



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

Thirty-sixth meeting

ADDENDUM 2

UNFCCC
Bali, Indonesia
26 - 30 November 2007

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3. Work plan

(b) Methodologies for baselines and monitoring

1. ► **Action:** The Board may wish to take note of the report of the thirtieth meeting of the Methodologies Panel on baseline and monitoring methodologies (Meth Panel), and an oral report by the Chair of the panel, Mr. Akihiro Kuroki, on the work of the panel.

Background: The Meth Panel held its twenty-ninth meeting in Bonn, Germany on 12 - 16 November 2007 and undertook its work in two parallel groups. The Meth Panel dealt with general issues relating to case-specific issues process, methodological clarifications, guidance and other issues, as specified below.

Case specific

2. ► **Action:** Taking into consideration the inputs by experts (desk reviewers) and the public, the Board may wish, based on recommendations of the Meth Panel (see MP30 report), to:

(a) Approve cases NM0197-rev, NM0202-rev, NM0203-rev, NM0230 and NM0236 as methodologies, contained in annexes 1 to 3 and 7 and 9 respectively of the Meth Panel report (see MP30 report);

(b) Approve the draft methodology based on cases NM0212 and NM0222, as contained in annex 4 of Meth Panel report (see MP30 report) with one of the following options:

- (i) Limit the applicability of the methodology to project activities that use gases other than SO₂ and NOVEC-612 as cover gas; or
- (ii) Limit the applicability of the methodology to project activities that use gases other than SO₂ as cover gas; or
- (iii) Not to limit the applicability of the methodology.

(c) Approve the case NM0227, as integrated with AM0009 and contained in annex 5 of the Meth Panel report (see MP30 report), with one of the following two options for expanding the applicability of AM0009 to project activities that currently vent associate gas:

- (i) Baseline emissions are considered as emissions from venting; or
- (ii) Baseline emissions, whether vented or flared, are considered as emissions from flaring as a conservative baseline over the whole crediting period.

(d) Approve the case NM0231 as a methodology, contained in the annex 8 of the Meth Panel report (see MP30 report), with one of the following two options:

- (i) To make the draft approved methodology applicable to green field project activities; or
- (ii) To limit the applicability of the draft approved methodology to project activities implemented in an existing facility.

(e) Approve the case NM0228 and NM0233, integrated with the approved methodology AM0047, as contained in the annexes 6 of the Meth Panel report (see MP30 report).



(f) Not to approve case NM0216-rev, NM0225, NM0229, NM0232, NM0234, NM0237, and NM0240 that, if revised taking into account comments, can be resubmitted but will require new expert and public input.

Background: Information on methodologies currently under consideration by the Board and the Meth Panel are available on the UNFCCC CDM website¹. The Meth Panel agreed on preliminary recommendations to project participants for the proposal NM0235, NM0238, NM0239, NM0241, NM0242, and NM0243.

The panel has provided a conservative default value for the destruction factor of SF6 for estimating the baseline emissions of SF6 for the draft methodology based on cases NM0212 and NM0222 (see paragraph 8 of MP30 report). Furthermore, the draft methodology, as proposed, is applicable to all gases including NOVEC-612 and SO2 as a cover gas. The panel is of the view that although NOVEC-612 does not have officially approved value of GWP, project activities using this gas could be allowed under this methodology (see paragraph 9 of MP30 report). The panel also is of the view that use of SO2 as cover gas in project activity should not be allowed on environmental health grounds (see paragraph 9 of MP30 report).

The panel, in discussing the case NM0227, was of the view that venting as the baseline scenario should not be allowed, as in case of venting uncertainty in baseline identification would be relatively high. It also noted that in a number of both developed and developing countries, associated gas is vented to varying degrees (see paragraph 13 of MP30 report).

The Board at its thirty-fifth meeting requested the panel to reconsider the revision of AM0047 to integrate case NM0228 (see paragraph 13 of thirty-fifth meeting report). The panel analysed the upstream emissions from the production of biofuels and petrodiesel and concluded that the emissions from the cultivation of biomass for use as feedstock in biofuel production may in some situations be less than those for the production of petrodiesel, but for other situations and crops they may be larger. The panel in line with Board's suggestion has simplified the methodology (see paragraph 23 of MP30 report). Furthermore, the panel revised AM0047 to incorporate the case NM0233 and answer the request for revision AM_REV_0070.

