



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

ADDENDUM

Sixty-second meeting

UNFCCC
Marrakesh, Morocco
11–15 July 2011

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3. Work plan

(b) Methodologies for baselines and monitoring plans

1. ► **Action:** The Board may wish to consider the progress report of the fiftieth meeting of the Methodologies Panel (Meth Panel), and an oral report by the Chair of the Meth Panel, Mr. Phillip Gwage, on the work of the panel.

Background: The Meth Panel held its fiftieth meeting from 27 June to 1 July 2011 in Bonn, Germany. The Meth Panel dealt with case-specific issues, methodological clarifications, guidance and other issues, as specified below.

Case specific

2. ► **Action:** Taking into consideration the inputs by experts (desk reviewers), the public, and the recommendations of the Meth Panel, the Board may wish to consider the recommendation to approve the methodologies based on the proposed new methodologies:

(a) NM0292: “Highly efficient power plant fuelled with blast furnace gas at TKCSA, in Rio de Janeiro, Brazil” as contained in annex 1 of the Meth Panel report of the fiftieth meeting;

(b) NM0330: “Substitution of Fluorinated Compound (FC) gases for cleaning Chemical Vapor Deposition (CVD) reactors in the semiconductor industry” as contained in annex 2 of the Meth Panel report of the fiftieth meeting;

(c) NM0333: “Avoidance of landfill gas emissions by passive aeration of landfills” as contained in annex 3 of the Meth Panel report of the fiftieth meeting; and

(d) NM0337: “Replacement of fossil fuel fired heaters with biomass residue fired heaters” as contained in annex 4 of the Meth Panel report of the fiftieth meeting;

Background: The recommendations agreed by the Meth Panel are contained in paragraphs 6 and 8 of the report of the fiftieth meeting of the Meth Panel available on the UNFCCC CDM website <<http://cdm.unfccc.int/Panels/meth/index.html>>.

3. ► **Note:** The Board may wish to take note of an information note on the draft new methodology based on the proposed new methodology NM0292: “Highly efficient power plant fuelled with blast furnace gas at TKCSA, in Rio de Janeiro, Brazil”. The note provides an overview of the consideration of the request contained in paragraph 20 of the report of the forty-seventh meeting of the Board, concerning the proposed new methodology NM0292. The information note is contained in annex 7 of the report of the fiftieth meeting of the Meth Panel.

4. ► **Note:** The Board may wish to take note that the Meth Panel could not conclude its consideration of the following proposed new methodologies and will continue the consideration of these cases at its future meeting:

(a) NM0332: “PFCs emission reduction from installation of an abatement device in a semiconductor manufacturing facility”;

(b) NM0334: “Installation of high efficient technology for power transmission”;

(c) NM0338: “Methodology for GHG emission reductions using advanced electric arc furnace integrated with high-efficiency shaft-type scrap preheater”;

- (d) NM0343: “Methodology for RHF-based energy efficient iron-making technology”;
- (e) NM0344: “Introduction of a New Natural Gas Based Gas Turbine Cogeneration in Existing CHP Facilities Connected to the Electricity Grid”;
- (f) NM0345: “Methodology for conversion of a Combined Cycle Power Plant to an Integrated Solar Combined Cycle (ISCC)”;
- (g) NM0346: “Utilization of ammonia-plant off gas for heat generation”; and
- (h) NM0347: “Biomass residue co-firing at an existing or a new boiler(s)”.

Responses to requests for revision

5. ► **Note:** The Board may wish to take note that the Meth Panel could not conclude its consideration of the requests for revision AM_REV_0212 and AM_REV_0213, and will continue the consideration of these requests at a future meeting.

Responses to requests for clarification

6. ► **Action:** The Board may wish to consider the responses to the requests for clarifications AM_CLA_0208 and AM_CLA_0209, as provided by the Meth Panel and referred to in the Meth Panel report (see table 3 in paragraph 25 of the report of the fiftieth meeting of the Meth Panel).

Background: Information on the clarifications to methodologies is available on the UNFCCC CDM website <<http://cdm.unfccc.int/methodologies/PAmethodologies/clarifications>>.

7. ► **Note:** The Board may wish to take note that the Meth Panel could not conclude its consideration of the request for clarification AM_CLA_0191 as this request is to be considered within the context of the revision to the methodology AM0001, which is currently being considered by the Board.

