 <b>CDM: Response form for request for clarification on Approved Methodologies (version 01.1)</b>	
<i>Date of Meth Panel meeting:</i>	12 - 16 November 2007, Meth 30
<i>Title and number of request for clarification</i>	<p>Applicability of ACM0002 to hydropower plants increasing electricity production through the diversion of water from further creeks into the reservoir without expansion of the installed power capacity</p> <p>AM_CLA_0061</p>
<b>Summary of the query:</b>	
Please use the space below to summarize the request for clarification on the related approved methodologies.	
<p>The project activity underlying this request for clarification consists of increasing the generation of electricity of a hydro power plant (MWh) by increasing the flow of water into its reservoir, diverting additional creeks into the reservoir. The project activity does not involve changes in the installed capacity of the power plant (MW).</p> <p>The request is based on two previous submissions: first, as a new proposed small scale methodology based on AMS-I.D, which was not accepted by the SSC WG (please, refer to query SSC_017). Second, as a large scale project activity using methodology ACM0002, which was rejected by the EB in its 33rd meeting (please, refer to project activity number 0871 - Increase of Power Generation of the hydroelectric power station Fortuna in Panama (IPGFP)).</p> <p>The present request is related to the use of ACM0002 in the context of the underlying project activity and seeks clarification on the following:</p> <ol style="list-style-type: none"> <li>1) Can ACM0002 be used for the proposed project activity?</li> <li>2) If ACM002 cannot be used, what are the limitations and concerns regarding its applicability to the proposed project activity?</li> <li>3) If ACM0002 cannot be used and a request for deviation (revision?) to widen its applicability seems reasonable (better than proposing a new methodology), which issues should be considered in order to make it applicable to the proposed project activity?</li> </ol>	
<b>Recommendation by the Meth Panel:</b>	
Please use the space below to provide amendments /changes (in your expert view, if necessary).	
<p>In order to avoid re-occurrence of misunderstanding and misinterpretation by project proponents of the applicability conditions of the approved consolidated methodology ACM0002, an editorial revision is recommended to:</p> <ol style="list-style-type: none"> <li>1) Clarify that the methodology is applicable to project activities where a new power generation unit(s) using renewable energy source is installed or an existing renewable power generation unit(s) is modified/retrofitted;</li> <li>2) Include a definition of a power generation unit;</li> <li>3) Move a requirement on the availability of three years of historical generation data (five years for hydro</li> </ol>	

power plants) for project activities involving retrofit/modification of existing electricity generation facilities, which is currently included in “baseline” section, to the applicability conditions.

**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) ACM0002 cannot be used for the proposed project activity.
- 2) ACM0002 is only applicable to “electricity capacity additions”, as stated in its applicability conditions. It means that only project activities that involve an increase in the installed capacity of an electricity generation facility are eligible under ACM0002. The proposed project activity, however, does not involve any increase in the installed capacity of electricity generation facility, as it does not involve the installation of new electricity generation equipment or retrofit of existing equipment.

The underlying rationale for this is that ACM0002, by requiring that only capacity additions be eligible, while calculating the electricity eligible to CERs ( $EG_y - EG_{baseline}$ ), implicitly assumes the causality between the implementation of the project activity (either the construction of a new power plant or modifications to an existing power plant) and the electricity eligible to CERs produced by the power plant (in case of new power plants, all the electricity ( $EG_{baseline}=0$ ) and in case of modifications to existing power plants, the additional amount of electricity ( $EG_{baseline}=EG_{historical}$ )).

As the proposed project activity does not involve the installation of additional capacity or retrofit/modification of existing equipment, the causality between the implementation of the proposed project activity (increase of water availability) and the additional amount of electricity produced by the power plant can not be assumed as in ACM0002, by just calculating the generation above the historical levels.

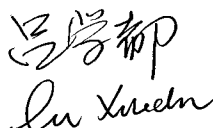
- 3) A request for deviation or revision to widen the applicability of ACM0002 is not reasonable. The Meth Panel recommends project proponents to submit a new methodology. The main issue that should be considered in such a submission is an adequate procedure to calculate and verify the electricity eligible to CERs. The procedure should aim at ensuring the causality between the project activity (increase in the availability of water in the reservoir) and the increase in electricity generation by the power plant. The following aspects should be taken into account: the historical generation of electricity by the power plant, the amount of additional water available as a result of the project activity, the potential for electricity generation by this amount of water and the existence of spill-overs in the power plant.



Signature of Meth Panel Chair .....

Date: 16/11/2007

(Akihiro Kuroki)



Signature of Meth Panel Vice-Chair .....

Date: 16/11/2007

(Xuedu Lu)

**Information to be completed by the secretariat**

F-CDM-AM	AM_CLA_0061
Name of the authors of the query:	TUEV-SUED
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