REPORT OF THE THIRTY-EIGHTH MEETING OF THE METHODOLOGIES PANEL

UNFCCC Headquarters, Bonn, Germany
4 - 8 May 2009

RECOMMENDATIONS BY THE METHODOLOGIES PANEL TO THE EXECUTIVE BOARD

A. Opening of the meeting and adoption of the agenda

1. The Chair of the Methodologies Panel (the panel), Mr. Philip Gwage opened the meeting.

2. The agenda was adopted as proposed.

3. The Meth Panel welcomed the new member A. K. Perumal and the Panel also expressed its deep appreciation for the contributions of the outgoing member Massamba Thioye.

B. Consideration of proposed new methodologies

4. The panel considered the proposed new methodologies listed in the table below, as well as desk reviews and public inputs received, where applicable.

5. The final recommendations, proposed by the panel for consideration by the Executive Board, are made available on the UNFCCC CDM website at <http://cdm.unfccc.int/goto/MPpropmeth>.

6. In accordance with the procedures for submission and consideration of a proposed new methodology, project participants may submit, via the DOE, technical clarifications to preliminary recommendations. Preliminary recommendations for which project participants submit clarification within a timeframe stipulated by the Chair of the panel (but not exceeding 4 weeks) shall be considered at the next meeting of the panel. If project participants do not provide clarification related to the preliminary recommendation by the panel within the timeframe of three (3) months, the case will be considered withdrawn.

7. The panel agreed on the following recommendations:

Cases	MP 38[1] recommendation
NM0250: Fès Waste Water Treatment Plant (WWTP) with sludge treatment and biogas recovery & utilization for electricity generation at Fès city, Morocco	**A**
NM0258: Metrobus Insurgentes, Mexico City	**WIP (see paragraph 8)**
NM0265: Reduction of flaring of COG through conversion into dimethyl ether to be used as fuel in Shanxi, China	**A**
NM0266: Mumbai Metro One, India	**WIP (see paragraph 8)**
NM0269: Cambodia "Rural Electrification and Transmission Project (RETP)" 220 kV Interconnection between Cambodia and Vietnam	**WIP (see paragraph 9)**

[1] Recommendations on the proposed new methodologies from the thirty-eighth meeting of the panel A (recommended for approval) and C (recommended for non-approval) are final recommendations to the Board. Preliminary Recommendations are technical clarifications requested by the panel from project participants before finalizing its recommendation to the Board.

Cases	MP 38[1] recommendation
NM0272: Second Interconnection Colombia - Ecuador 230 Kv	**WIP (see paragraph 9)**
NM0278: Use of Charcoal from Renewable Biomass Plantations as Reducing Agent in Pig Iron Mill in Brazil	**A**
NM0280: Installation of zero energy water purifier in India	**WIP (see paragraph 10)**
NM0282: Usipar Pulverized Charcoal Injection Project	**WIP (see paragraph 11)**
NM0284: N2O abatement in New Capacity nitric acid plants	**C**
NM0286: LNG Terminal for natural gas supply and electric generation in the SING (Great North Interconnected System) trough a 780 MW combined cycle station in Gas Atacama	**C**
NM0288: Installation of Combined Cooling Heating and Power (CCHP) systems in commercial buildings of DLF Building - 10, Gurgaon, India	**WIP (see paragraph 12)**
NM0292: Highly efficient power plant fuelled with blast furnace gas at TKCSA, in Rio de Janeiro, Brazil	**A**
NM0293: Mitigation of Methane Emissions in the Charcoal Production of Arcelor Mittal, Brazil	**WIP (see paragraph 13)**
NM0294: Avoidance of landfill gas emissions by in-situ aeration of landfills	**WIP (see paragraph 14)**
NM0295: Installation of an energy-saving ironmaking plant in the northern part of Vietnam	**WIP (see paragraph 15)**

8. The panel considered the clarifications on cases NM0258 and NM0266 received from project proponents. The Panel considers that the further work is necessary on outstanding issues including: (i) rebound effects; (ii) guidance on conducting surveys; and (iii) additionality assessment. The panel agreed to continue its work on a final recommendation for both cases with a view to conclude the analysis at its next meeting.