Revisions to approved methodologies and tools

8. ► **Action:** The Board may wish to consider:

(a) An information note prepared by the panel on issues identified in the consolidated methodology ACM0013 “Consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using a less GHG intensive technology”. The information note is contained in annex 9 of the report of the fiftieth meeting of the Meth Panel;

(b) A recommendation by the panel to put the methodology ACM0013 on hold with immediate effect, based on the arguments presented in the information note; and

(c) A recommendation by the panel to initiate a revision to the methodology ACM0013.

Background: At its fiftieth meeting, the Meth Panel considered the input provided by stakeholders on the methodology ACM0013, via the methodologies commenting system. The Meth Panel also agreed that this input identified issues that, as presented in the information note prepared by the Meth Panel, may result in threats to the environmental integrity.

9. ► **Note:** The Board may wish to take note that, in response to the task of improving approved methodologies and tools, as contained in the 2011 work plan of the panel, the Meth Panel finalized a draft revision to the methodology AM0023. Due to the technical complexity of the revision and in accordance with paragraph 21 (a) of the “Procedure for the submission and consideration of requests for revisions of approved baseline and monitoring methodologies and tools for large scale CDM projects”, the Chair of the panel launched a call for public inputs on the draft revised methodology AM0023, starting on 07 July 2011. The



call will be open for 10 calendar days. The draft revised methodology is contained in annex 5 of the report of the fiftieth meeting of the Meth Panel.

10. ► **Note:** The Board may wish to take note that, in response to the task of improving approved methodologies and tools as contained in the 2011 work plan of the panel, the Meth Panel continued its work to improve the following methodologies and tool:

(a) AM0025: “Avoided emissions from organic waste through alternative waste treatment processes”;

(b) ACM0001: “Consolidated baseline and monitoring methodology for landfill gas project activities”; and

(c) “Tool to determine methane emissions avoided from disposal of waste at a solid waste disposal site”.

The panel intends to continue its work at a future meeting, with the aim of providing draft revisions to these methodologies and tool for consideration by the Board at a future meeting.

11. ► **Note:** The Board may wish to take note that, in response to the request contained in paragraph 20 of the report of the forty-sixth meeting of the Board, the Meth Panel explored the possibility of incorporating an option in the approved consolidated methodology ACM0009 to use the weighted average emission factor of multiple baseline fuels. The Meth Panel is of the opinion that the weighted average emission factor based on historical mix of baseline fuels does not represent the baseline situation in the case of ACM0009, and that a conservative approach is to use the emission factor of the least carbon intensive fuel among the baseline fuels, as in case of current version of the methodology ACM0009 (version 03.2). The justification of the opinion from the Meth Panel is contained in paragraph 18 of the report of the fiftieth meeting of the Meth Panel.

12. ► **Note:** The Board may wish to take note that, in response to the request contained in paragraph 28 of the report of the fifty-third meeting of the Board, the Meth Panel continues its work to develop the provisions required for the determination of baseline emissions in case of Greenfield cement plants within the context of ACM0015 “Consolidated baseline and monitoring methodology for project activities using alternative raw materials that do not contain carbonates for clinker production in cement kilns”, with the aim of providing a recommendation for its consideration by the Board at a future meeting.

13. ► **Note:** The Board may wish to take note that, in response to the request contained in paragraph 21 of the report of the fifty-eighth meeting of the Board, the Meth Panel considered the revision of the approved consolidated methodology ACM0017 “Production of biodiesel for use as fuel” with respect to exclusion of consumers from project boundary, similarly to the approach applied in the recent revision of AM0089 “Production of diesel using a mixed feedstock of gasoil and vegetable oil”. The Meth Panel:

(a) Agreed that the exclusion of consumers from project boundary is not appropriate in the context of ACM0017; and

(b) Prepared an information note containing the rationale for the above-mentioned opinion. The information note is contained in annex 10 of the report of the fiftieth meeting of the Meth Panel.

14. ► **Note:** The Board may wish to take note that:

(a) In response to the request by the SSC WG related to the approved SSC methodology AMS-I.D, concerning issues with the “Tool to calculate the emission factor for an electricity system”, the Meth Panel provided a draft response to the request for revision SSC_486. The draft response is contained in annex 12 of the report of the fiftieth meeting of the Meth Panel; and

(b) In response to the requests contained in paragraph 25 of the report of the fifty-fourth meeting of the Board and in paragraph 32 of the report of the fifty-sixth meeting of the Board, concerning the analysis to determine if the use of ex ante dispatch analysis is suitable when compared with other methods of estimating the operating margin in the “Tool to calculate the emission factor for an electricity system”, the Meth Panel was not able to conclude its work on this issue. The Meth Panel will continue to work on the analysis requested by the Board with the view to provide a recommendation at its next meeting.