Responses to clarifications

3. **► Action:** The Board may wish to take note and agree to the responses to the requests for clarifications AM_CLA_0057 to AM_CLA_0062, as provided by the panel and referred to in the Meth Panel report (see Table 1 of MP30 report).

Background: Information on the clarification to methodologies is available on the UNFCCC CDM website (<<http://cdm.unfccc.int/goto/MPclar>>).

Responses to requests for revisions and resultant revision of approved methodologies

4. **► Action:** The Board may wish to agree to the following responses to revisions and the resultant revision of the approved methodologies, as referred to in the Meth Panel report (see Table 2 of MP30 report):

(a) Not to accept request AM_REV_0063 concerning AM0025 requesting a revision to incorporate an alternate method to estimate credit emission reduction for composting activity to the FOD model presently provided in the approved methodology.

(b) Accept request AM_REV_0064 concerning AM0057 requesting a revision to expand the applicability to project activities that avoid methane emissions from agricultural residues by utilizing it as a raw material in bio-oil production, as contained in annex 12 of the Meth Panel report (see MP30 report).

¹ See <<http://cdm.unfccc.int/goto/MPpappmeth>>



(c) Not to accept request AM_REV_0065 concerning ACM0006 requesting a revision to add a new scenario (scenario 21) for project activities that installs a new single- or co-fired cogeneration plant where the baseline is also single- or co-fired cogeneration.

(d) Not to accept request AM_REV_0066 concerning AM0025 requesting to expand the applicability of the approved methodology to project activities that uses solid municipal waste, which in absence of the project activity would have been incinerated, to generate electricity.

(e) Not to accept request AM_REV_0067 concerning AM0028 requesting a revision to expand the applicability to project activities that destroy N₂O in new acid production facilities, where it can be demonstrated that the decision to build the new nitric acid plant was made without any reference to CDM.

(f) Not to accept request AM_REV_0068 concerning AM0036 requesting to expand the applicability of the approved methodology to project activities that along with the replacement of existing equipment, expand the production capacity as well as energy generation capacity of the facility where the project activity is implemented.

(g) Not to accept request AM_REV_0069 concerning AM0014 requesting a revision to expand the applicability to project activities: (i) that are implemented in a new facilities; (ii) where in the baseline electricity would have been supplied by the grid or fossil fuel based dedicated captive power plants; and (iii) where in the energy used in project case would have been come from other energy forms in the baseline.

(h) Accept request AM_REV_0070 concerning AM0047 requesting a revision to expand the applicability to project activities that produce biodiesel from oil seeds grown on unutilized or marginal lands with uneconomical agricultural productivity, as contained in annex 6 of the Meth Panel report (see MP30 report).

Background: Information on the revisions to methodologies is available on the UNFCCC CDM website (<<http://cdm.unfccc.int/goto/MPprev>>).

Revision/consolidation of approved methodologies

5. **► Action:** The Board may wish to approve the revision of the following approved methodologies and methodological tools:

(a) **AM0021:** to align the approved methodologies with the present format of approved methodologies, as contained in annex 10 of the Meth Panel report (see paragraph 14 of MP30 report).

(b) **AM0030:** to update the methodology, based on the 2006 IPCC guidelines, procedures to estimate baseline emission factors for PFC emissions. The draft revision is contained in annex 11 of the Meth Panel report (see MP29 report).

(c) **ACM0001:** to clarify the procedure to calculate the Adjustment Factor, where in the baseline the landfill gas was captured and destroyed/used. Furthermore, it clarified how to apply the “Tool to determine methane emissions avoided from the dumping waste at a solid waste disposal site” for estimating ex-ante landfill gas emissions over the crediting period. The draft revision is contained in annex 13 of the Meth Panel report (see MP30 report).