9. The panel requested the Board to take note that it could not conclude its consideration of the cases NM0269 and NM0272. The panel considers that further work is required on merging both proposals in a single consolidated methodology while also addressing the outstanding issues, including: (i) which emission factors could be used for the exporting and importing grids systems; (ii) options to be used while estimating the Operating Margin emission factor; and (iii) definition for the excess capacity in the exporting system. The Panel intends to conclude its consideration of the case at its next meeting.

10. The panel requested the Board to take note that it could not conclude its consideration of the case NM0280 due to unresolved issues, including: (i) the issues regarding determination of sample size for given type of survey and essential elements required to make the proposal workable; (ii) the approach provided by the project proponents for determination some of the discount factors; and (iii) more clarity required on implementation of systematic sampling plan. The panel intends to conclude its consideration of the case at its next meeting.

11. The panel requested the Board to take note that it could not conclude its consideration of the case NM0282. The panel noted that further clarification on how to estimate the threshold value of charcoal residue in the production of charcoal is needed from the project proponents. The panel intends to conclude its consideration of the case at its next meeting.

12. The panel requested the Board to take note that although the submission from project proponents has improved substantially, it could not conclude its consideration of the case NM0288 due to a few unresolved issues, including: (i) baseline assessment for new offsite customers; and (ii) some changes required in applicability conditions and baseline emission sections. The panel intends to conclude its consideration of the case at its next meeting

13. The panel requested the Board to take note that it could not conclude its consideration of the case NM0293 due to issues, including: (i) choice of experimental kiln technology for greenfield project activity; (ii) requirement of new applicability conditions on possibility of methane flaring in the baseline; and (iii) requirement of monitoring of methane in the project case. The panel intends to conclude its consideration of the case at its next meeting.

14. The panel requested the Board to take note that it could not conclude its consideration of the case NM0294 at this meeting due to further pending technical issues related to aeration of closed landfills, for which expert inputs are required. The panel intends to conclude its consideration of the case at its next meeting.

15. The panel requested the Board to take note that it has received the draft report from the expert, who was appointed to analyze the issues raised by the panel in last meeting, however it could not conclude its consideration of the case NM0295 due to unresolved issues, including: (i) further issues to be clarified from the expert; and (ii) few issues identified in the proposed methodology such as: (a) applicability condition on capacity limitation; (b) baseline scenario identification and algorithm to establish baseline emission factor; and, (c) consideration of baseline and project emissions from downstream processes. The panel intends to conclude its consideration of the case in the next meeting.

C. Requests for clarification on and revision to approved methodologies

16. The panel recommended the Board to take note of the following responses to requests for clarification related to the application of approved baseline and monitoring methodologies and methodological tools and approve the following responses to requests for revision to approved methodologies. Two requests for clarification were processed prior to the panel meeting in accordance with the fast-track procedure.[2] The requests submitted and the responses provided by the panel are made publicly available on the UNFCCC CDM web site at <http://cdm.unfccc.int/goto/MPclar> and <http://cdm.unfccc.int/goto/MPrev>, respectively. The requests for revision/clarification that resulted in a recommendation by the panel to revise an approved methodology are reflected in section D below.

Number of the request for clarification	Approved methodology	Title of the request for clarification	MP 38 response
AM_CLA_0084	**ACM0015**	Meth applicability to greenfield projects	**WIP (see paragraph 17)**
AM_CLA_0141	**ACM0012**	Capping of Baseline Emission in Projects having components of Existing and New facility	**Clarified**

[2] In accordance with the fast-track procedure, the secretariat, while preparing the draft response to a request for clarification, may assess that the clarification is simple enough and does not require the panel's consideration. In this case the secretariat forwards the proposal to two appointed members for early consideration. If both the appointed panel members agree to the draft proposal within two days, the secretariat seeks the approval of the Chair of the panel within one day and upon endorsement forwards the final response to the DOE and posts it on the UNFCCC CDM web page for methodology clarifications.

