

CDM-MP60-A16

Information note

Questions for public inputs in relation to the top-down revision of “ACM0001: Flaring or use of landfill gas” and “ACM0022: Alternative waste treatment processes”

Version 01.0



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) at its seventy-third meeting requested the Methodologies Panel (hereinafter referred to as the Meth Panel) to revise the consolidated methodologies "ACM0001: Flaring or use of landfill gas" and "ACM0022: Alternative waste treatment processes" to introduce standardized approaches for additionality demonstration. The Meth Panel at its 60th meeting (MP 60) agreed on considering to recommend automatic additionality for some project types applicable under ACM0001 and ACM0022. Public inputs are sought for the proposed revisions responding to questions presented in this document.

2. Purpose

2. The revisions proposed in this document aim to include simplified procedures and objective criteria to demonstrate additionality while maintaining environmental integrity. The purpose of the call for public input is to allow the Meth Panel to take into account feedback/comments by practitioners on the revision of the methodologies.

3. Key issues and proposed solutions

3. Certain project types were considered as possible candidates for automatic additionality under ACM0001. Public inputs are sought on the proposal and additional conditions required for the provision of automatic additionality.
4. Automatic additionality for composting projects was considered at MP 60, however the issue could not be concluded because limited information is available on composting projects implemented in non-Annex I countries without the support of CDM. Therefore, public inputs are sought on this issue.

4. Impacts

5. The standardized approach for additionality demonstration will facilitate the implementation of CDM project activities and PoAs in the waste sector, which is very relevant for the least developed countries (LDCs) and other regions that are underrepresented in the CDM.

5. Proposed work and timelines

6. The Meth Panel, at its 60th meeting, agreed on considering to recommend automatic additionality for some project types applicable under ACM0001 and ACM0022. After receiving public inputs on the document, the Meth Panel will continue working on the revision of the approved methodologies at its 61st meeting for recommendation to the Board at EB 76.

6. Budget and costs

7. No budget implication.

7. Recommendations to the Board

8. Not applicable (call for public input).

8. References

- (a) Large-scale methodology “ACM0001: Flaring or use of landfill gas”;¹
- (b) Large-scale methodology “ACM0022: Alternative waste treatment processes”;²
- (c) Decision 5/CMP.8 Paragraph 35 “encourages the CDM Executive Board to continue its work on the simplification and streamlining of methodologies, with the aim of reducing transaction costs for all project activities and programme of activities, especially those in regions underrepresented in the clean development mechanism;
- (d) Workplan for panels and working groups for 2013 (EB 72, annex 4), MAP project 164.³

¹ Please refer to: <<http://cdm.unfccc.int/methodologies/PAmethodologies/approved>>.

² Please refer to: <<http://cdm.unfccc.int/methodologies/PAmethodologies/approved>>.

³ Please refer to: <<http://cdm.unfccc.int/EB/index.html>>.

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1. Introduction

1. The Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) at its seventy-third meeting requested the Methodologies Panel (hereinafter referred to as the Meth Panel) to revise the consolidated methodologies "ACM0001: Flaring or use of landfill gas" and "ACM0022: Alternative waste treatment processes" to introduce standardized approaches for additionality demonstration. The Meth Panel, at its 60th meeting, agreed on considering to recommend automatic additionality for some project types applicable under ACM0001 and ACM0022. Public inputs are sought for the revisions and questions presented below.

2. ACM0001 "Flaring or use of landfill gas"

2.1. Analysis

2. The following activities were undertaken to prepare the proposal on automatic additionality for some types of project activities:
 - (a) Review of sensitivity analysis for 101 registered projects with power generation. The analysis shows that 90 per cent of these projects have an installed capacity below 10 MW. For this capacity range, it would require at least 50 per cent increase in CAPEX or OPEX or 50 per cent decrease in plant load factor to make the project/equity IRR to reach the IRR benchmark or to make the NPV zero;
 - (b) Interviews with stakeholders such as project participants, equipment suppliers and international associations, to collect information on the technical difficulties faced when implementing a landfill-gas-to-energy project;
 - (c) Assessment of the four rejected registration cases and the six cases with over-performance of CERs actually generated compared to the ex ante estimate;
 - (d) Common practice in 31 countries, where the assessed projects are implemented.
3. Based on the analysis, the Meth Panel is considering recommending the automatic additionality of some project activities as presented under section 2.2 below.

2.2. Revisions

4. Comments are sought on the highlighted revised texts below.

2.2.1. Procedure for the selection of the most plausible baseline scenario and demonstrate additionality

5. Either of the approaches below may be applied to select the most plausible baseline scenario and to demonstrate additionality. Approach 1 applies to the project types that are considered automatically additional, and Approach 2 applies to the remaining project types.

