

 <p style="text-align: center;"><b>CDM: Proposed New Methodology</b>  <b>Meth Panel recommendation to the Executive Board</b>  <b>(version 04)</b>  <i>(To be used by the Meth Panel to make a recommendation to the Board regarding a proposed new methodology)</i></p>	
Date of Meth Panel meeting:	4 - 8 April 2005
Related F-CDM-NM document ID number (electronically available to EB members)	F-CDM-NM0092: “Transalloys Manganese Alloy Smelter Upgrade and Energy Efficiency Project in South Africa”
Related F-CDM-NMex document ID number(s) (electronically available to EB members)	F-CDM-NMex0092: Yamba / Maldonado
Related F-CDM-NMpu document ID number(s) (electronically available to EB members)	F-CDM-Nmpu0092: Harthan
<p><i>Note to those completing this form, as applicable: Please provide recommendations on the proposed new baseline and monitoring methodologies based on an assessment of CDM-NMB and CDM-NMM and of their application in sections A to E of the draft CDM-PDD, desk reviews and public input. Please ensure that the form is entirely filled and that arguments and expert judgements are substantiated.</i></p>	
<b>A. Final recommendations by the Meth Panel</b>	
<b>I. Recommendation on the proposed new baseline methodology: (checkmark the choice made)</b>	
Title of proposed new baseline methodology:>> <u>Baseline methodology for energy efficiency on electricity and fossil fuel consumption through technological improvements in metal production at metal ore reducing facilities.</u>	
a. To approve this proposed methodology with minor changes <input type="checkbox"/>	
i. Conditions under which this proposed methodology is applicable to other potential CDM project activities (e.g. project type, region, data availability): >>	
ii. Minor changes: >>	
b. To reconsider this proposed methodology, subject to required changes <input checked="" type="checkbox"/>	
i. Conditions under which the proposed methodology is applicable to other potential projects (e.g. project type, region, data availability): >>	
1) <u>Metal production at metal ore reducing facilities where electricity and fossil fuel are reduced at project site through the introduction of more energy efficient technologies;</u> 2) <u>Electricity supply to the metal production process is supplied from a distinct grid;</u> 3) <u>The geographic and system boundaries for the relevant electricity grid can be clearly identified;</u> 4) <u>Information on the characteristics of the grid is available;</u> 5) <u>Only existing capacity within the project boundary is eligible.</u>	

## ii. Required changes:

- 1) Since the methodology can be utilized for many ore reducing facilities where electricity and fossil fuels are the energy sources, the assumption that emissions from fossil fuel is immaterial should be removed from the new methods to allow for a wider range of applicability. Quantity of individual onsite fossil fuel utilized should be quoted in relevant units in specific terms. Emissions from Onsite fossil fuel utilization should be left within the consideration of baseline emissions and mention of it in the discussions of leakages should be completely removed.
- 2) Methodology should request project proponents to make adequate references to relevant national and sectoral policies that may have impact on the use of the methods.
- 3) The conditions listed in the use of AM0008 relevant for the use of this new method should be included in the relevant section on applicability.
- 4) In addition to the reference to the use of "Tool for the demonstration and assessment of additionality" agreed by the Executive Board, in accordance with the guidance by the Board at its eighteenth meeting (para 20 of the report) "project participants are encouraged, however, to suggest further details on how to implement this tool with regard to specific project types covered by the proposed methodology." In this regard, when proposing the use the additionality tool, the following issues should be emphasized in the new methodology:
  - Clarify if the additionality tool is to be applied to each individual furnace (or other energy-using equipment) or to the project as a whole
  - Clarify that information used to assess additionality will be publicly available
  - Include a procedure to assess different baseline scenarios and choose between them
  - Clarify which types of GHG and sources are to be included in the project boundary. The current text "any relevant CO<sub>2</sub> emission associated with the activity that will be materially affected..." is too vague.
- 5) The redrafting of the new methodology should focus some attention at showing why approved methods such as ACM0002, AM0008 and the consolidated tools are appropriate for this kind of projects.
- 6) A clear method for choosing baseline scenarios should be incorporated. It is not adequate to say that this will be done through the use of the consolidated tools.
- 7) Ore reduction processes where HFC, PFC and SF<sub>6</sub> gases are released should be excluded from projects for which this method can be applied e.g. Aluminium Oxide reduction processes.
- 8) The boundary for these kinds of projects should be more properly defined in the methodology
- 9) Applicability conditions not currently included in the present draft of the methodology but which are elucidated A (1 b) above should be included in the redrafting.