AM_CLA_0142	**ACM0001**	Guidance on the monitoring and recording of temperature, pressure and the fraction of methane in the landfill gas	**Clarified**
AM_CLA_0143	**AM0025**	Definition and applicable extent of MSW among the organic wastes on AM0025 methodology	**Clarified**
AM_CLA_0144	**AM0025**	Queries on application of AM0025 to projects using specific waste treatment technology w.r.t the issue of residual waste treatment, monitoring of anaerobic conditions and leakage from the digester	**Clarified**
AM_CLA_0145	**AM0078**	Clarification on the applicability and data requirement at the time of validation	**Clarified and revised (see paragraph 26)**
AM_CLA_0146	**AM0058**	Request for clarification of the applicability for a extraction-condensing turbine project	**Clarified (fast track)**
AM_CLA_0147	**ACM0006**	Clarification on definition of supply side energy efficieny and use of Scenario 11	**Clarified (fast track)**

Number of the request for revision	Approved methodology	Title of the request for revision	MP 38 response
AM_REV_0071	**AM0047**	Production of biodiesel based on waste oils and/or waste fats from biogenic origin and/or oil from oilseeds for use as fuel	**WIP (see paragraph 33)**
AM_REV_0088	**AM0021**	Amendment to expand applicability to new adipic acid facilities	**Withdrawn (see paragraph 18)**
AM_REV_0108	**AM0028**	Catalytic N2O destruction in the tail gas of existing Nitric Acid or Caprolactam Production Plants and newly built Nitric Acid Plants	**Not to revise**
AM_REV_0110	**AM0021**	Amendment to expand applicability to new adipic acid facilities	**WIP (see paragraph 19)**
AM_REV_0115	**AM0028**	Catalytic N2O destruction in the tail gas of Nitric Acid or Caprolactam Production Plants	**Not to revise**
AM_REV_0116	**AM0034**	Expand applicability to nitric acid production capacity approved before 31 December 2005	**Not to revise**

AM_REV_0125	**AM0014**	Revision of AM0014 to include new energy users and multiple fuels	**WIP (see paragraph 20)**
AM_REV_0126	**AM0014**	Revision to extend AM0014 to include newly developing facility	**WIP (see paragraph 20)**
AM_REV_0138	**AM0058**	Revision AM0058 to extend heat source to waste incineration and to include new power plant installed at the same time as start of the district heating system	**Not to revise**
AM_REV_0139	**ACM0014**	Correction of the formula to calculate the amount of organic matter that remained in the lagoon, in the MCF method (equation 7)	**Not to revise (see paragraph 30)**
AM_REV_0140	**AM0062**	Revision to extend the applicability to include project activities that implement a heat extraction for the district heating network along with the retrofit	**Not to revise**
AM_REV_0141	**AM0024**	Extension of methodology AM0024 to cases where the project activity displaces both grid electricity and electricity from an identified power generation source	**WIP (see paragraph 21)**
AM_REV_0142	**AM0031**	Expansion of applicability conditions to AM0031 and subsequent change/addition of corresponding formulas	**WIP (see paragraph 22)**
AM_REV_0143	**ACM0002**	Expansion of applicability conditions of ACM0002 to include refurbishment/replacement of operational units and corresponding calculation of baseline emissions	**To revise (see paragraph 28)**
AM_REV_0144	**ACM0002**	Expansion of applicability conditions of ACM0002 to include refurbishment/replacement of facilities affected by negative long term alterations	**To revise (see paragraph 28)**
AM_REV_0145	**ACM0006**	Propose a new scenario (scenario 22) to include the situation in which biomass residues and fossil fuels are used in the baseline scenario	**WIP (see paragraph 23)**

AM_REV_0146	**ACM0006**	Revision of methodology to include the use of waste bagasse to generate electricity. Amendments include clarification of the applicability conditions and addition of a project activity and baseline scenario	**WIP (see paragraph 23)**
AM_REV_0147	**AM0028**	Revision to expand applicability to Caprolactam plants using the HPO® process	**WIP (see paragraph 24)**
AM_REV_0148	**AM0060**	Request for modification of procedure for accounting of leakage of emissions from physical leakage of the initial charge of refrigerant in the new chiller	**Not to revise**

17. The panel requested the Board to take note that it further considered the application of ACM0015 to greenfield cement plants in the context of the request for clarification AM_CLA_0084. The first draft of a revised methodology including options for procedures to estimate parameters for greenfield plants was considered, but the panel could not conclude its assessment. The panel will further consider the case at its next meeting.

