CDM: Proposed New Methodology
Meth Panel recommendation to the Executive Board
(version 04)
(To be used by the Meth Panel to make a recommendation to the Board regarding a proposed new methodology)

Date of Meth Panel meeting:	6 - 9 September 2005
Related F-CDM-NM document ID number (electronically available to EB members)	F-CDM-NM0120: "Demand side electricity management program at Companhia Brasileira de Distribuição"
Related F-CDM-NMex document ID number(s) (electronically available to EB members)	F-CDM-NMex0120: Niederberger / Sharma
Related F-CDM-NMpu document ID number(s) (electronically available to EB members)	F-CDM-NMpu0120 MURAYAMA

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.

A. Final recommendations by the Meth Panel

I. Recommendation on the proposed new baseline methodology: *(checkmark the choice made)*

Title of proposed new baseline methodology:>> Demand-side electricity management for food retailers, supermarkets, hypermarkets, shopping centres and other similar commercial activities.

a. To approve this proposed methodology with minor changes

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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:

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

☐

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

>>

ii. Required changes:

>>

(Project participants shall make required changes to 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 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:

>> The methodology lacks a number of very basic issues, which would require a considerable modification of the methodology, including the generic methodological approach towards calculating emission reductions. In the following, the most important issues are highlighted (further aspects can be found below.).

- A clear identification of the baseline scenario is lacking. The methodology does not describe how the most likely baseline scenario should be identified but implicitly assumes that the continuation of the same electricity intensity is the most likely baseline scenario.
- The implicitly assumed baseline scenario appears rather unlikely. The continuation of the historical electricity intensity is assumed to be the most likely baseline scenario for the proposed project type. This seems not a very likely baseline scenario, for the following reasons:
  - i) Endogenous improvements in energy efficiency are not factored out. In the absence of the project activity, electricity intensity may decrease (or otherwise change) due to endogenous developments such as technological innovation, changes in the equipment park (e.g. smaller or larger cooling devices), changes in consumer behaviour, etc. Since the project may involve a broad range of demand-side energy efficiency measures, the broad generalization that electricity intensity remains constant during the crediting period appears inappropriate.
  - ii) Effects of regular equipment replacement are not taken into account. This issue is closely linked to the previously mentioned: energy efficiency improvements in buildings usually include the replacement of existing equipment (heating devices, refrigeration appliances, air conditioning, lighting, controlling, etc) with new equipment. The baseline scenario implicitly assumes that all existing equipment in the facilities would in the absence of the project activity have continued to be used throughout the crediting period – which is quite unlikely.
  - iii) The historical level from the past three years is not necessarily a conservative baseline assumption. The methodology should explicitly address how to ensure that any prior energy efficiency improvements are included in the baseline. In the case of the underlying project, for example, an energy saving program was implemented in 2001, so that consumption was lower in 2002-03 compared to 2001. Taking a 3-year average, as suggested, creates a baseline consumption that is higher than the actual level in 2002/2003 and the levels that can be expected for the following years, resulting in an overestimation of emission reductions. Also, the climatic conditions may influence the electricity consumption in the historical years and during the crediting period.
- Changes in the sales area are not appropriately addressed. The methodology defines the baseline in such a way that credit would be given to reductions, even if the sales area increases beyond the historical level of the existing facilities (note that the approach taken in AM0020 was to limit the new scheme only up to the water delivery capacity of the old scheme). However, increases in the sales area would not involve any emission reductions.
- Changes in the composition and location of shops are not appropriately addressed. The electricity demand may depend significantly on the type of shop. If the composition of supermarkets changes over time, this may involve significant changes in electricity generation. However, this effect is not taken into account in determining emission reductions. Also, the climatic conditions may influence the electricity consumption in the historical years and during the crediting period (e.g. due to electricity consumption for cooling and air conditioning). In a country as Brazil, a shift in the location of the supermarkets during the crediting period (e.g. more supermarkets in moderate climates) may considerably influence project emissions.
- The equations used are partly inappropriate and inconsistent.
- Uncertainties are not appropriately addressed. Uncertainties of this methodology can be expected

to be rather significant but are not addressed at all. In section G of the CDM-NMB it is stated that "there are no uncertainties involved". This is wrong and suggests that the concept and origin of uncertainties has not been understood.