*(Project participants shall make required changes to the proposed new methodology and send it back to the Meth Panel. The Meth Panel will reconsider the proposed new methodology if changes required are made by the project participants. The Executive Board will only consider this proposed new methodology after the revised proposed methodology has been reconsidered by the Meth Panel.)*

## c. Not to approve the proposed methodology



## i. Reasons for non-approval:

&gt;&gt;

*(A new proposal should be submitted in accordance with the procedures for submission and consideration of proposed new methodologies of the Executive Board.)*

**II. Recommendation on the proposed new monitoring methodology: (checkmark the choice made)**

Title of proposed new monitoring methodology: >> [Monitoring methodology for energy efficiency on electricity and fossil fuel consumption through technological improvements in metal production at metal ore reducing facilities.](#)

a. To approve this proposed methodology with minor changes

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i. Conditions under which methodology is applicable to other potential projects (e.g. project type, region, data availability):

>>

ii. Minor changes:

>>

b. To reconsider this proposed methodology, subjected to required changes

☒

i. Conditions under which the proposed methodology is applicable to other potential projects (e.g. project type, region, data availability.):

>>

- 1) [Metal production at metal ore reducing facilities where electricity and fossil fuel are reduced at project site through the introduction of more energy efficient technologies;](#)
- 2) [Electricity supply to the metal production process is supplied from a distinct grid;](#)
- 3) [The geographic and system boundaries for the relevant electricity grid can be clearly identified;](#)
- 4) [Information on the characteristics of the grid is available;](#)
- 5) [Only existing capacity within the project boundary is eligible.](#)

ii. Required changes:

>>

- 1) [Ensure that the current version of the monitoring methodology is consistent with all the required changes to the baseline method;](#)
- 2) [Include methods for monitoring onsite fossil fuel consumption. Utilize the method elucidated in AM0008 for this purpose.](#)

*(Project participants shall make required changes in the proposed new methodology and send it back to the Meth Panel. The proposed new methodology will be reconsidered by the Meth Panel if changes required are correctly made by the project participants. The Executive Board will only consider this proposed new methodology after required changes proposed have been made and the revised proposed methodology has been reconsidered by the Meth Panel.)*

c. Not to approve the proposed methodology

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i. Reasons for non-approval:

>>

*(A new proposal should be submitted in accordance with the procedures for submission and consideration of proposed new methodologies of the Executive Board.)*

**B. Details of the evaluation of the proposed new methodology by the Meth Panel:**

**I. Proposed new baseline methodology (*specify title here*):** >> Baseline methodology for energy efficiency on electricity and fossil fuel consumption through technological improvements in metal production at metal ore reducing facilities.

**(1) Short description of the methodology, including an assessment of which approach from paragraph 48 of the CDM modalities and procedures was used:**

*a) Describe the methodology:*

>> This methodology focuses on entities that are planning the introduction of new technologies in the metal production industry (where electricity is used to reduce metal oxides) that lead to the reduction of electricity and potentially fossil fuel consumption during the production processes. The methodology determines baseline scenario and project additionality using the consolidated additionality tool. The baseline scenario and additionality are determined in a step-wise process to determine the financial barriers associated with the development of the project, based on approach of paragraph 48(b) of CDM modalities and procedures and following the “Tool for the demonstration and assessment of additionality” agreed by the Executive Board. Due to the fact that the project is a grid-connected energy efficiency project, the methodology rely on the ACM0002 “Consolidated baseline methodology for grid connected electricity generation from renewable sources” to calculate project and baseline emissions.

*b) State the approach selected:*

>> 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".

*c) Indicate (in summary form) why the approach selected is the most appropriate. Please provide your expert judgement on the appropriateness of the selected approach to the project category:*

>> 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”.