18. The panel requested the Board to take note that the request AM_REV_0088 was withdrawn due to the more comprehensive and improved request AM_REV_0110, received from the same project proponents who had originally submitted request AM_REV_0088. As per the request of project proponents in the new request AM_REV_0110 the documents submitted by project proponents along with their old request AM_REV_0088 (e.g. the text of request) are taken in account while considering the improved version of request AM_REV_0110.

19. The panel requested the Board to take note that it could not conclude its consideration of the case AM_REV_0110 due to outstanding issues, including: (i) selection of an appropriate emission factor for the new adipic acid plants; and (ii) displacement of production from existing plants. The panel intends to conclude its consideration of this case at its next meeting.

20. The panel requested the Board to take note that it could not conclude its discussions on the requests for revision AM_REV_0125 and AM_REV_0126 on AM0014 as a number of changes are being discussed in this methodology, along with the submitted requests for revision. The panel has agreed on several changes and intends to conclude the revision to AM0014 at its next meeting.

21. The panel requested the Board to take note that it could not conclude its consideration of the case AM_REV_0141 on the methodology AM0024 due to several issues including: (i) its overlap with ACM0012; and (ii) the proposed procedure to calculate emission factor of electricity in cases the project activity displaces both grid and captive power generation source. The panel intends to conclude its consideration of this case at its next meeting.

22. The panel requested the Board to take note that it could not conclude its work on AM_REV_0142. The panel will further consider the request at its next meeting and report as progress is made.

23. The panel requested the Board to take note that it has decided to postpone the work on revisions AM_REV_0145 and AM_REV_0146 to the 39th Meth Panel meeting, as the work related to the overall revision of methodology ACM0006 is in progress and therefore these cases will be considered within the boundaries of new methodology.

24. The panel requested the Board to take note that it could not conclude its consideration of the case AM_REV_0147. The issue that requires further discussion is the possible use of external Nitirc Acid sources to produce caprolactam. The panel intends to conclude its consideration of this case at its next meeting.

D. Revision to approved methodologies

25. **AM0058:** The panel recommended the Board to approve the revision to the approved methodology, made based on issues identified by the Meth Panel on version 2 of the methodology. The draft revision includes: (i) editorial changes to improve the clarity of the project activity definition, i.e., to implement a primary district heating system that uses heat extracted from an existing power plant, (ii) addresses an issue related to potential leakage emissions when the electricity fed to the grid, by the existing power plant, is significantly lower under the project than under the baseline. The draft revised approved methodology is contained in annex 5.

26. **AM0078:** The panel requested the Board to approve the editorial revision to the approved methodology AM0078 made in response to the request for clarification AM_CLA_0145. The draft editorial revision further clarifies the applicability to allow any kind of combustion or thermal destruction equipment as long as their use do not generate other greenhouse gases, including non-Kyoto gases; the revision also includes editorial changes in the Data and parameters not monitored section. The draft editorially revised approved methodology is contained in annex 6.

27. **ACM0001:** The panel recommended the Board to approve the revision to the approved methodology made in response to the EB45 request arising from a request for issuance. The draft revision is to allow **only** the option of continuous measurement of methane content of the landfill gas. Further, definition of "continuous monitoring system" was added to the methodology. The draft revised approved methodology is contained in annex 7.

28. **ACM0002:** The panel recommended the Board to approve the revision to the approved methodology, made in response to the requests for revision AM_REV_0143 and AM_REV_0144. The draft revision expands the applicability of the methodology to project activities that retrofit or replace renewable energy power generation units, to restore the installed power generation capacity to or above its original level. This revision includes (i) the required provisions in the (a) definitions, (b) baseline identification, (c) baseline emissions sections, in order to allow these types of project activities, and, (ii) editorial changes in the project emissions section in order to improve the overall clarity of the approved methodology. The draft revised approved methodology is contained in annex 8.

29. **ACM0009:** The panel recommended the Board to approve the editorial revision to the approved methodology in response to EB46 request arising from a request for deviation. The draft editorial revision includes the procedure to determine the baseline emission factor in case start-up fuel is used in the fuel-mix of baseline fuels. The revised procedure excludes the start-up fuel from the list of multiple fuels being used in the baseline scenario to calculate baseline emission factor and the baseline net calorific value. The draft editorially revised approved methodology is contained in annex 9.