- Leakage is not appropriately addressed. The methodology states that leakages must be investigated on a case-by-case basis and accounted for when they appear to be significant. If leakage is generally not to be expected from this type of project, this should be stated clearly and justified. Conversely, if significant leakage is to be expected, the methodology should provide guidance on how to assess and account for it.

(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: >>

a. To approve this proposed methodology with minor changes

☐

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.):

>>

ii. Required changes:

>>

(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

☒

i. Reasons for non-approval:

>>The monitoring methodology requires substantial further elaboration. The methodology hardly contains any additional information to the baseline methodology. QA/QC procedures are not addressed at all. It remains unclear how key parameters should be collected from all stores. Furthermore, the methodology is inconsistent in that it lists parameters that do not need to be monitored, since they should only be collected once, prior to validation.

(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):* >> Demand-side electricity management for food retailers, supermarkets, hypermarkets, shopping centers and other similar commercial activities.

(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:

>> The methodology estimates CO_2 emission reductions from demand-side energy efficiency improvements decreasing electricity consumption for food retailers, supermarkets, hypermarkets, shopping centres and other similar commercial activities. The implicitly assumed baseline scenario is the continuation of the same electricity intensity (determined as electricity consumption per sales area in square meters). The consolidated tool for the demonstration and assessment of additionality is used. Baseline emissions are calculated by assuming the historical electricity intensity of the last three years to continue throughout the crediting period. Project emissions are calculated based on actual monitored electricity consumption. A correction factor is used for transmission and distribution losses. A "whole facility park" approach is taken, where emission reductions are determined in an aggregated manner for the whole building park (in the case of the underlying project, 551 stores in Brazil). The emission factor for the electricity grid is calculated with ACM0002 "Consolidated methodology for grid-connected electricity generation from renewable sources". Emissions from increased fossil fuel consumption at the project sites as a result of the project activity are taken into account in the project scenario but not in the baseline scenario. Leakage emissions should be taken into account, however it is not further specified in which cases and for what sources.

b) State the approach selected:

>> The approach selected is as per paragraph 48 (a) of the CDM modalities and procedures: "Existing actual or historical emissions as applicable".

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:

>> Approach as per paragraph 48 (a)of the CDM modalities and procedures is appropriate for this type of demand-side energy efficiency project because historical emission can be the basis for baseline emissions. Other approaches appear less adequate.

(2) Basis for determining the baseline scenario:

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

>> The methodology does not describe how the most likely baseline scenario should be identified but implicitly assumes that the continuation of the same electricity intensity is the most likely baseline scenario.

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

>> The underlying rationale of the methodological approach is that electricity consumption is directly proportional to the sales area in food retailers, shopping centres, etc, and that it remains constant throughout the crediting period in the absence of the project activity. Baseline emissions are determined as follows:

- Estimate the average value of the quotient between electricity consumption and sales area, using latest three years historical data available at the start of the proposed project activity.
- Multiply the coefficient with (1 + TD losses expressed as a fraction).
- Multiply the product with sales area monitored during each year of the project activity.
- Multiply with emission factor (EF), which is determined as follows:
    i) Grid electricity: Method in ACM0002.
    ii) Captive power and/or heat generation: EF is estimated based on fuel type and efficiency.

Project emissions are estimated as sum of emissions from:

i) Electricity consumed within the project boundary; and

ii) Any other fuel consumed within the project boundary.

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?

>> The consolidated tool for the demonstration and assessment of additionality is used without further amendments.

