal with this methodology (e.g. means to verify that the synthetic gas demand is truly only increasing natural gas, not coal inputs, to the facility), but they are not provided in the CDM-NMB and CDM-NMM.

6. Any major issues arising from the assessment of the proposed monitoring methodology (if different to those already raised above). *(former section A.II.)*

>> None.

7. Any other issues arising to be stated, if necessary (e.g. cross-cutting, general or precedent-setting issues raised by the proposed new baseline or monitoring methodology).

>> None.



Signature of Meth Panel Chair .....

Date: 14/09/2005

(Jean-Jacques Becker)



Signature of Meth Panel Vice-Chair .....

Date: 14/09/2005

(José Miguez)

**Information to be completed by the secretariat**

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