30. **ACM0014:** The panel recommended the Board to approve the editorial revision to the approved methodology on the basis of a quality check by the secretariat. The draft editorial revision corrects parameters and units in equation 15, 16 and 17. The draft editorially revised approved methodology is contained in annex 10.

E. Requests from the Board to the panel

31. **AM0033 / ACM0015**: In its 45th meeting, the Board requested the Panel to consider providing guidance on how value of loss of ignition in the baseline for projects applying AM0033 (AM0033 was withdrawn and merged in ACM0015), which requires access to confidential information from competitors, should be validated or whether default values could be applied. The Meth Panel considered this request and concluded that: (a) such value is highly dependent on the regional conditions where the project is implemented; (b) it would not be possible to provide default regional values for this parameter due to unavailability of data that can be used for such purposes. The Panel is of the view that the only possibility where such a methodology could be applied to Greenfield projects is when project participants have access to regional data that can be used to determine the Loss of Ignition (LOI) which represents actual conditions in the region where the project is implemented. Such data should be made available to the DOEs to allow for proper validation. In case LOI is determined through lab analysis, the DOE should check the following: (i) credibility of the lab where analysis were conducted; (ii) standards used in the analysis and its adequacy for determination of LOI; (iii) capacity of the lab to conduct the analysis using the properly identified standards; (iv) comparability of the obtained values for LOI with regional/global values for clinker production lines using comparable raw materials.

32. **AM0034**: The panel requested the Board to take note that it could not conclude its discussions on the EB46 request related to AM0034 arising from an editorial revision in the methodology. The panel at its 37th meeting editorially revised the methodology AM0034 to change the title of annexAnnex-1 to remove inconsistency in the methodology regarding application of standard EN14181 for Automated Measurement System (AMS). EB46 discussed this and asked the Meth Panel to remove any language from the methodology which makes the application of one standard mandatory. Similarly, the Board has asked the panel to investigate the same in other methodologies and make necessary amendments. The Panel intends to conclude its discussions on this request in the next meeting.

33. **AM0047:** The panel requested the Board to take note that it did not discuss the revision to AM0047 as expert inputs on the issues relating to emission factors from changes in soil carbon stocks following a land use change or a change in the land were not available for the panel consideration. The panel intends to continue its consideration of this case once the required expert inputs become available.

34. **ACM0001:** The panel considered the EB45 request on ACM0001 arising from a request for issuance regarding the provisions for periodical measurement in the methodology. The panel requested the Board to take note that the intention of making provision for periodical measurements in ACM0001 was to allow for more flexibility in the implementation of the monitoring plans. However, after evaluating monitored data for several registered projects, it was concluded that the periodical measurements options could lead to overestimation of the methane content of the landfill gas, as the project proponents might intentionally select the four quarterly measurements with highest value of methane content. Even if it is allowed to increase the minimum number of periodical measurements, the possibility of intentional selection of highest value of CH_4 concentration still exists, which leads to the same effect. The panel also requested the Board to take note that the cost of instruments needed to continuously monitor the methane content is not significant, compared with the amount of emission reductions involved in landfill gas recovery projects. Hence, the panel recommended the Board to approve the revision to the approved methodology to allow only the option of continuous measurement of methane content of the landfill gas (see also paragraph 27).

35. **ACM0005:** The panel requested the Board to take note that it has received the request from the EB to prepare a revised version of methodology ACM0005 addressing the issue of barrier analysis. The panel has requested some information from the secretariat to be able to analyze the request and consequently provide a revised version of this methodology for the consideration of the Board at its fiftieth meeting.

36. **ACM0006:** The panel requested the Board to take note that it continued its work on the overall revision of ACM0006. The panel will further report on this issue as progress is made.

37. **ACM0006:** The panel requested the Board to take note that it discussed the EB46 request related to ACM0006 arising from a request for deviation on issuance for a project activity applying Scenario 12 of ACM0006. The Panel noted that the underlying plant is operating for less than one year prior to the implementation of the project activity and does not have three years of historical data to determine the baseline electricity generation, as required by the methodology for this scenario. In such situations, several issues arise, such as; it may be difficult to quantify the baseline electricity generation in a reliable manner; and it may be difficult to assess whether the decision to implement the project activity was not already taken when the plant was constructed. The panel assessed the proposed approach to determine the baseline electricity generation and considered the approach as conservative in the context of the proposed project activity. However, the panel recommends using this approach only as an exception.

