



ANNEX 13

**OBSERVATIONS OF THE BOARD ON THE METHODOLOGICAL DEFICIENCIES OF
NM0082-REV “KHON KAEN FUEL ETHANOL PROJECT”**

- The methodology restricts the blend of the anhydrous bio-ethanol at a maximum level of 20%, which does not take into account the possibility of technologies that allow different ranges of blend.
- The methodology allows for possibility of estimating the replacement of fossil fuel with bio-ethanol using the energy equivalence of gasoline and bio-ethanol in cases where the project proponents do not want to measure fuel use efficiency. This is too conservative and unnecessarily penalizes the project participants.
- The methodology assumes that if there is deforestation in the country, then an increase in sugar cane area is assumed to lead to an equivalent area of deforestation. This although conservative is a flawed assumption.
- The methodology assumes that all the production of the project will be used to blend with gasoline. In making this assumption the methodology does not provide a consistent monitoring process for ensuring:
 - The production is not exported outside the project country.
 - There is no leakage between production and consumption points via theft, losses, etc. There should therefore be some kind of check on the actual bio-ethanol consumed at the ultimate consumer, which could be the blender, to cross-check with production and ensure that all the production of biofuel consumed is accounted for.