(d) **ACM0002:** to clarify that (i) that the methodology is applicable to project activities that increase the electricity generation through additional electricity generation equipment; (ii) removal of monitoring requirements for non-condensable gases in geothermal projects as these emissions are not accounted for; (iii) if the run-of-river hydro project have a reservoir then the applicability conditions regarding reservoirs apply; (iv) procedure to calculate the power density; and refer to (v) the “Tool to



calculate project or leakage CO₂ emissions from fossil fuel combustion; and (vi) the reference to the “Tool to estimate emission factor for an electricity system”. The draft revision is contained in annex 14 of the Meth Panel report (see paragraph 18 of MP30 report).

(e) **ACM0003:** clarifying that the approved consolidated methodology is applicable to fuel switch in any part of the clinker production facility where combustion takes place by clearly defining the clinker production area. The draft revision is contained in the annex 15 of Meth Panel report (see MP30 report).

(f) **Tool for assessment and demonstration of additionality:** to improve the following: (i) clarity in the conditions under which different approaches, provided in Step 2: Investment analysis, shall be used; and (ii) Clarity in the appropriate choice of the benchmark for the assessment of additionality when using benchmark analysis. The draft revision is contained in the annex 16 of Meth Panel report (see MP30 report).

Background: The approved methodology AM0021 was revised in response to the request by the Board. AM0030 was revised in response to the request for clarification AM_CLA_0060. ACM0001 was revised in response to the request for clarification AM_CLA_0057. ACM0002 was revised in response to the request for clarification AM_CLA_0061, AM_CLA_0062 and as requested by the Board. ACM0003 was revised in response to the request for clarification AM_CLA_0059.

6. **► Action:** The Board may wish to approve the consolidation of the approved methodology AM0013 and AM0022, which is for project activities that capture/avoid methane from industrial/waste water treatment and flare/use it. The consolidation also includes the “Tool to calculate project or leakage CO₂ emissions from fossil fuel combustion”; the “Tool to calculate project emissions from electricity consumption”; and the “Tool to calculate the emission factor for an electricity system”. The draft revision is contained in annex 17 of the Meth Panel report (see MP30 report).

7. **► Action:** The Board may wish to withdraw of the approved methodologies, AM0013 and AM0022.

Background: The approved methodology AM0013 “Avoided methane emissions from organic wastewater treatment” and AM0022 “Avoided Wastewater and On-site Energy Use Emissions in the Industrial Sector” were consolidated as requested by the Board at its thirty-second meeting.

8. **► Action:** The Board may wish to approve the consolidation of approved methodologies AM0033 and AM0040, as requested by the Board at its thirty-second meeting, which is for project activities that substitute non-carbonic raw materials in clinker production. The draft consolidation includes a reference to the “Tool to calculate emission factor for electricity systems”, “Combined tool for identification of baseline scenario and demonstration of additionality” and an expansion of the applicability to green field projects. The draft revision is contained in annex 18 of the Meth Panel report (see MP30 report).

9. **► Action:** The Board may wish to withdraw of the approved methodologies, AM0033 and AM0040.

Background: The approved methodologies AM0033 “Use of non-carbonated calcium sources in the raw mix for cement processing” and AM0040 “Baseline and monitoring methodology for project activities using alternative raw materials that contain carbonates in clinker manufacturing in cement kilns” were consolidated as requested by the Board at its thirty-second meeting. The approved methodology AM0033 uses the loss of ignition (LOI) method to estimate the CO₂ emissions from the use of carbonate material in the production of clinker. This method has not been included in the draft consolidation, as the panel concluded that the reliability of the LOI method for calculating CO₂ emission is low. The draft consolidation includes the method provided in approved methodology AM0040, which is based on methods that are commonly used by cement manufacturers to assess the quality of raw materials and output.



10. ► **Action:** The Board may wish to clarify that the applicability condition in scenario 14 of approved consolidated methodology ACM0006 “thermal firing capacity of the boiler should not be increased”, is added for the following reasons: (i) If the thermal firing capacity is increased, a capacity expansion takes place and the total power generation increase as a result of the project may be different from the level calculated using equation 16; (ii) a significant increase in thermal firing capacity allows using more biomass residues than historically used, which is not consistent with the baseline scenario where it is assumed that no additional levels of biomass residues are used; and (iii) in case of cogeneration plants, if the thermal firing capacity is increased, the project could generate more heat, thereby increasing the level of service provided. This situation is not reflected in the procedure for estimating emission reductions for scenario 14.

