



CDM: Recommendation Form for Small Scale Methodologies (version 01)

(To be used for presenting questions/proposals/amendments to the simplified methodologies for small-scale CDM project activity categories)

Date of SSC WG meeting:	24–27 February 2009, SSC WG 19
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Revision of AMS-III.Q to allow new captive plants
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	AMS-III.Q version 02
Name of the authors of the query:	Takeshi Miyata Institution: Mitsubishi UFJ Securities Co., Ltd. miyata-takeshi@sc.mufig.jp

Summary of the query:

Please use the space below to summarize the query related to SSC methodologies/categories SSC Modalities and Procedures provide recommendation/analysis of the SSC WG.

Original text from PP:

We would like to request a few changes in the AMS III Q ver.2 as proposed below.

The proposed project activity involves installation of a new captive power plant in which steam will be partially generated from Waste Heat Recovery Boilers (WHRBs) and partially from a fossil fuel based Circulating Fluidized Bed Combustion (CFBC) boiler. Electricity generated through the WHRBs will be considered emission free and will replace equivalent electricity that would have been generated using fossil fuels.

Our proposed change in the methodology is to add a new captive power plant as a possible baseline scenario.

The Project developer operates a sponge iron plant and currently imports required electricity from the grid. However, due to recent economic growth in the region, grid is experiencing blackout and brownouts, affecting operations of the developer. Due to this reason, the developer has made a decision to become completely independent from the grid by installing a 20MW captive power plant, which will be just enough to provide all the necessary power needed for their operations.

The Project involves installation of a 20MW power generation unit with a CFBC boiler (capacity of 75 TPH) together with three WHRBs (total capacity of 30.5 TPH), which will utilize wasted heat from the Direct Reduction Iron (DRI) kilns at the project site. Due to limited heat availability and load factor of the WHRBs, the CFBC will serve as the primary boiler, providing over 88% of required steam, while WHRBs will be considered secondary, providing remaining 12% maximum.

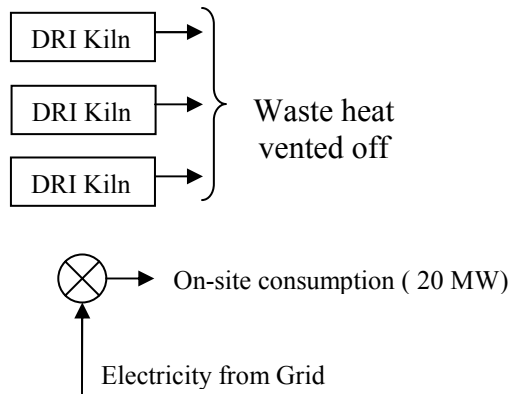
Since for the project developer, generation of the required steam through a larger CFBC boiler with a capacity of 85 THP (and no WHRBs) is more economically attractive proposition than to develop the Project, in absence of the proposed CDM project activity (a smaller CFBC boiler with a capacity of 75 TPH and three WHRBs) the developer would build a larger CFBC boiler with a capacity of 85 TPH. Therefore, the CFBC boiler with a capacity of 85 TPH should be considered as the baseline, while power generated from the WHRBs under the Project activity will reduce emissions that would have been emitted

from the 85 THP capacity CFBC in the baseline.

