



**CDM: Response form for Request for revision of approved methodologies
(version 01.1)**

<i>Date of Meth Panel meeting:</i>	23 - 27 January 2012
<i>Title and number of Request for revision</i>	Revision of AM0050 to expand its applicability of the situations where it is presently not applicable AM_REV_0230

Summary of the query:

Please use the space below to summarize the request for revision on the related approved methodologies.

This request for revision proposes amendments in the approved methodology AM0050, version 2.1, in order to expand its applicability and enhance its usability. In particular it is proposed to extend the applicability of the methodology to the following situations:

- (a) Ammonia is produced in the facilities where the entire produced quantity may not be used in the production of urea;
- (b) Baseline hydrocarbon feedstock and/or fuel in the production of ammonia may or may not include naphtha;
- (c) Variations in the production capacity of ammonia due to line balancing has been capped to 10% (maximum) of the designed capacity and will remain same throughout the crediting period;
- (d) There is a change in the fuel mix used in the boilers to generate process steam and/or power. (No change in the capacity and product mix to produce different product types e.g. the proportion of a particular type of product produced in the total product mix should remain same before and after the implementation of project activity.);
- (e) There is a variation in specific consumption of power and steam due to the project activity (this variation is proposed to be taken care by including the emissions due to use of fossil fuels for utilities (both power and steam) for in the baseline situation and post implementation of the project activity.);
- (f) There is Import/Export of power from/to the grid;
- (g) In case of shortfall in the requirement of carbon dioxide (CO₂) for production of urea the same will not be recovered from the flue gases in a Carbon Dioxide Recovery (CDR) unit.

The approved methodology AM0050, version 2.1, is not applicable to the project activities where any of the above situations is present. It is claimed that the applicability conditions restricting applicability of the methodology in the situations presented as a) to g) above do not allow the use of methodology in many of the practical situations of the project activity of switching the feed stock for production of ammonia to the hydrocarbons with lower Green House Gas (GHG) emission intensity.

In a process plant for production of ammonia, since the extent of emission of GHGs from different sources of emissions within the process plant are interdependent, it is proposed to use an input-output approach at an aggregate level for determining the baseline emissions and the project emissions.

This is against the present approach in the approved methodology AM0050, version 2.1 wherein any possible variations in the emissions of GHGs due to actions such as change in production capacity, utility consumption pattern etc., are not allowed and the applicability of the methodology is largely restricted.

In the request for revision the reasons are provided for expanding the applicability of the methodology for different situations and it is also explained that how the changed situation has been taken care in the proposed revision.

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 agrees that the revision would improve applicability and enhance the usability of the methodology. However, it is of the view that the revision is a major departure from the original intention and spirit of the methodology. With the required changes the methodology would cover almost any CO₂ improvement in an existing ammonia plant opening widely the scope of the original methodology, that is restricted to feed switch in an existing integrated ammonia-urea plant. It is recommended that a new methodology is submitted for the project types covered under the revision, due to the following main issues identified with the request for revision.

(1) The revision requires that ammonia can be used for any other use apart from making of urea and therefore can be sold in the open market for the production of any other chemical. Although the feedstock switch reduces the excess CO₂ that is released to atmosphere from the CO₂ removal section in the project facility, the baseline scenario for the chemical produced using the additional ammonia produced by the project plant (as a result of line balancing) also needs to be determined. For example, it needs to be methodically ascertained and fixed that additional ammonia supplied by the project plant does not replace ammonia that is produced with an even cleaner process in an other industrial facility. In the existing version of the methodology, since all the ammonia is used for urea production in the integrated facility, it is reasonable to assume that the historical situation represents the baseline scenario.

(2) The revision requires that the emission reduction credits are claimed due to feedstock switch, fuel switch and saving of steam and the revision allows the export of power to grid (if any). It also allows the ammonia production to vary +/-10% as compared to pre-project scenario. This implies that there are many other mitigation actions, apart from feedstock switch, that can be benefited by CDM using this methodology. The additionality section will have to be modified to provide specific guidance in this regard. For example the increased revenue due to the sale of additional ammonia (or increase in urea production, if any), improved heat recovery, saving on fuel and export of power to grid has to be taken into account.

(3) In order to demonstrate the additionality of each package (refer to AM0061 on rehabilitation of power plant) it would be required to estimate the impact (and revenues) of each package of actions and investment on each package.

(4) The project boundary is now restricted to the ammonia plant ; in case of an an integrated ammonia-urea project plant it would be required to verify that the actions undertaken in the ammonia section have no impact on the energy/CO₂ balance of the urea section.

(5) Since the method of calculation of emission reduction is completely different as compared to the existing version (input-output balance approach), submission of new methodology is more appropriate.

Signed by the Chair, Mr. Philip Gwage

Date: 27/01/2012

Signed by the Vice-Chair, Mr. Lex de Jonge

Date: 27/01/2012

Information to be completed by the secretariat	
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