## 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)***

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| *Date of SSC WG meeting:* | As per procedures for fast track clarifications |
| *Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):* | Query on one of the applicability conditions of AMS-III.Q. |
| *Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.* | AMS-III.Q. |
| *Name of the authors of the query:* | Institution: Emergent Ventures India Private Ltd.<br><br>E-mail: anjan@emergent-ventures.com; atul@emergent-ventures.com |

**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.

Two clarifications on the applicability of approved methodology AMS-III.Q. have been requested.

(A) It needs to be clarified if AMS-III.Q. is applicable to a project activity that involves production of steam in a waste heat recovery boiler (utilising waste heat from gas based IC engines) and where the produced steam is sold to an adjacent plant through a steam purchase agreement between the parties. The distance between the generation and consumption points is within 400m only and consequently there is no change in steam properties during transport.

(B) It needs to be clarified why an exception is made for electricity generated and exported but not for steam that is produced and exported in the approved methodology AMS-III.Q. AMS-III.Q. states "Energy generated in the project activity **shall be used within the facility where the waste gas/heat or waste pressure is produced.** An exception is made for the electricity generated by the project activity which may be exported to the grid".

**Recommendation by the SSC WG :**

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

This recommendation is as per the procedures for fast track clarifications as specified in paragraph 8 of the 'procedures for the submission and consideration of request for clarification of approved small-scale methodologies' found at http://cdm.unfccc.int/Reference/Procedures/MethSSC_proc01_EB34a06.pdf.

**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.

One of the requirements of AMS-III.Q. as stated in the applicability conditions is that the "the energy produced with the recovered waste gas/heat or waste pressure should be measurable". This is further

elaborated in the monitoring section where metering the thermal and/or electrical energy produced with the recovered waste gas/heat or pressure has been stipulated to calculate the baseline emissions. More importantly methodology requires that, as stated in paragraph 11, project emissions be accounted for i.e. 'project emissions include emissions due to combustion of auxiliary fuel to supplement waste gas and emissions due to consumption of electricity by the project activity'. Further the methodology directs to approved methodology AMS-I.C. as follows: "For computing the emissions in the baseline the procedure provided in paragraphs 6 to 13 of AMS-I.C. shall be used". For the particular situation in question paragraph 10 of AMS-I.C. as below is applicable:

"For steam/heat produced using fossil fuels the baseline emissions are calculated as follows:

$$\mathbf{BEy = HGy * EF\ CO_2 / \eta_{th}}$$

Where:

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| BEy | the baseline emissions from steam/heat displaced by the project activity during the year y in $tCO_2e$. |
| HGy | the net quantity of steam/heat supplied by the project activity during the year y in TJ. |
| $EFCO_2$ | the $CO_2$ emission factor per unit of energy of the fuel that would have been used in the baseline plant in ($tCO_2$ / TJ), obtained from reliable local or national data if available, otherwise, IPCC default emission factors are used. |
| $\eta_{th}$ | the efficiency of the plant using fossil fuel that would have been used in the absence of the project activity." |

From the above it is evident there is need to have critical information about the plant or section of the plant where the exported steam is utilised in an end use. Such information includes the fossil fuel use in the baseline, the efficiency of plant while using the fossil fuel and finally any auxiliary fuel consumption.

It is understood from the submission (clarification request A) that the steam produced through waste gas recovery will be sold to an adjacent plant but information on actual end use of the steam in the adjacent plant and how the steam is produced in the baseline is not available. In such situations AMS-III.Q. in its current form is not applicable and will not be applicable even with minor modifications of the relevant applicability condition where these basic information is not available. Further it is also not clear how potential double counting of emission reductions is avoided, as there is no mention of any contractual agreement between the producer of the steam and end user of the steam to ensure there is no claim from the latter for emission reductions. In addition given the producer of the steam is claiming emission reductions and end use of the steam is not included in the boundary and monitored, it is not clear how it is ensured that all the steam produced is utilised in a useful application.

If, however, it is possible to include the end use of the steam in the boundary and monitor the consumption, the author of the submission may propose a revision of AMS-III.Q. taking into account the above comments.

As regards clarification (B) on why an exception is made for the electricity generated by the project activity which may be exported to the grid, there is already an established method to compute grid emission factor by the combined margin approach that takes into account the electricity generated in the operating and build margins. The situation here is different as compared to clarification (A) as there is a uniform useful output from the project activity that can be measured easily i.e. electricity that is fed into the grid needs to meet certain requirements for example the specific range of voltage, power factor and frequency.

Signature of SSC WG Chair ……..

*(Ulrika Raab)*

Date: 18/12/2007

Signature of SSC WG Vice-Chair ……..

*(Richard Muyungi)*

Date: 18/12/2007

| **Information to be completed by the secretariat** | |
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