**(2) Basis for determining the baseline scenario:**

*a) State whether the documentation explains how the baseline scenario is to be chosen and identified:*

>> 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.

*b) State the basic underlying rationale for algorithms/formulae used (e.g. marginal vs. average basis) (see also section 4 below):*

>> The marginal approach is adopted to evaluate the emissions factor [combined margin].

*c) State whether the documentation explains how, through the use of the methodology, it can be demonstrated that a project activity is additional and therefore not the baseline scenario. If so, what are the tools provided by the project participants?*

>> 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) State whether the basis for determining the baseline scenario and for assessing additionality is appropriate and adequate:*

>> 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.

**(3) Assessment of the description of the proposed methodology and its applicability**

*a) State whether the methodology has been described in an adequate manner:*

>> 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.

*b) State whether 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 and submitted along with CDM-NMB):*

>> 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.

*c) State whether the application of the methodology could result in a baseline scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases that would occur in the absence of the proposed project activity.*

>> 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.

*Please explain:*

>> Since approved methodologies are employed for the establishment of additionality and the choice of baseline, once changes such as a better treatment of emissions from onsite fossil fuel use, and proper handling of emissions from the relevant grid are carried out, then not only will the project be additional, but

the calculated emission reduction from the project will be reliable and factual.

**(4) Assessment of algorithms/formulae and type of data needed:**

*a) State whether the description of the methodology includes algorithms and generic formulae that can be applied to other potential project activities (if not, the proposed new methodology will be considered as a project-specific methodology):*

>> 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.

*b) Explain the spatial scope of data used to determine the baseline and whether the scope is appropriate:*

>> 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.

*c) Explain the vintage of data used (in relation to the duration of the project crediting period) and whether the vintage of data is appropriate, indicating the period covered by the data:*

>> 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.

**(5) Definition of the project boundary related to the baseline methodology:**

*a) State how the project boundary is defined in terms of:*

*i) Gases and sources*

>> The project boundary is defined by any "relevant" CO<sub>2</sub> emissions that could be affected by the proposed project. The issue of relevance is associated with the choice of an appropriate grid.

*ii) Physical delineation*

>> The spatial extent of the project boundary includes the project site and the electrical system affected by the proposed project activity.

*b) Indicate whether this project boundary is appropriate:*

>> 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.

**(6) Key assumptions/parameters (including emission factors and activity levels) and data sources:**

*a) List the implicit and explicit key assumptions. Identify those, if any, which are problematic and explain:*

>>

- 1) Information on acceptable IRR or discount rates are available from sources like business statistics or expert judgement. This is not a problematic assumption.
- 2) The calculation of IRR will be conservative, and the checking by the DOE will ensure this is so. This may be considered a problematic assumption as the detailed steps to be utilized are not provided.
- 3) Emission factors, conversion factors or default data used can be obtained from scientific publications, 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.
- 4) 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.
- 5) 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.
- 6) Only two possible baseline scenarios (mentioned in the draft CDM-PDD, but not in the CDM-NMB). This is a problematic scenario and should be addressed.

*b) State whether the key assumptions are arrived at in a transparent manner:*

>> The non-problematic assumptions can be arrived at in a transparent manner, however the problematic ones will need some further elucidation in the methodology for transparency.

*c) Give your expert judgement on whether the assumptions/parameters are adequate:*

>> The assumptions/parameters are adequate if the issues raised above can be properly illuminated.

*d) Indicate which data sources are used and how the data are obtained (e.g. official statistics, expert judgement):*

>> The data sources that will be used will include data that will be elaborated by the project proponent; information from the grid operator; IPCC data; validated documents; and expert information. The project proponent should be more specific in those cases where the data will be obtained from sources other than the project proponent.

*e) Give your expert judgement on whether the data used are adequate, consistent, accurate and reliable:*

>> Data used are adequate, consistent and their accuracy and reliability will be enhanced when all the transparency issues earlier elucidated are implemented.

*f) State possible data gaps:*

>> Some possible data gaps: can come from not choosing the most relevant grid; not including the emissions from onsite use of fossil fuels in the project and baseline.



