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

Date of Meth Panel meeting:	15 - 19 January 2007
Title and number of request for clarification	ACM0002 version 6: the type of justification needed for not using the preferred dispatch analysis option for calculating the operating margin emission factor / AM_CLA_0037

Summary of the query:

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

The request for clarification is submitted by DNV-CUK and it concerns to the choice of the appropriate method for the grid Operating Margin (OM) emission factor calculation. ACM0002 provides four methods and requires that "the dispatch data analysis should be the first methodological choice" and "where this option is not selected project participants shall justify why". The request for clarification concerns to the type of justification needed for not using the preferred dispatch analysis option for calculating the operating margin emission factor.

Recommendation by the Meth Panel:

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

For the moment and accounting for the current version of ACM0002, the only type of justification explicitly accepted by this approved and consolidated methodology (ACM0002 version 6 of 19 May 2006) for not using the preferred dispatch analysis option for calculating the grid OM emission factor is the impossibility to utilize the method because of the non availability of detailed data. This methodology shall be used as it is for the moment. However, the Methodology Panel is working on the revision of the present version.

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

Concerning the specific case of the CDM project in Chile, we don't have the same understanding of ACM0002 than the project proponents. In our opinion, what is to be considered when selecting one of the four methods for the OM emission factor calculation proposed by ACM0002 is whether it is the most appropriate method to identify the effectively displaced electrical energy of the grid due to the CDM project activity for the purpose of the OM baseline emission factor calculation. In these conditions, the dispatch data analysis is fully applicable to the case of Chilean system. As hydro power plants will be effectively displaced by the CDM project activity, they have to be accounted for in the baseline OM emission factor calculation. From the justification provided in the CDM-PDD and given in the request for clarification, the understanding of the project proponents seem to be that high operating cost plants are to be accounted for OM emission factor calculation and they explain that "hydro reserves are forced to dispatch at high notional costs for load following at the margin" and the dispatch data does not reflect the marginal cost of operating hydro. The problem is not whether operating cost of hydro is high or low but whether they operate effectively at the margin and will be displaced by the power generated by the CDM project. As far as these plants are at the margin, they have to be accounted for the OM emission factor calculation, without considering the reason for which they are at the margin.

Signature of the Meth Panel Chair ……..
Date: 25/01/2007 *(Rajesh Sethi)*

Signature of the Meth Panel Vice-Chair ……..
Date: 25/01/2007 *(Jean-Jacques Becker)*

Information to be completed by the secretariat	
F-CDM-AM	AM-CLA-0037
Name of the authors of the query:	DNV-CUK
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