

	CDM: Response form for Request for revision of approved methodologies (version 01.1)
<i>Date of Meth Panel meeting:</i>	09- 11 October 2006
<i>Title and number of Request for revision</i>	“Electricity generation projects resulting in emissions reductions in another non-Annex I country”; AM_REV0018
Summary of the query: Please use the space below to summarize the request for revision on the related approved methodologies.	
<p>The request for revision aims to revise ACM0002 to make it applicable to renewable electricity generation projects that result in a reduction of GHG emissions in another non-Annex I country via the export of electricity. A draft CDM-PDD is submitted for a specific project activity, the “Dagachhu Hydropower Project, Bhutan”, a run-of-river hydropower project located in Bhutan, for which “it can be assumed that the total power generated by the [power plant] will exported to India”, based on Bhutan’s historical exports to India. The power exported from the Dagachhu HPP will be supplied to the Birpara substation in the eastern grid in India and consumed entirely in the northern grid of India. Based on the above argument, northern grid of India was selected as a the regional project electricity system for the purpose of determining the build margin (BM) and operating margin (OM) emission factor.</p> <p>The methodology revision itself is comprised essentially of the following changes.</p> <p>Applicability Condition: “Applies to cases where the project activity is likely to deliver power generated to the grids of other non-Annex I country/countries, and where the grid to which power will be delivered may vary over time due to market and contractual considerations.”</p> <p>Project Boundary: (c) Use, for cases where the electricity generated by the project activity delivers power to the grids of other non-Annex I country/countries, the following definition: The grid definitions for the import/export of electricity should be specified by the eligible trading partners of the host country and the receiving countries. There should be a written approval from the DNAs of the host and the other countries on the grid boundary definition proposed by the project participants. The baseline emission factor for the renewable power generation project will have to be taken as the emission factor of the grid where the power is actually consumed. The grid to which power will be delivered may vary over time due to market and contractual considerations. The amount of power delivered to each individual grid in a country shall be monitored.</p> <p>Monitoring: “For cases where the electricity generated by the project activity is delivered to the grids of other non-Annex I countries, the amount of power to the respective grids is to be monitored.”</p>	

Recommendation by the Meth Panel:

(a) Please use the space below to provide amendments /changes (in your expert view, if necessary).

The suggested revision is appropriate in principle, but insufficient in detail, and, hence request was not accepted.

The proposed revisions fails to provide procedures for the following:

- (i) to identify the grid to which the power will be exported,
- (ii) to monitor and certify that power is “actually consumed” in that grid (e.g. via demonstrated transmission capability, contracts, receipts of sales, etc.).

Monitoring procedures should be identified and proposed, since the grid to which power will be delivered may vary over time due to market and contractual considerations, especially when much can change in terms of transmission capacity, contractual arrangement, demand patterns, and electricity market dynamics over the life of power plant.

Furthermore, it needs to be clearly established that this power is not merely “resold” or wheeled to users in other grids, or that as a result of importing this project’s power, the recipient grid is not further exporting other generation source to other grids. Some of these issues may already be present in ACM0002, however, they become more acute if the methodology is extended to enable projects to select which among several interconnected grids (with different emission rates) they are exporting power to. Therefore, a higher level of rigour is needed, and changes should be made explicit through the use of equations.

Such equations (and/or applicability conditions) should also reflect the possibility that a power plant might send power to more than one grid over a given crediting period. (In fact the draft CDM-PDD suggests that the project will enhance power delivery within Bhutan itself, and if such power comes from the project in question, the equations in ACM0002 will need to be appropriately amended.)

(b) Please use the space below for providing guidance, as per Para 93 of EB25 Report, on what type of projects need to revise the PDD as a consequence of the suggested revision, if the recommendation is to revise the methodology.

Not applicable.

Answer to authors of the request for revision by the Meth Panel :

Please use the space below to provide an answer to the authors of the above query

Project participant, if they so wish, are encouraged to submit a new request taking into account, the meth panel recommendations, mentioned above. Project participants may also wish to consult AM_Rev_0026, which, while not approved, addresses some of the issues noted above in the form of proposed procedures and equations.

Please also note that the Meth Panel is currently undertaking a closer examination of issues related to accounting for electricity imports in ACM0002 baseline emissions equations, and to projects involving electricity export, and in so doing, may identify issues in addition to those noted here.



Signature of the Meth Panel Chair

Date: 13/09/2006

(Rajesh Kumar Sethi)



Signature of the Meth Panel Vice-Chair

Date: 13/09/2006

(Jean-Jacques Becker)

Information to be completed by the secretariat

F-CDM-AM	F-CDM-AM-REV-0018
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