 <p style="text-align: center;">CDM: Proposed New Methodology Meth Panel summary recommendation to the Executive Board (version 01) <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>	F-CDM-NM0119: “Petrotemex Energy Integration Project”
<i>Title of proposed new baseline methodology:</i>	Energy integration project activities involving energy efficiency, self-generation, and/or cogeneration measures at an industrial facility
<i>Title of underlying project activity:</i>	Petrotemex Energy Integration Project
<i>History of submission: (new section)</i>	First submission (Round 11, 01 June 2005) Final recommendation at Meth 17
1. One sentence describing the purpose of the methodology. <i>(new section)</i>	
>> This methodology is designed for project activities where a set of interrelated technological options generate improvements in fuel usage, in the management of electricity, and in the overall production process, giving rise to a better energy efficiency leading to fuel and/or electricity savings.	
2. Suggested applicability of methodology <i>(former section A.I and B.I)</i>	
>> <ul style="list-style-type: none"> • Involve energy efficiency, cogeneration and/or self-generation projects at large industrial facilities that produce one product only • Improvement in energy efficiency is a result of partial changes to plant equipment (which leads to fuel and/or electricity savings), e.g. by replacement, adaptations, or incorporation of more advanced technologies, partial redesign of processes, better use of process heat, etc). These changes do not involve fuel switching or change in proportions of fuels used prior to and after project implementation. • Baseline emission rates can be determined using a statistically valid calibrated model that includes industrial production volumes as the sole independent variable for determining electricity and fuel baseline consumption. • At least three years’ worth of validated historical data are available concerning fuel usage, electricity usage, and production volumes in order to determine relevant factors related to consumption or production, and this data should form a constant trend. • Energy efficiency improvement of the facility does not involve capacity expansion of the plant. • The design of the plant, primary product of the plant and its production method and characteristics do not change during the crediting period. • Project activity does not involve extension of nominal plant life time and the plant lifetime is above duration of any crediting period chosen. 	

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.)*

>> The methodology lacks adequate explanation on baseline scenario. Additionality is determined using the “Tool for the demonstration and assessment of additionality”. Baseline fuel and electricity consumption are determined with two regression equations that correlate (a) fuel consumption to industrial process production levels and (b) electricity consumption to industrial process production levels. The determination of baseline emissions is based on a statistical analysis of fuel and electricity consumption and production during the last three years prior to project implementation. For baseline emissions associated with the purchase or sale of grid-based electricity, reference is made to the consolidated baseline methodology ACM0002 “Consolidated methodology for grid-connected electricity generation from renewable sources”.

The methodology addresses leakage from upstream fuel production and delivery. The primary potentials for leakage come from:

- Movement of production of the industrial product (acid in this case) to or from this facility from where it is produced to another facility with higher emission rates.
- Any process changes that should be evaluated for their possible emission impacts.

The project activities include fuel and electricity savings, increased electricity generation at the facility, and sale of energy. Associated emission reduction is derived from these components, in comparison with GHG emission in the baseline.

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.)

>>

- Justification of key assumptions.

The methodology assumes that there is a relationship between the fuel use in the baseline, the production of and emissions from an industrial facility. Further, it is assumed that this relationship is fixed for the whole crediting period. This should be justified. Clearer criteria to ensure that there is a statistically valid relationship is needed, as asked for in the review of NM0086. Explanation on all variables used should be given. If the associated project activity involves more than one plant (e.g. two plants in different locations), any relationship between energy use, production and emissions should be determined on a plant-specific basis. These are key issues to the quantification of greenhouse emissions reduction. Resolving them will lead to requiring a full review.



- Document the validity of using two algorithms, one for electricity versus production volume and one for fuel use versus production volume, and show that the operating modality of the electricity generating equipment (on/off) is not affected by the project activity, in order to assume, for baseline emissions calculations, that this operating modality is the same for both, the baseline and project scenarios.

- Definition of possible baseline scenarios.

Either the possibility of energy efficiency improvements during the crediting period should be included as one of the possible baseline scenarios, or the applicability conditions changed so that this methodology does not apply to plants that would have reached the end of their technical lifetime during the crediting period. Other possible baseline scenarios, e.g. another project activity that provides outputs or services comparable to the proposed project activity, should also be assessed.

- Additionality.

It should be clarified whether the methodology proposed to assess additionality by using just step 3 of

<p>the “Tool for the demonstration and assessment of additionality” (which would not be appropriate), or the whole tool.</p> <ul style="list-style-type: none"> Possible data gaps. The methodology should indicate whether any industrial process changes that can affect greenhouse gas emissions are planned or expected during the crediting period, for example by the addition of an entrainer or mass separating agent for the azeotropic distillation (this was also asked for in the assessment of NM0086). In addition to the above, since the project activity involves two plants at different locations and with significantly different characteristics, details on how the two plants differ on pertinent issues like baseline conditions and additionality would be important to provide. 	
<p>6. Any major issues arising from the assessment of the proposed monitoring methodology (if different to those already raised above). (former section A.II.)</p>	
<p>>> None.</p>	
<p>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).</p>	
<p>>> None.</p>	
<div style="text-align: center;">  </div> <p>Signature of Meth Panel Chair Date: 14/09/2005 (Jean-Jacques Becker)</p> <div style="text-align: center;">  </div> <p>Signature of Meth Panel Vice-Chair Date: 14/09/2005 (José Miguez)</p>	
<p>Information to be completed by the secretariat</p>	
F-CDM-NMmp doc id number	F-CDM-NM0119
Date when the form was received at UNFCCC secretariat	14 September 2005
Date of transmission to the Executive Board	14 September 2005
Date of posting in the UNFCCC CDM web site	14 September 2005