2.2.1.1. Approach 1

6. The following project types are additional, if the conditions indicated below are met, under the assumption that the baseline scenario for the destruction of LFG is “atmospheric release of the LFG or capture of LFG and destruction through flaring to comply with regulations or contractual requirements, or to address safety and odour concerns”,
 - (a) Type A: Project activities which generate electricity from LFG with an installed capacity below 10 MW;
 - (b) Type B: Project activities which generate electricity or heat from LFG for self-consumption;
 - (c) Type C: Project activities which flare LFG.
7. The following conditions shall be satisfied under Approach 1:
 - (a) The provision of automatic additionality is valid for **[three years][five years]** from the date of its adoption by the Board;
 - (b) The latest version of the “Guidelines on common practice” available on the UNFCCC website shall be applied to demonstrate that the project activity is not common practice;
 - (c) The projects that are registered based on automatic additionality are required to report capital cost, O&M cost of the LFG collection system and the energy generation system and revenues from products or by-products (or saved expenses if for captive use) every two years, including validation by the DOE, taking into account confidentiality provisions of the applicable CDM Modalities & Procedures.
 - (d) (Applicable only to Type A) If the electricity generated by the project activity is exported to the grid, the baseline scenario for electricity is assumed to be electricity generation in existing and/or new grid-connected power plants;
 - (e) (Applicable only to Type A) If the electricity is supplied to off-grid application, the baseline electricity generation equipment is assumed to correspond to the default emission factor from Option B2 of the “Tool to calculate baseline, project and/or leakage emissions from electricity consumption”;
 - (f) (Applicable only to Type B) No emissions reductions can be claimed for electricity or heat generation.

2.2.1.2. Approach 2

8. Identify the baseline scenario and demonstrate additionality using the “Combined tool to identify the baseline scenario and demonstrate additionality” and following the requirements below.
9. In applying Step 1 of the tool, baseline alternatives for the destruction of LFG, shall take into consideration, inter alia, the following alternatives:

- (a) LFG1: The project activity implemented without being registered as a CDM project activity (i.e. capture and flaring or use of LFG);
 - (b) LFG2: Atmospheric release of the LFG or capture of LFG and destruction through flaring to comply with regulations or contractual requirements, or to address safety and odour concerns;
 - (c) LFG3: LFG generation is partially avoided because part of the organic fraction of the solid waste is recycled and not disposed in the SWDS;
 - (d) LFG4: LFG generation is partially avoided because part of the organic fraction of the solid waste is treated aerobically and not disposed in the SWDS;
 - (e) LFG5: LFG generation is partially avoided because part of the organic fraction of the solid waste is incinerated and not disposed in the SWDS.
10. In addition to the alternative baseline scenarios identified for the destruction of LFG, alternative scenarios for the use of LFG shall also be identified (if this is an aspect of the project activity):
- (a) For electricity generation, alternative(s) shall include, inter alia:
 - (i) E1: Electricity generation from LFG, undertaken without being registered as CDM project activity;
 - (ii) E2: Electricity generation in existing or new renewable or fossil fuel based captive power plant(s);
 - (iii) E3: Electricity generation in existing and/or new grid-connected power plants.
 - (b) For heat generation, alternative(s) shall include, inter alia:
 - (i) H1: Heat generation from LFG undertaken without being registered as CDM project activity;
 - (ii) H2: Heat generation in existing or new fossil fuel fired cogeneration plant(s);
 - (iii) H3: Heat generation in existing or new renewable based cogeneration plant(s);
 - (iv) H4: Heat generation in existing or new fossil fuel based boiler(s), air heater(s), glass melting furnace(s) or kiln(s);
 - (v) H5: Heat generation in existing or new renewable energy based boiler(s), air heater(s), glass melting furnace(s) or kiln(s);
 - (vi) H6: Any other source, such as district heat; and
 - (vii) H7: Other heat generation technologies (e.g. heat pumps or solar energy).
 - (c) For the supply of LFG to a natural gas distribution network, the baseline is assumed to be the supply with natural gas.

2.2.1.2.1. Identification of the baseline fuel for electricity generation by captive fossil fuel fired power plants and/or heat generation

11. Project participants shall demonstrate that the identified baseline fuel used for generation of electricity and/or heat is available in abundance in the host country and there is no supply constraint. In case of partial supply constraints (seasonal supply), the project participants shall consider the period of partial supply among potential alternative fuel(s) the one that results in the lowest baseline emissions.
12. Detailed justifications shall be provided and documented in the CDM-PDD for the selected baseline fuel. As a conservative approach, the lowest carbon intensive fuel, such as natural gas, may be used throughout all period of the year.

2.2.2. Data and parameters monitored

13. Parameters to be added: capital cost, O&M cost and revenues from products or by-products (or saved expenses):
 - (a) Source of data: purchase invoices and records from project participants;
 - (b) Monitoring frequency: two years.

2.3. Questions

14. Comments are sought on the following questions:
 - (a) Should the automatic additionality provision on landfill gas (LFG) to power projects be limited to the first few (e.g. the first 5) CDM projects in each country?
 - (b) Are there barriers for reporting capital cost, O&M cost of the LFG collection system and the energy generation system and revenues from products or by-products (or saved expenses) every two years?
 - (c) What other information may be needed for re-assessing the automatic additionality of the project types in Approach 1 above in three/five years (e.g. IRR benchmark, tax rates)?

3. ACM0022 "Alternative waste treatment processes"

3.1. Questions

15. Review of investment analysis and common practice analysis was undertaken for composting projects registered under AM0025 and AM0039. As limited information is available for composting projects developed in non-Annex I countries without seeking registration with the CDM, comments are sought on the following questions:
 - (a) Under what situations (e.g. the only legal option to treat/dispose of waste), are composting projects developed in non-Annex I countries without requesting registration with the CDM, other than with the support of ODA?
 - (b) In non-Annex I countries where composting projects utilizing benefits of CDM are not currently implemented, is it common practice to implement composting projects without considering benefits of CDM?

- (c) What objective (e.g. technical, financial, geographical) criteria may be used to identify composting projects that can only be implemented by registration with the CDM?
- (d) How do the revenues from the recyclables compare to the revenues from compost?

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Document information

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