

 <p style="text-align: center;"><b>CDM: Response form for Request for revision of approved methodologies (version 01.1)</b></p>	
<i>Date of Meth Panel meeting:</i>	9 – 13 August 2010
<i>Title and number of Request for revision</i>	Revision to expand the scope of AM0050 methodology to include different conditions, data sources etc AM_REV_0195
<p><b>Summary of the query:</b></p> <p>Please use the space below to summarize the request for revision on the related approved methodologies.</p>	
<p>AM0050 “Feed switch in integrated Ammonia-urea manufacturing industry” is applicable to project activities that partially or totally switch feed stock from naphtha to natural gas in existing integrated ammonia-urea manufacturing facilities.</p> <p>The request for revision seeks to broaden the applicability conditions, to revise the monitoring procedures of several parameters, to update the methane leakage emissions, and to address some issues raised by the Secretariat in its response to a deviation request.</p> <p>A summary of the proposed revisions:</p> <ol style="list-style-type: none"> <li>(1) The methodology’s applicability is expanded from the use of carbon dioxide recovery (CDR) plant to provide sufficient carbon for the urea production. The project activities alternatively could generate the required carbon with additional natural gas.</li> <li>(2) The quantity of steam and electricity required for the ammonia production in the project scenario may be lower than the baseline scenario.</li> <li>(3) One project boundary diagram is added to illustrate the additional type of project activity from Revision #1.</li> <li>(4) Instead of monitoring, the carbon fraction of naphtha in the baseline scenario may be calculated using an equation from a national standard.</li> <li>(5) Instead of monitoring, the carbon fraction of naphtha in the project scenario may be calculated using an equation from a national standard.</li> <li>(6) An alternative method was proposed for crosschecking the naphtha used as fuel and feed in the baseline scenario.</li> <li>(7) An alternative source of data was proposed for the net calorific value of fuels used in the baseline scenario.</li> <li>(8) An alternative source of data was proposed for the carbon content of natural gas used as feed in the project scenario.</li> <li>(9) The procedures to calculate the upstream leakage emissions from ACM0009 was proposed to replace the existing procedures.</li> <li>(10) The monitoring requirements were supplemented to address the earlier assessment by the Secretariat.</li> </ol>	

**Recommendation by the Meth Panel:**

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

Not applicable.

(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

The Meth Panel recommends not to approve the request for revision for the following reasons:

- Revisions #1, #3 and #10 relate to the issues that arise from the expansion of the methodology's applicability beyond the installation of CDR equipment, in order to meet the carbon deficit resulting from the feed switch from naphtha to natural gas.

Since (i) the proposed project activities seem not to involve major capital investment, in comparison to a CDR plant, while resulting in savings of fuel, and (ii) the project proponents did not demonstrate that the switch from naphtha to natural gas and back cannot be easily undertaken following the relative prices of natural gas and naphtha, the additionality of the proposed type of project activities would need to be further substantiated beyond the procedures currently included in AM0050.

The other issue with the proposed revisions is that there is no procedure to demonstrate the compliance with this existing applicability condition: *Project activities do not result in changes in the production processes (e.g. as a result of product change) other than the feed switch*. The proposed project activity clearly implies the switch of thermal energy fuel from naphtha to hydrogen-rich synthesis gas and/or natural gas.

- For Revision #2, the revised methodology needs to explicitly state that the financial savings from reduction of electricity and steam requirements should be accounted for in the additionality analysis.
- Revisions #4 and #5 aim to provide an alternative to the monitoring of naphtha's carbon fraction and are based on an equation from a national standard. Although the project proponents included a copy of the two pages that contain the equation, information on the purpose and applicability of the national standard and the basis for these equations is not provided. The accuracy of estimating naphtha's carbon fraction with this formula should also be further substantiated. Since the standard is country-specific, the project proponents should also provide information on the availability of the data required to apply the equation in other parts of the world.

According to the national standard, the set of equations, among which, one was proposed for the estimation of naphtha's carbon fraction in this revision, are applicable for water-, ash- and sulphur-free pure hydrocarbon, while the feed naphtha is not considered to be water-, ash- and sulphur-free pure hydrocarbon.

In addition, carbon fraction of naphtha is an important parameter in the calculation of emission reductions. However, no evidence is provided to prove that this equation could substitute the monitoring of the carbon fraction in a conservative manner.

- Regarding Revision #8, the project proponents should specify how the specific gravity data would be used to estimate the carbon content of natural gas.

- Revision #9 seeks to modify the procedure to estimate the upstream emissions from the production, processing, transport and distribution of natural gas. ACM0009 uses upstream emission factors from the 1996 IPCC Guidelines, which is not as up-to-date as the AM0050 emission factors from the 2006 IPCC Guidelines. Therefore, the proposed alternative is not appropriate to replace the upstream emission factors currently in AM0050. Furthermore, as AM0050 is about a switch in feedstock, a project activity should not get CERs from a decrease of upstream emissions associated to a switch in fossil fuel use for energy supply (this could happen with a switch from coal to natural gas if the ACM0009 table would be used).

Signed by the Chair, Mr. Lex de Jonge

Date: 13/08/2010

Signed by the Vice-Chair, Mr. Philip Gwage

Date: 13/08/2010

**Information to be completed by the secretariat**

F-CDM-AM	AM_REV_0195
Name of the authors of the query:	DNV
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