Background: The Board at its thirty-fifth meeting requested the Meth Panel to clarify the reasons for the applicability condition in scenario 14 of the approved consolidated methodology ACM0006 that the thermal firing capacity of the boiler should not be increased.

11. ► **Action:** The Board may wish to clarify that the applicability condition "Run-of-river hydro power plants; hydro power projects with existing reservoirs where the volume of the reservoir is not increased" shall only comprise of situations that do not result in an increase of the area of the water reservoir whatsoever. Therefore, if the run-of-river hydro project results in an increase of the water reservoir or has a reservoir then the applicability conditions regarding reservoirs shall apply and be checked.

Background: The Meth Panel recommended to the Board the approval of a revision of the approved consolidated methodology ACM0002 in response to the request for clarification AM_CLA_0061, AM_CLA_0062 and as requested by the Board.

General guidance

12. **Action:** The panel requested the Board to provide additional guidance regarding the guidance provided in paragraph 22 of the Board’s thirty-fifth meeting report. The panel requested whether sampling can be considered as monitoring method in accordance with the guidance provided by the Board.

Background: The Board at its thirty-fifth meeting gave the guidance “project activities that result in emission reductions due to the use/consumption of a product produced in the project activity are only eligible as CDM project activity if: (i) the users/consumers of the product are included in the project boundary; and (ii) monitoring takes place of the actual use/consumption and location of the product used/consumed by consumers”. The guidance was given in response to the panel’s request based on case for project activities that produce nimin coated urea fertilizer which leads to a smaller quantity of N₂O emissions from agricultural fields than regular urea. The project activity does not include the farmers within the project boundary and only monitors the manufacture and sale of fertilizer. The panel requested this as the current guidance, if applied as such, may exclude project activities where producers of energy efficient appliances seek CDM benefit to use better efficiency appliances that would not have been produced in the absence of the project activity.

13. ► **Note:** The Board may wish to take note that the panel agreed to start work on developing default emission factors for the cultivation of biomass to simplify the use of the approved methodology for biofuel production, where the raw material production is within the project boundary.

Background: The panel in considered the request by the Board to reconsider the revision of AM0047 integrating NM0228, recognized that default emission factors for cultivation would help simplify the application of methodology to project activities that grow feedstock for biofuel production on degraded or underutilized land.



14. ► **Note:** The Board may wish to take note that the panel considered the request by the Board to revise the approved methodologies AM0018 and AM0001, as requested by the Board at its thirty-fifth meeting, and shall provide a revision for consideration at the Board's thirty-eighth meeting.

Background: The Board at its last meeting request the panel to revise the approved methodology AM0018 and AM0001.

15. ► **Note:** The Board may wish to take note that the panel due to time constraints and the large number of proposed new methodologies could not consider the Board's request regarding pro and cons for project activities that: (i) reduce the consumption of a raw material, which is produced outside the project boundary; and (ii) where one cannot ensure that the raw material use, which is avoided by the project activity, will not be produced (outside the project boundary). The panel will consider the issue at its thirty-first meeting view to providing a recommendation to the Board.

Background: The Board in response to the request made by the panel to provide guidance on project activities that: (i) reduce the consumption of a raw material, which is produced outside the project boundary; and (ii) where one cannot ensure that the raw material use, which is avoided by the project activity, will not be produced (outside the project boundary) had requested the panel for an analysis of the issues.

16. ► **Note:** The Board may wish to take note that the thirty-first meeting of the Meth Panel will be held from 4 to 8 February 2008 and that the deadline for the twenty-second round of submissions of proposed new methodologies is 13 February 2008.

Background: The Board at its twenty-sixth meeting agreed to the calendar of meetings, including meetings of panels and working groups, for 2008 and deadlines for submission of proposed new methodologies.

17. ► **Action:** The Board may wish to take note of the oral progress report of the secretariat on the work related to energy efficiency.

Background: The Board at its thirty-third meeting considered an update of the energy efficiency. As previously informed the first draft of the report from the two consultants shall be available by 14 October 2007. Further, the panel has proposed a draft methodology for a district heating energy efficiency project activity.