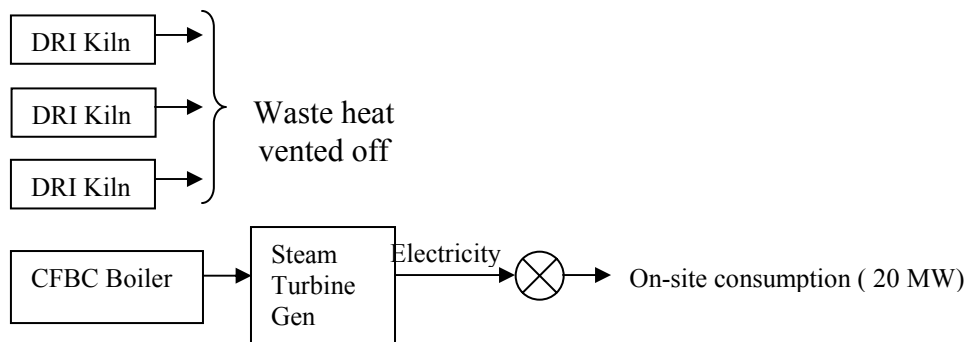
However, the current methodology AMS-III Q Ver. 2 does not allow a new captive power plant to be the baseline, as equation (2) excludes new captive power plant. Considering the fact that ACM0012 ver. 3.1 equation (1a-11), which is same as the equation (2) of the AMS-III Q ver.2, allows to be applied for a new captive power plant, it is reasonable to amend the AMS-III Q ver. 2 to allow new captive power plant. In addition, paragraph 9 should be amended to include new captive plant, accordingly.

For proposed changes, please refer to the attached methodology.

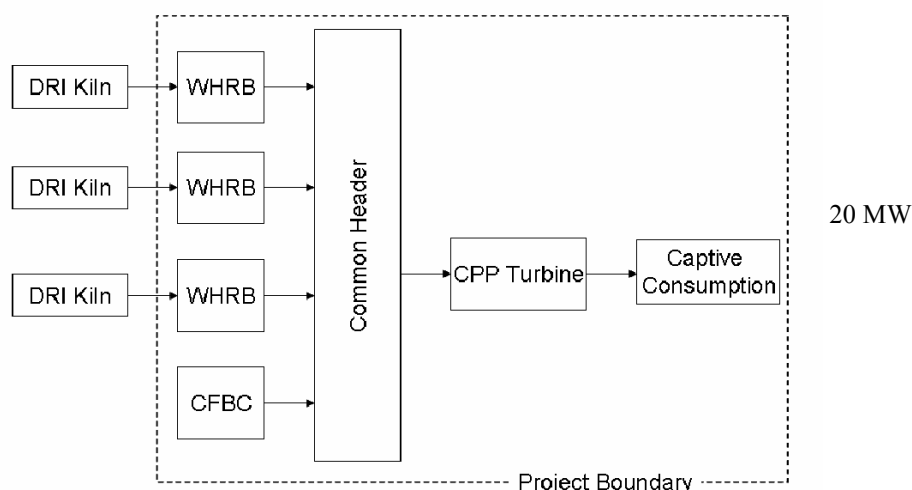
Diagrammatic representation of Existing Facility:



Diagrammatic representation of Proposed Baseline (hypothetical):



Diagrammatic representation of project activity

**Recommendation by the SSC WG:**

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

Please refer to paragraph 14 of the meeting report of the SSC WG 19
http://cdm.unfccc.int/Panels/ssc_wg.

Answer to authors of query by the SSC WG:

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

The small-scale working group of the CDM Executive Board would like to thank the author for the submission.

The SSC WG agreed to clarify that in principle the applicability of AMS-III.Q can be broadened to include new captive power plant in the baseline in the existing facility. However, the SSC WG noted that the current version of the methodology does not provide guidance on determining baseline fuel/scenario. As an example, no guidance is provided to demonstrate that the baseline is not the grid (e.g. due to its poor reliability), but a hypothetical captive plant that would have been built in the absence of the project activity.

The project proponent may consider submitting a request for revision considering elements from ACM0012 and including guidance specifying situations under which the grid cannot be considered as the baseline although the plant is grid connected.

Signature of SSC WG Chair

(Hugh Sealy)

Date: 27/02/2009

Signature of SSC WG Vice-Chair

(Peer Stiansen)

Date: 27/02/2009

Information to be completed by the secretariat	
SSC-Submission number	SSC_275
Date when the form was received at UNFCCC secretariat	27 February 2009
Date of transmission to the EB	27 February 2009
Date of posting in the UNFCCC CDM web site	27 February 2009