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 not adequate for the following reasons:

- There is no appropriate identification of the most likely baseline scenario. The methodology makes an implicit assumption on the most likely baseline scenario and does not provide an approach to how the most likely scenario should be chosen.
- The implicitly assumed baseline scenario appears rather unlikely. The continuation of the historical electricity intensity is assumed to be the most likely baseline scenario for the proposed project type. This seems not a very likely baseline scenario, for the following reasons:
    i) Endogenous improvements in energy efficiency are not factored out. In the absence of the project activity, electricity intensity may decrease (or otherwise change) due to endogenous developments such as technological innovation, changes in the equipment park (e.g. smaller or larger cooling devices), changes in consumer behaviour, etc. Since the project may involve a broad range of demand-side energy efficiency measures, the broad generalization that electricity intensity remains constant during the crediting period appears inappropriate. Possibly, among other options, a control group approach to the baseline could help factoring out the endogenous development of energy efficiency in the absence of the project activity. A more rigorous approach would involve whole building calibrated simulation, which involves energy simulation of the baseline under actual operating conditions during the crediting period. Such baseline simulation techniques are appropriate in cases where a project involves interrelated energy conservation measures and systems, or whole building performance, rather than individual energy conservation measures; where the necessary meters can serve a dual purpose (e.g. billing or operational feedback); where a high degree of accuracy in estimating emission reductions from energy

saving measures under the project is required; and where adequate human capacity and a generous budget for simulation, monitoring and verification are available.

ii) Effects of regular equipment replacement are not taken into account. Energy efficiency improvements in buildings usually include the replacement of existing equipment (heating devices, refrigeration appliances, air conditioning, lighting, controlling, etc) with new equipment. Consistent with the guidance by EB08 regarding the treatment of "existing" and "newly built" facilities, a different baseline should apply when the existing equipment would have been needed to be replaced in the absence of the project activity. The baseline scenario implicitly assumes that all existing equipment in the facilities would in the absence of the project activity have continued to be used throughout the crediting period – which is quite unlikely.

iii) The historical level from the past three years is not necessarily a conservative baseline assumption. The methodology should explicitly address how to ensure that any prior energy efficiency improvements are included in the baseline. In the case of the underlying project, for example, an energy saving program was implemented in 2001, so that consumption was lower in 2002-03 compared to 2001. Taking a 3-year average, as suggested, creates a baseline consumption that is higher than the actual level in 2002/2003 and the levels that can be expected for the following years, resulting in an overestimation of emission reductions. This may, for example, be addressed by using the lowest electricity intensity among the three years.

- Changes in the sales area are not appropriately addressed. The methodology defines the baseline in such a way that credit would be given to reductions, even if the sales area increases beyond the historical level of the existing facilities (note that the approach taken in AM0020 "Baseline methodology for water pumping efficiency improvements"was to limit the new scheme only up to the water delivery capacity of the old scheme). However, increases in the sales area would not involve any emission reductions.
- Changes in the composition and location of shops are not appropriately addressed. The electricity demand may depend significantly on the type of shop. If the composition of supermarkets changes over time, this may involve significant changes in electricity generation. However, this effect is not taken into account in determining emission reductions. Also, the climatic conditions may influence the electricity consumption in the historical years and during the crediting period (e.g. due to electricity consumption for cooling and air conditioning). In a country as Brazil, a shift in the location of the supermarkets during the crediting period (e.g. more supermarkets in moderate climate) may considerably influence project emissions.
- Relation between sales area and electricity consumption. The methodology assumes that electricity consumption for lighting, air conditioning, ventilation and food refrigeration is directly related to the total area of the stores. Since a large number of different types of stores are bundled into one project activity, this assumption would need further justification and may not apply to all projects eligible for this methodology. For example, a major factor that impacts energy consumption is the amount of sales area devoted to frozen goods.

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

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

>> The methodology lacks clarity on a number of issues that need further elaboration:

- The methodology does not discuss what types of demand side measures are envisaged. The measures could include a very broad range, including insulation of the building, replacement of equipments, changes in comfort, structural changes, encouragement of changes in consumer behaviour etc. However, the choice of the appropriate baseline scenario and assumptions may depend on what measures are envisaged.
- The methodology doesn't highlight that electricity appears to be the only source of energy used to meet the energy demand originating from lighting, heating and cooling needs in the baseline. At least, this

suggest the equations used (no fossil fuel consumption is assumed to occur in the baseline scenario).