38. **ACM0009:** The panel requested the Board to take note that it discussed the EB46 request related to ACM0009 arising from a request for deviation. The panel agreed to editorially revise the methodology to include the procedure to determine the baseline emission factor in case start-up fuel is used in the fuel-mix of baseline fuels. The revised procedure excludes the start-up fuel from the list of multiple fuels being used in the baseline scenario to calculate baseline emission factor and the baseline net calorific value. In addition to this revision, the panel considered the possibility of using the weighted average emission factor of the multi-fuel for the baseline. The panel intends to obtain more input on how fuel shift decisions are made in a multi-fuel fired facility, especially the impact of relative fuel prices of the component fuel on such decisions. The panel intends to conclude its consideration of the case once the expert input is available (see also paragraph 29)

F. Issues of general guidance and tools

39. **Tool to determine the mass flow of a greenhouse gas in a gaseous stream:** The panel recommended the Board to approve the "Tool to determine the mass flow of a greenhouse gas in a gaseous stream" as contained in annex 11 to the report. The mass flow of a particular greenhouse gas is calculated based on the measurements of: (i) the total volume or mass flow of the gas stream; and (ii) the volumetric fraction of the gas in the gas stream. The volume flow, mass flow and volumetric fraction may be measured on a **dry basis or wet basis**. The tool covers most of the possible measurement combinations, providing eight different options to determine the mass flow of a particular gas. Typical applications of this tool are methodologies where the flow and composition of residual or flared gases or exhaust gases are measured for the determination of baseline or project emissions.

40. **Methodological aspects of projects activities where a grid-connected power plant partially or fully displaces off-grid generation capacity.** The panel further considered the development of methodological approaches to estimate emission reductions for grid-connected power plants that partially or fully displace off-grid generation capacity. The panel decided to revise the "Tool to calculate the emission factor for an electricity system" to incorporate the methodological procedures to include off-grid power plants in the calculation of the emission factor. The first draft revision of the tool was considered but the panel was not able to conclude on a final recommendation. The panel will continue its work on this issue at the next meeting and further report as progress is made.

G. Schedule of meetings and rounds of submissions of proposed new methodologies

41. The panel confirmed that its 39th meeting will be held from 22 - 26 June 2009, as per annex 16 of the report of the 43rd meeting of the Board.

42. The panel reminded project participants that the deadline for the 29th round of submissions of proposed new methodologies is 15 June 2009. The panel also reminded project participants that baseline and monitoring methodologies could be submitted at any time prior to this deadline.

43. The panel also reminded project participants that the deadline for submission of requests for revision and requests for clarification to be considered at the 39th meeting to be held from 22 - 26 June 2009 was 11 May 2009, and the deadline for submission of requests for revision and requests for clarification to be considered at the 40th meeting to be held from 14 - 18 September 2009 shall be 3 August 2009, 24:00 GMT. Further information is available at https://cdm.unfccc.int/methodologies/PAmethodologies/Revisions/index.html and https://cdm.unfccc.int/methodologies/PAmethodologies/Clarifications/index.html respectively.

H. Roster of experts

44. The panel noted the satisfactory completion of the desk reviews undertaken for the proposed new methodologies considered at the meeting.

Annexes to the external report of the thirty-eighth meeting of the Methodologies Panel

Annex 1 - Draft reformatted baseline and monitoring methodology based on NM0250

Annex 2 - Draft reformatted baseline and monitoring methodology based on NM0265

Annex 3 - Draft reformatted baseline and monitoring methodology based on NM0278

Annex 4 - Draft reformatted baseline and monitoring methodology based on NM0292

Annex 5 - Draft revision to AM0058

Annex 6 - Draft editorial revision to AM0078

Annex 7 - Draft revision to ACM0001

Annex 8 - Draft revision to ACM0002

Annex 9 - Draft editorial revision to ACM0009

Annex 10 - Draft editorial revision to ACM0014

Annex 11 - Draft tool to determine the mass flow of a greenhouse gas in a gaseous stream