



**Approved baseline and monitoring methodology/
methodological tool clarification response form
(Version 02.0)**

INFORMATION TO BE COMPLETED BY THE SECRETARIAT OR PANEL/WG

Date and number of Panel/WG meeting:	05–09 October 2015 / MP 68
Title/Subject of the request for clarification:	Clarification on the applicability of a methodology for installation of cogeneration units to supply heat and power
Reference number of the request for clarification:	AM_CLA_0272
Exact reference (number, title and version) of the methodology or methodological tool to which the request for clarification applies:	AM0048 “New cogeneration project activities supplying electricity and heat to multiple customers --- Version 4.0” AM0014 “Fossil fuel based cogeneration for identified recipient facility(ies) --- Version 5.0”
Fast track or Regular track:	<input type="checkbox"/> Fast track <input checked="" type="checkbox"/> Regular track

Summary of the request for clarification

Original text from PP:

Daya Energy Industries Development Ltd. and Niroo Research Institute is aiming to develop a Program of Activity for CHP development in Iran.

The program involves installation of cogeneration unit to supply heat for residential/commercial building and industrial facility and also power to the national grid. In the absence of the project, the electricity and heat demand is fulfilled in separate systems (electricity is supplied from grid and heat is generated in boiler or central heating room and facilities).

The related methodologies considered, AM0048 and AM0014 are more suitable than the other ones. According to the paragraph 3.(a) in methodology AM0014 version 05.0, electricity generated under the project must be supplied primarily to the recipient facility (ies) and excess can be supplied to a power grid and no emission reduction can be claimed from the excess electricity supplied to the grid while electricity generated in the project activity supplied to the grid and there is no recipient facility(ies) directly which leads reducing transmission losses by feeding the grid at the end point (district distribution substation). In the other words, aim of this program in addition to other cogeneration benefits is reducing transmission losses in the grid which is approximately 30% in Iran. Therefore this program contributes in GHG emission reduction by eliminating such losses that would have otherwise been generated by thermal power plants connected to the grid which is dominated by more than 90% share.

On the other hand, in AM0048 methodology, based on paragraph 4, the methodology is only applicable, if baseline scenario of electricity and heat generation is construction of a new fossil fuel generation facility separately while in the baseline of the program, heat and electricity will be generated from existing facility and the national grid respectively. It's worth mentioning that the previous version of AM0048 (version 03.1) is fully compatible.

Considering above, following questions have been made:

- 1) Based on the program situation, which methodology is more suitable without requesting modification?
- 2) Based on what understood from AM0048 v4, baseline scenario: there is no heat or electricity supplier (grid or generation facility (ies)) in the absence of program and construction of a new heat and electricity generation unit is required. Therefore, baseline emission will be calculated based on reference energy facility that would have not been existing in the absence of the project activity! While

in the absence of the project activity heat and electricity are supplied from existing facilities and the grid respectively. Please clarify the baseline scenario for emission reduction calculation and also notwithstanding the existing situation, emission reduction should calculate based on reference energy generation facilities.

- 3) Is it possible to use AM0048 version 03.1 (the previous version which is completely compatible) in the program without requesting modification?
- 4) Is it possible to request a minor change in AM0014 that feeding the grid is to be one of the alternatives as mentioned above at distribution substation and its ER would be claimable?

Clarification by the secretariat or Panel/WG

The Meth Panel would like to thank the author of this submission. The Meth Panel would like to clarify as follows:

Response to 1: For the described underlying project being an installation of a new cogeneration facility (project activity) where in the absence of the project activity the displaced demand for heat is supplied in existing facilities whereas electricity is supplied only by the grid, the current version of AM0014, ver 05 is not suitable for reasons described below (also see response 4).

AM0014, ver 05 applies in cases where the electricity generated in the project activity shall be supplied primarily to those recipient facility(ies) that were prior identified in the PDD, and excess can be supplied to a power grid. No emission reductions can be claimed from the excess electricity supplied to the grid or customers that are not included in the project boundary. Also heat generated in the project activity is supplied primarily to the recipient facility(ies) and excess can be supplied to a heat network. No emission reductions can be claimed from the excess heat supplied to the heat network

For the suitability for AM 0048 with the underlying project, see response 2 below.

Response to 2: As per Section 5.4 of AM0048, ver 04 the most plausible baseline scenario for a new cogeneration facility (project activity) is the separate construction and operation of: (a) new electricity generation facility; and (b) new fossil fuel based heat generation facility that uses the same fuel as the project activity. The resulting baseline scenario constitutes the reference energy generation facility, which is the most plausible facility generating power and heat in absence of the project activity.

AM0048, ver 04 does not require an assessment of how the existing recipient facilities were supplied heat and/or electricity in the baseline. The project activity can generate and supply electricity and/or heat directly to recipient facility(ies) and or the grid or heat networks provided it is demonstrated that baseline is separate generation of electricity and heat using same fuel as of the project activity.

Thus, AM0048 would become suitable where all the above conditions including those of the current approved methodology for the underlying proposed project activity are met.

Response to 3: As per the Project Standard (see paragraph 36) project participants shall only use the valid version of the selected approved methodology, which in this instance would be AM0048 version 04.0 and shall not use AM0048 version 3.1.

Response to 4: The Meth Panel is of the view that AM0014 does not apply, while AM0048 could be suitable and therefore encourages the project proponent to submit a new methodology in case it wishes to do so that apply to underlying project. Also, a new consolidated methodology "ACM00XX: Fossil fuel based cogeneration for identified recipient facility(ies)", is being recommended by the Meth Panel at its sixty-eighth meeting for adoption by the CDM executive board at its 87th meeting. The PP is encouraged to review whether the new consolidated methodology fits their purpose.

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Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
02.0	18 July 2013	Revised to remove the row "Date and signature of the chair and vice chair of Panel/WG (in case of clarification by Panel/WG)"
01.0	4 July 2013	Initial publication. This document supersedes and replaces the following documents: <ul style="list-style-type: none">• Recommendation Form for Small Scale Methodologies (F-CDM-SSCwg) (Version 01.1)• Recommendation Form for Small Scale A/R Methodologies and Procedures (F-CDM-SSC-AR) (Version 01.1)
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