- The methodology also doesn't explain how carbon credits arising purely from the switch from high carbon electricity to low carbon electricity (e.g. in case of captive power), without changing the total electricity need, will be avoided. The methodology envisages a situation where electricity as a source of energy in end use device is replaced by other fuels. But it fails to address the issue of how a distinction would be made between purely a fuels switch related measure motivated by reducing electricity consumption and one that is motivated by the energy efficiency gain. While emission reductions from a fuel switch could be eligible for crediting in principle, this should be treated methodologically in a transparent manner and be highlighted in the methodology.
- As stated above, the methodology doesn't discuss how an increase in the sales area under the project scenario would be addressed.
- The methodological approach and the equations to consider any on-site generation of power and/or heat are inadequate. The equation provided is inappropriate for cogeneration plants but could only be applied to power plants, since in the case of cogeneration plants not all emissions could be attributed to power generation but a part would in addition need to be attributed to heat generation. The current approach results in an overestimation of emission reductions.
- The equations used in the methodology are wrong and not totally consistent with the guidance to determine the emission factor EF with ACM0002. The denominator "n" refers to the emission factor, transmission losses and the electricity intensity and is explained as "each source of electricity". The multiplication of the electricity intensity of each of source of electricity with an individual emission factor of each source of electricity does not make much sense, taking into account that ACM0002 should be used.
- In section G of the CDM-NMB it is stated that the methodology is simple and robust, "without special requirements to calculate baseline and project emissions". It is not clear what is meant by that.

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 methodology seems generally to fit to the project activity. However, this can not be properly assessed, since the methodology lacks some fundamental explanations (see issues discussed in more detail above). In particular, the proposed methodology takes an aggregated intensity approach to demand-side energy efficiency improvements, similar to AM0020. However, the proposed methodology deals with buildings, which are much more complex than water pumping systems. Changes in many factors, such as building location, climatic conditions, function, occupancy, or operation can lead to significant variance in energy use, which may or may not be attributable to the energy saving measures associated with the CDM project.

In the applicability conditions, it is stated that the methodology is applicable if electricity consumption is directly related to the sales area of the set of project sites. It is not clear how this requirement would be validated by a DOE. In practical, this provision could imply that the methodology would not be applicable to any project activity at all, since a full linear relationship between sales area and electricity consumption appears rather unlikely. The methodology is also not consistent in this respect, since this applicability condition is at later stages repeated as a factual statement (e.g. page 3 of the CDM-NMB).

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.

>> Probably not. Emission reductions are likely to be overestimated.

Please explain:

>> The main reasons are that:

- The baseline electricity intensity is assumed to remain constant during the crediting period, important factors that affect building emissions intensity have not been included in the methodology/algorithm (see above),
- Potential increases in the sales area are not factored out,

- The methodology does not consider that in case of replacement of equipment, emission reductions should only be accounted until the equipment would be replaced in the absence of the project activity.

(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):

>> Yes

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

>> The spatial scope of the data is not totally transparent. Data on sales areas and electricity consumption are collected from all stores, which is appropriate. The grid emission factor is determined with ACM0002, which is appropriate as well. It is not transparently described how any fossil fuel consumption due to the project is determined and where the necessary data is obtained from.

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 data to be used is not sufficiently clarified. It is not clear whether the historical data from the last three years refers to the time prior to the start of the crediting period or whether it refers to the last three years prior to validation.

The vintage of other data used appears appropriate.

(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

>> Baseline: CO_2 from electricity generation

Project activity: CO_2 from electricity generation and CO_2 from fossil fuel combustion at the project site.

ii) Physical delineation

>> All retail facilities where the project is implemented, the electricity grid that supplies electricity to the facilities and power plants from which facilities obtain the electricity.

b) Indicate whether this project boundary is appropriate:

>> The project boundary is not totally transparent.

