



**CDM: Response form for request for clarification on
Approved Methodologies
(version 01.1)**

<i>Date of Meth Panel meeting:</i>	23 - 27 June 2008
<i>Title and number of request for clarification</i>	Request for clarification on “Definition of grid” AM_CLA_0097

Summary of the query:

Please use the space below to summarize the request for clarification on the related approved methodologies.

ACM0002 “Consolidated baseline methodology for grid-connected electricity generation from renewable sources” is applicable to grid-connected renewable power generation project activities that involve electricity capacity additions. In the context of this methodology, grid is defined as the spatial extent of the power plants that are physically connected through transmission and distribution lines to the project activity and that can be dispatched without significant transmission constraints. For the application of the methodology, it is required that the geographic and system boundaries for the grid can be clearly identified and information on the characteristics of the grid is available.

The calculation of baseline emissions is based on the “Tool to calculate the emission factor for an electricity system” which defines the concepts of operating margin, build margin and combined margin. The operating margin refers to the cohort of existing power plants whose electricity generation would be affected by the proposed CDM project activity. The build margin refers to the cohort of power plants whose construction would be affected by the proposed CDM project activity. The combined margin combines both the operating margin and the build margin.

This request for clarification concerns the installation of renewable power plants connected to industrial private grids in regions characterized by shortages of electricity and sparse transmission network. In the region of the project activity, many large industrial facilities have installed their own power plants and private grids to supply a number of different electricity consumers spread across a wide geographic area. Those private grids may be isolated from other grids or connected to the regional or national grid.

In this context, the request seeks clarification on the following:

1. Definition of grid. The request seeks clarification on whether industrial private grids meet the definition of grid/project electricity system given in ACM0002;
2. Baseline emission factor. The request also seeks clarification on whether the baseline emission factor for project activities connected to the private grid and the regional or national grid can be calculated as the weighted average of the emission factor for the private grid and the emission factor for the regional or national grid, both calculated using ACM0002.

Recommendation by the Meth Panel:

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

Not applicable.

Answer to authors of the request for clarification by the Meth Panel :

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

The Meth Panel clarifies that:

1. Industrial private systems do not meet the definition of grid/project electricity system given in ACM0002;
2. As a consequence of the first, the baseline emission factor for the type of project activities described in the request for clarification cannot be calculated as proposed.

The concept of grid in ACM0002 and the “Tool to calculate the emission factor for an electricity system” presumes the existence of many agents (generators and consumers) organized by a third party which centrally dispatches the power plants connected to the grid. This third party is neither the owner of any of the power plants connected to the grid nor the consumer of electricity. If there are not multiple agents in the grid the BM and OM concepts don’t work. It should be noted that these concepts are used where, due to the existence of many agents taking decisions related to investments in new plants and operation of existing plants, it is not possible to determine the baseline scenario (how the electricity would have been produced in the absence of the project activity) analyzing the specific situation of the investor in a new plant.

The situation is different for the industrial systems defined in the request for clarification. A completely new approach is needed for BM, regarding the alternatives technologies available to these industries, and not an emission factor based on historical information. A similar problem applies to the OM concept. If all existing plants in the industrial system are dispatched at maximum level (and this is the most likely scenario for industrial systems), it is not possible to conclude that the energy produced by the project activity displaces electricity that would have been produced by the existing units.

The Meth Panel recommends that project proponents submit a new proposed methodology to further consider the case.



Signature of Meth Panel Chair

Date: 27/06/2008 (Akihiro Kuroki)



Signature of Meth Panel Vice-Chair

Date: 27/06/2008 (Philip Gwage)

Information to be completed by the secretariat

F-CDM-AM	AM_CLA_0097
Name of the authors of the query:	TÜV-SÜD
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