**(7) Assessment of uncertainties:**

*a) State whether the methodology includes an assessment of uncertainties regarding:*

*i) The basis for determining the baseline scenario:*

>> The methodology for determining baseline scenario as earlier stated is ad-hoc and not adequate and as such, does not include an assessment of uncertainties.

*ii) Algorithms/formulae:*

>> Algorithms and formulae for baseline scenario determination based on approved consolidated baseline methodology ACM0002 for "grid electricity generation from renewable sources". There are also algorithm and formulae for the determination of emissions of the baseline and the project.

However, uncertainty related to reduction of electricity consumption from the grid through application of energy efficiency technology needs to be elaborated.

*iii) Key assumptions:*

>> Most of the key assumptions in the methodology are certain to a large extent and as such do not need an assessment of uncertainty. However, those assumptions concerning the evaluation of the additionality, need further development.

*iv) Data:*

>> No specific handling of uncertainty is mentioned on the data utilized in the algorithm and formulae for calculating emission reduction. Handling of uncertainties regarding additionality steps and baseline choice are in line with those within the relevant approved methodologies utilized in developing the new method.

*b) State whether the uncertainties presented are reasonable:*

>> 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.

**(8) Leakage:**

*a) State how the baseline methodology addresses any potential leakage due to the project activity:*

>>The methodology analyses the following potential leakages:

- 1) Electricity generation; as it is defined by ACM0002 eventual leakages arise from plant construction, fuel handling and land inundation (for hydroelectric generation – not applicable in this case). In applying the methodology no leakage is considered for those activities.
- 2) On site fossil fuel leakage; because it is assumed that no main changes in fossil fuel consumption will arise because of the project, no leakage should arise. Nevertheless it is foreseen that the monitoring activities should verify if this is true (differences in the fuel consumption due to the project activities), but it is not mentioned how the leakage should be evaluated if this situation occurs.
- 3) Other leakage sources; no other forms of leakage were identified by the project proponent, but this assumption should be verified once the project is underway.

*b) Indicate whether the treatment for leakage is appropriate and adequate:*

>> 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 this source inconsequential.



**(9) Transparency and “conservativeness”:**

a) *Indicate whether the baseline methodology was developed in a transparent way:*

>> The baseline methodology cannot be developed in a transparent way as long as the baseline scenario candidates are not robustly selected.

b) *State whether the baseline methodology is conservative:*

>> 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 used.

**(10) Potential strengths and weaknesses of the proposed baseline methodology (please explain):**

>>

Strengths:

- The methodology builds on existing approved baseline methodologies (ACM0002 and other methodologies approved for grid connected electricity generation where information is insufficient to support application of ACM0002). It extends the scope of these methodologies by making them applicable to components of any project improving energy efficiency in metals production through smelting and reducing the amounts of electricity taken from a grid system. The methodology also builds on principles established in the recently approved NM0041-rev that quantification protocols for the production of electricity and sent to a grid has the same quantification impact as electricity generated on site and not taken from a grid- similar to electricity conserved on site;
- The methodology builds on processes set out in the small scale methodologies and AM0008 (for example) to quantify any emissions from other fossil fuels;
- The methodology uses an already existing tool for demonstrating additionality (Consolidated Additionality Tool- Annex 1, EB16 Meeting Report);
- The methodology is conservative and transparent. It requires the use of data that are verifiable and transparent to calculate baseline emissions;
- It is simple, and has wide potential application in the metal smelting sector.

Weaknesses:

- The methodology does not attempt to incorporate transport and distribution losses in the grid system;
- The inadequate representation of the need to choose an appropriate reference grid, especially where there are interconnections;
- The not too transparent handling of emissions from onsite fossil fuel consumption;
- Lack of provisions to determine the baseline scenario;
- Lack of clarity on the use of the additionality tool, and information provisions (see above);
- Vague instructions (see above).

**(11) Other considerations, such as a description of how national and/or sectoral policies and circumstances have been taken into account (please explain):**

>> 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 programme which encourages industry to reduce electricity consumption from the grid through implementation of energy efficiency measures and technologies.

**(12) Applicability of the proposed methodology across project types and regions (please indicate):**

>> 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.

