

REPORT OF THE FIFTH MEETING OF THE METHODOLOGIES PANEL
UNFCCC Headquarters, Bonn (Germany)
21-23 May 2003

I. RECOMMENDATIONS BY METHODOLOGIES PANEL TO THE EXECUTIVE BOARD

A. Consideration of proposed new methodologies (first round)

The Methodologies Panel has considered the following proposed new methodologies:

- **NM0001** TUV Sudd. - Vale do Rosario Bagasse Cogeneration (VRBC) project
- **NM0002** DNV (Det Norske Veritas) - V & M do Brasil Fuel Switch project
- **NM0003** TUV Sudd. - Construction of new methanol production plant (M5000) in Trinidad and Tobago
- **NM0004** DNV (Det Norske Veritas) - Salvador da Bahia landfill gas project
- **NM0005** DNV (Det Norske Veritas) - Nova Gerar Landfill Gas to Energy project
- **NM0006** DNV (Det Norske Veritas) - El Canada Hydroelectric project
- **NM0007** JQA (Japan Quality Assurance Org.) - HFC Decomposition Project in Ulsan
- **NM0008** DNV (Det Norske Veritas) - Penas Blancas hydroelectric project
- **NM0009** DNV (Det Norske Veritas) -AT Biopower rice husk project
- **NM0010** TUV - Durban landfill gas-to-electricity project
- **NM0011** TUV - 26 MW Bagasse/ biomass based cogeneration power project
- **NM0012** SGS - Wigton wind farm
- **NM0014** DNV (Det Norske Veritas) - At Biopower rice husk project - displacement of steam
- **NM0015** DNV (Det Norske Veritas) - At Biopower rice husk project – methane avoidance

After considering the proposed new methodologies as well as desk reviews and public inputs received, the Methodologies Panel has agreed on the recommendations on each of the proposed new methodologies for the consideration for the Executive Board (as available in the UNFCCC CDM web site:

http://cdm.unfccc.int/EB/Panels/meth/PNM_Recommendations. The form has been slightly modified allowing for three types of recommendations on the proposed new methodologies: (a) “Methodology approved/Approved with minor changes as attached”, (b) “Methodology may be approved, subject to required changes” and (c) “Methodology not approved”. Type (b) recommendations would imply that project participants shall make required changes in the proposed new methodology and send it back to the Meth Panel. The Meth Panel will reconsider the proposed project new methodology if project participants correctly prepare changes recommended. The Executive Board will only consider this proposed new methodology after changes proposed are made and reconsidered by the Meth Panel.

B. Deadline for selection of experts to undertake a desk review

The Meth Panel requests that deadline for selecting experts to undertake desk reviews of proposed new methodologies is extended to 7 working days.

C. Consistency among categories for proposed new methodologies and accreditation scopes

The Meth Panel, taking note from a communication from the Chair of the CDM-AP, agreed that it will recommend together with the recommendation for approving a methodology the scope to which this methodology should be linked with. In the case of present recommendations on proposed new methodologies, the Panel recommends that the proposed new methodology NM0007 ‘HFC Decomposition Project in Ulsan’ is to be linked to scope 11 for accreditation: ‘Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride’.

D. Methodologies for electricity generation CDM projects

***Ex post* calculation of baselines**

Since the baseline is counterfactual, the Meth Panel recommends to the Executive Board that *ex post* calculation of baseline emission rates shall not be used, unless there is justification that the *ex post* approach adds conservativeness. In accordance with identification of the elements of a methodology made by the Executive Board at its eighth meeting, the baseline emission rates calculated *ex ante* must be reported explicitly in the CDM-PDD.

One panel member proposed that at the monitoring stage the *ex post* calculation of baseline emission factors shall be mandatory. The most conservative factor between *ex ante* and *ex post* shall be used.

Electricity generation

Justify exclusion of hydro from operating margin in hydro dominated grids

The Meth Panel recommends to the Executive Board that, in the case of an electricity generation CDM project activity using an operating margin connected to a primarily hydro grid, project participants who want to exclude all hydro from the operating margin must justify this explicitly.

E. Recommendations to project participants and applicant entities submitting new methodologies:

Taking into account lessons learned from the first round of draft CDM-PDD submissions, the Meth Panel recommends that in submitting draft CDM-PDDs, applicant entities ensure that project participants:

1. Provide complete Annexes 3 and 4. All algorithms, formulae, and step-by-step procedures for applying the methodology shall be included here. The Annexes should provide stand-alone replicable methodologies, and avoid reference to any secondary documents for essential information, except where absolutely necessary (e.g. model documentation).
2. Not unnecessarily repeat in main draft CDM-PDD Sections A-E, text and methodology explanations already provided in the Annexes. (*The CDM-PDD Sections A-E are meant to provide information on the application of the methodology(ies) to the project activity. The methodology(ies) should be described in annexes 3 and 4.*)
3. Clearly specify data requirements and sources, as well as procedures to be followed if expected data are unavailable. For instance, the methodology could point to a preferred data source (e.g. national statistics for the past 5 years), and indicate a priority order for use of additional data (e.g. using more years of data if 5 prove insufficient) and/or backstop data sources (e.g. private, international statistics, etc.).
4. Provide unambiguous methodology titles.
5. Discuss, under Section 6 of Annex 3, ‘how the baseline methodology addresses...the determination of project additionality.’ In some draft CDM-PDDs information demonstrating that the project is not the baseline was provided in main draft CDM-PDD sections (B.4 or A.4.4) or other parts of Annex 3. For completeness and straightforward review, this information needs to be provided in Section 6.

6. Not provide glossaries, or use key terminology not in the COP documents and the CDM glossary, or rewrite the CDM-PDD instructions. For instance, CDM-PDDs should not invoke terms and concepts such as “environmental additionality” (not included in the Marrakech Accords) as a substitute for addressing Section 6 above.
7. Manage the length of the draft CDM-PDDs, by writing in clear concise prose, and using equations and diagrams where it aids in presenting important procedures and concepts, and avoiding the inclusion of non-essential information.
8. Use the approved version of the CDM-PDD.
9. Use International System Units (SI units).