15. ► **Note:** The Board may wish to take note that, in response to the requests contained in paragraph 30 and 31 of the fifty-sixth meeting of the Board and paragraph 43 of the report of the sixtieth meeting of the Board concerning the “Tool to assess the validity of the original/current baseline and to update the baseline at the renewal of a crediting period”, the Meth Panel could not conclude its consideration of this matter. The Meth Panel will continue to work on a draft revision of the tool with the view to finalize a recommendation at its next meeting.

General guidance

16. ► **Action:** The Board may wish to approve a draft revision of the “Guidelines on the assessment of investment analysis”. The draft revision addresses issues raised by stakeholders and clarifies that:

(a) In situations where the investment analysis is carried out in nominal terms, project participants can convert the real term values provided in the table contained in the appendix of these guidelines to nominal values by considering the inflation rate; and

(b) The default values for the expected return on equity showed in the table contained in the appendix of these guidelines are calculated after taxes.

The revision of the guidelines is contained in annex 6 of the report of the fiftieth meeting of the Meth Panel.

Background: At its fiftieth meeting, the Meth Panel considered queries from stakeholders on the latest version of the “Guidelines on the assessment of investment analysis”. The Meth Panel also agreed that further clarification in the guidelines is required.

17. ► **Note:** The Board may also wish to take note that the Meth Panel prepared an information note that outlines the rationale for the default values provided for the cost of equity. The information note is contained in annex 8 of the report of the fiftieth meeting of the Meth Panel.

18. ► **Note:** The Board may wish to take note that, in response to the task of developing top-down methodologies and tools as contained in the 2011 work plan of the panel, the Meth Panel continued its work to develop the following top-down methodology and tools:

- (a) Draft methodology for renewable power generation in isolated systems;
- (b) Draft tool to determine project emissions from anaerobic digesters; and
- (c) Draft tool to determine project emissions from aerobic treatment of solid waste.

The Meth Panel intends to recommend these draft top-down methodology and tools for their consideration by the Board at a future meeting.

19. ► **Note:** The Board may wish to take note that, in response to the task of developing standardized baselines as contained in the 2011 work plan of the Meth Panel, the Meth Panel:

(a) Further considered which approved methodologies could be used to derive standardized baselines with a view to recommend a first standardized baseline to the Board at a future meeting; and



(b) Reviewed the document “Draft framework for the establishment of sector specific standardized baselines”, as contained in annex 2 of the annotations of the sixty-second meeting of the Board, and provided remarks on the draft for their consideration by the Board. The information note containing the remarks is contained in annex 11 of the report of the fiftieth meeting of the Meth Panel.

20. ► **Note:** The Board may wish to take note that the Meth Panel reviewed the document “Draft standard on consideration of suppressed demand in CDM methodologies”, as contained in annex 1 of the proposed annotations of the sixty-second meeting of the Board, and agreed to recommend to the Board to take into account the following issues related to suppressed demand:

- (a) Poverty and inadequate supply of basic human needs is a serious issue;
- (b) The standard could provide a clear definition of the concept of suppressed demand, in line with CDM modalities and procedures;
- (c) The document could benefit from more guidance on the minimum service level, including on how data is selected and the periodicity of updates of the data;
- (d) Further specification to which areas/sectors/project types the standard is applicable could be inserted (e.g., household sector);
- (e) Whether a geographical and social limitation (e.g., least developed countries) is needed for the application of the standard;
- (f) The concept of suppressed demand has been implemented implicitly and explicitly in some approved large-scale and small-scale methodologies, hence it is important that any new guidance on suppressed demand considers the impact it may have on existing methodologies.

The panel also recommended to the Board to ask for public inputs before approving the standard.

21. ► **Note:** The Board may wish to take note that, in response to the task of supporting the secretariat on the development of tables of calculation for approved methodologies as contained in the 2011 work plan of the Meth Panel, the Meth Panel agreed to initiate the assessment of a calculation table for the “Tool to calculate the emission factor for an electricity system” with a view to finalize the assessment at its next meeting.

22. ► **Note:** The Board may wish to take note that the fifty-first meeting of the Meth Panel will be held from 15 to 19 August 2011, as per annex 29 of the report of the sixtieth meeting of the Board.

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