**(13) Any other comments:**

a) State whether any other source of information (i.e. other than documentation on this proposed methodology available on the UNFCCC CDM web site) has been used by you in evaluating this methodology. If so, please provide specific references:

>> None.

b) Indicate any further comments:

>> No further comments.

**II. Proposed new monitoring methodology (specify title here):** >> [Monitoring methodology for energy efficiency through technological improvements in the metals production industry through smelting.](#)

*In respect of the proposed new monitoring methodology, evaluate each section of CDM-NMM to the draft CDM-PDD. Please provide your comments section by section:*

**(1) Brief description of new methodology:**

*Describe new methodology:*

>> 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.

**(2) Key assumptions/parameters:**

a) List the implicit and explicit key assumptions. Identify those, if any, which are problematic and explain:

>> The key assumptions include:

- 1) Quantity of metal production is known with sufficient precision and provided by the project proponent. Not Problematic and Implicit;
- 2) Quantity of grid electricity consumed by tonne of metal produced is known accurately and provided by the project proponent. Not Problematic and Implicit;
- 3) 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;
- 4) The IPCC emissions factor can be utilized for any fossil fuel consumed for the metal production. Not Problematic, Implicit;
- 5) 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;
- 6) No change in fossil fuel consumption will occur between the baseline and the project cases. This is a problematic assumption that was explicitly stated.

b) State whether the key assumptions are arrived at in a transparent manner:

>> The key assumptions, with the exception of the last one have been established in a transparent manner, even though they are mostly implicit.

c) Give your expert judgement on whether the assumptions/parameters are adequate:

>> 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.

**(3) Data sources and data quality:**

a) *Indicate which data sources are used and how the data are obtained (e.g. official statistics, expert judgement):*

>> The data sources include: from historical and measured data from the project site; data from relevant grid operator; IPCC; national sources.

b) *Give your expert judgement on whether the data used are adequate, consistent, accurate and reliable:*

>> Data used are adequate, consistent, accurate and reliable.

c) *State possible data gaps:*

>> If the onsite emissions from fossil fuel use and the choice of relevant grid are correctly handled, then there will be no data gaps.

**(4) Assessment of the description of the proposed methodology and its applicability:**

a) *State whether the proposed methodology has been described in an adequate manner:*

>> The proposed methodology has been described in an adequate manner.

b) *State whether 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 and submitted along with CDM-NMM):*

>> The proposed monitoring methodology is appropriate for the referred proposed project activity and the referred project context.

c) *State whether this proposed monitoring methodology is compatible with the proposed baseline methodology described in CDM-NMB of the draft CDM-PDD:*

>> Yes, the proposed monitoring methodology is compatible with the proposed baseline methodology described in CDM-NMB of the draft CDM-PDD.

**(5) Leakage (please elaborate, if appropriate):**

>> The monitoring methodology identifies three eventual leakage sources:

- 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;
- 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);
- 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.

**(6) Quality assurance and control procedures (please explain):**

>> 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.

**(7) Potential strengths and weaknesses of the proposed monitoring methodology (please explain):**

>>

Strengths:

- The monitoring methodology is based on already approved methodologies for grid connected electricity generation (ACM0002 and other methodologies, where data required for the ACM0002 methodology is not available)

- The monitoring methodology is based on the already approved SSC and AM008 methodologies for the emissions arising from the use of fossil fuel
- The methodology is simple

Weakness:

- The monitoring methodology don't consider the transmission and distribution losses, which is considered by the project proponent as a weakness, in my opinion this limitation provide an additional degree of conservatism to the methodology

**(8) Applicability of the proposed methodology across project types and regions (please indicate):**

>> When the changes suggested in this review are made, the methodology will be applicable across project types and regions.

**(9) Any other comments:**

a) State whether any other source of information (i.e. other than documentation on this proposed methodology available on the UNFCCC CDM web site) has been used by you in evaluating this methodology. If so, please provide specific references:

>> None.

b) Indicate any further comments:

>> No further comments.

Signature of Meth Panel Chair .....

Date: 15/04/2005

(Jean-Jacques Becker)

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

Date: 15/04/2005

(José Miguez)

**Information to be completed by the secretariat**

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