The exclusion of gases other than CO_2 is appropriate and conservative. It is not clear why a project boundary is chosen for the baseline and the project scenario. Furthermore it is not clear, whether all retail facilities owned or operated by the project proponent are included in the project boundary, or whether the operator may select a number of retail facilities. The latter may provide incentives for gaming, which should be avoided. (For example: inefficient equipment in a facility that participates in the CDM could be exchanged with efficient equipment from another facility that does not participate in the CDM.)

(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:

>> The methodology makes a number of implicit assumptions, which are problematic. See previous sections for more details.

- Decreases in electricity intensity are all due to efficiency increases as a result of the project activity. This assumption is problematic, since energy efficiency may increase endogenously not as a result of

the project activity.

- The historical average electricity intensity during three years represents future developments. This is problematic, since energy efficiency improvements undertaken during these three years would not be covered, potentially resulting in an overestimation of emissions reductions. This refers in particular to the proposed project.
- New stores built during the crediting period would have been built as inefficient as existing stores were operated in the past. This implicit assumption appears rather unlikely.
- None of the equipment in existing stores would need to be replaced during the crediting period by more modern (and thus more efficient) equipment. This appears rather unlikely.
- Electricity consumption is directly related to sales area. This assumption is not justified and may be problematic.
- Transmission losses are provided by the official authority operating the grid. This approach is not always feasible and not necessarily conservative. The grid may be operated by a private company that does not make detailed information on losses available. It is unclear how in the equation, losses should be determined "for each source of electricity". Physically, losses can not be allocated to a particular consumer or generator. In addition, the respective voltage levels should be considered (some stores may use MV, others LV). Finally, it is important to distinguish between technical losses and other losses. Only technical losses should be accounted. A simple and more conservative approach would be to neglect transmission losses.

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

>> No.

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

>> No.

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

>>

- Electricity consumption and the total sales area appear to be based on historical and actual data from the stores. The methodology is not very clear how data from the stores is collected. The methodology should explain how the aggregated electricity intensity in the baseline is to be calculated and what parameters need to be monitored at the facility level to calculate it. The algorithm should reflect the fact that the data are obtained at the facility level and summed for aggregation purposes. Similarly, the methodology should explain how the aggregate electricity consumption in the project case is to be monitored at the facility level, and this should be incorporated into the algorithm.
- TD loss data is based on information by operators of the grid or other official sources. (See comment above).
- Grid electricity emission factor is estimated using data from sources as described in ACM0002. This is appropriate. However, the equations provided do not fit with this provision. The equations rather suggest that an individual emission factor is determined for each power source in the grid and subsequently aggregated. This is not totally consistent with the methodological approach in ACM0002.
- Several emission factors for fuel combustion and other parameters are based on the Revised 1996 IPCC Guidelines.
- The energy efficiency of any on-site power generation should be collected from the literature. This seems not very straight-forward, since on-site data would be more accurate.

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

>> See above.

f) State possible data gaps:

>> Several data to assess the real emission reductions is lacking. The main data gaps are:

- Detailed data to justify the endogenous development of the electricity intensity (e.g. data from a control group of stores).
- Data to determine how much fossil fuels are consumed as a result of the project activity at the store sites.
- Data on replacement schedules of the equipment subject to energy efficiency improvements (or simplified conservative assumptions).

(7) Assessment of uncertainties:

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

i) The basis for determining the baseline scenario:

>> No.

ii) Algorithms/formulae:

>> No.

iii) Key assumptions:

>> No.

iv) Data:

>> No.

b) State whether the uncertainties presented are reasonable:

>> No. Uncertainties of this methodology can be expected to be rather significant but are not addressed at all. In section G of the CDM-NMB, it is stated that "there are no uncertainties involved". This is wrong and suggests that the concept and origin of uncertainties has not been understood.

(8) Leakage:

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

>> The methodology states that leakages must be investigated on a case-by-case basis and accounted for when they appear to be significant. It suggests that there is potential leakage associated with emissions derived from fossil fuel and/or electricity consumption increase at other sites directly affected by the project activity, although no guidance is given on how to identify and assess leakage.

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

>> No. If leakage is generally not to be expected from this type of project, this should be stated clearly and justified. Conversely, if significant leakage is to be expected, the methodology should provide guidance on how to assess and account for it.

(9) Transparency and "conservativeness":

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

>> No, most assumptions are not justified and several issues remain unclear.

b) State whether the baseline methodology is conservative:

>> No. The methodology makes a number of assumptions that are likely to lead to an overestimation of emission reductions (more details above).

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

Strengths:

- The methodology uses the consolidated tool for the demonstration and assessment of additionality and builds on elements from AM0020 "Baseline methodology for water pumping efficiency improvements".
- The methodology is quite simple.
- All data required to calculate emission reductions is easily accessible.

Weakness:

- The methodology does not factor out business as usual (BAU) emission reductions and is likely to result in a significant overestimation of emission reductions, due to a number of inappropriate assumptions and approaches (for more details 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)*:

>> In the methodology it is stated that "if the project activity is not demanded or restricted by national and/or sectoral policies, then national and/or sectoral policies and circumstances do not affect the methodology." This appears not very realistic, since many policies may affect emission reductions indirectly, such as, for example, any energy efficiency standards for electric devices. The methodology further states that "if any national and/or sectoral policies that affect the project activity appear, then project participants must identify in the draft CDM-PDD and take into account accordingly, in a project specific basis." This general guidance is far too vague. The methodology should make more explicit how any national policies should be taken into account.

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

>> The applicability of the methodology across project types and regions can hardly be assessed, since it lacks a number of fundamental methodological requirements. In principle, if modified, it could be applicable to similar demand-side energy efficiency programs and to all regions.

(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:

>> The draft CDM-PDD of the project states in section E that the data used is "just an example" of the application of the methodology and that the numbers will be revised for the final version of the draft CDM-PDD. It needs to be clarified whether this is sufficient for the review of a new proposed methodology.

II. Proposed new monitoring methodology *(specify title here):* >> Demand-side electricity management for food retailers, supermarkets, hypermarkets, shopping centers and other similar commercial activities.

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 hardly provides any additional information to the information already provided in the baseline methodology. It needs further elaboration to be evaluated in a meaningful manner. The main lack is that there are no procedures described how the relevant information from all stores should be collected and obtained.

(2) Key assumptions/parameters:

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

>> See baseline methodology.

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

>> No.

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

>> No.

(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):

>> See baseline methodology.

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

>> No.

c) S*tate possible data gaps:*

>> See baseline methodology.

(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:

>> No. The methodology is very vague and ambitious on how and, importantly, at which point in time key parameters should be collected. Generally, the methodology requires further elaboration. In many instances, it does not specify how key data are to be obtained, what sources are acceptable, how disaggregated the data will be, or how data quality will be assured. QA/QC checks appear not to be applied.

In addition, all baseline parameters are included in the monitoring methodology. Inconsistently with that requirement, it is stated that a number of them should be collected only once at validation. However, parameters collected only once at validation would not need to be monitored.

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 methodology requires further elaboration to assess this.

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

>> The methodology requires further elaboration to assess this.

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

>> Leakage is declared as not applicable. This is not totally consistent with the baseline methodology, which requires to monitor leakage effects depending on the project specific case.

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

>> QA/QC procedure are stated to be not applicable. This is clearly inappropriate.

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

>> No clear strengths can be identified, as the methodology requires further elaboration.

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

>> The methodology requires further elaboration to assess this.

(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: 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	
F-CDM-NMmp doc id number	F-CDM-NM0120
Date when the form was received at UNFCCC secretariat	14 September 2005
Date of transmission to the EB	14 September 2005
Date of posting in the UNFCCC CDM web site	14 September 2005