



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

ANNOTATIONS TO THE PROPOSED AGENDA

ADDENDUM

Thirty-third meeting

UNFCCC Headquarters
Bonn, Germany
25 - 27 July 2007

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I. ADDENDUM TO THE ANNOTATED AGENDA

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(b) Methodologies for baselines and monitoring

1. **► Action:** The Board may wish to take note of the report of the twenty-eighth meeting of the Methodologies Panel on baseline and monitoring methodologies (Meth Panel), and an oral report by the Chair of the panel, Mr. Akihiro Kuroki, on the work of the panel.

Background: The Meth Panel held its twenty-eighth meeting in Bonn, Germany on 9 -13 July 2007 and undertook its work in two parallel groups. The Meth Panel dealt with general issues relating to case-specific issues process, methodological clarifications, guidance and other issues, as specified below.

Case specific

2. **► Action:** Taking into consideration the inputs by experts (desk reviewers) and the public, the Board may wish, based on recommendations of the Meth Panel (see MP28 report), to:

(a) Approve cases NM0192-rev, NM0211 and NM0220 as contained in the annexes 1 to 3, respectively, of the Meth Panel report (MP28 report);

(b) Approve cases NM0215 and NM0217, which have been consolidated to prepare a draft “consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using a less GHG intensive technology”, as contained in annex 11 of Meth Panel report (MP28). Further, the Board may wish to approve one of the following options to demonstrate additionality:

(i) investment analysis; or

(ii) all the options available in the Tool for the demonstration and assessment of additionality.

(c) Forward cases NM0209 and NM0216 for revision to the project participants and for resubmission without the need for further experts and public input. If project participants wish to have the revised proposals considered at the twenty-ninth meeting of the Meth Panel (24-28 September 2007), they shall exceptionally submit them by 22 August 2007 9 AM GMT;

(d) Not to approve cases NM0194-rev that, if revised taking into account comments, can be resubmitted but will require new expert and public input.

Background: Information on methodologies currently under consideration by the Board and the Meth Panel are available on the UNFCCC CDM website¹.

The Board had requested the panel to review the draft consolidated methodology based on NM0215 and NM0217 at its thirty-second meeting. The panel reconsidered the draft consolidated methodology and has revised it as described in paragraph 15 of twenty-eighth meeting report of the panel. The panel suggested the option of investment analysis to demonstrate additionality for project activities covered under the draft methodology, as it is an exceptional case. The decisions for implementation of a new power plant and the decision to finance it is based on investment analysis and not barrier analysis. The financing institutes also look at investment analysis and risks to return, most of which can be monetized.

¹ See <<http://cdm.unfccc.int/goto/MPappmeth>>



The Board will be considering the cases NM0209 and NM0216 as these cases were submitted prior to the approval of the modification of the methodology consideration process (annex 12 EB32).

The Meth Panel agreed on preliminary recommendations to project participants for proposals NM0181-rev, NM0212, and NM0222. The Meth Panel could not conclude its consideration of cases NM0197-rev and NM202-rev. With regards to case NM0197-rev, the panel has sought expert opinion on procedure to determine baseline power-output function of equipments replaced by project activity as well as guidance from the Board on how to treat gases that are controlled by the Montreal Protocol and are greenhouse gases but not listed in Annex A of the Kyoto Protocol (see below paragraph 6).

Responses to clarifications

3. ► **Action:** The Board may wish to take note of the response to a clarification provided by the Meth Panel, as referred in the Meth Panel report (MP28)

(a) Clarified the request AM_CLA_0047 concerning approved methodological tool “to determine project emissions from flaring gases containing methane”.

(b) Clarified the request AM_CLA_0048 concerning approved methodology AM0036.

(c) Clarified the request AM_CLA_0049 concerning approved methodology ACM0002.

Background: Information on the clarification to methodologies is available on the UNFCCC CDM website (<<http://cdm.unfccc.int/goto/MPclar>>).

Responses to requests for revisions and resultant revision of approved methodologies

4. ► **Action:** The Board may wish to agree to the responses to revisions and the resultant revision of approved methodologies as referred to in the Meth Panel report (MP28):

(a) Accept request AM_REV_0049 concerning AM0047 requesting a revision to expand the applicability to project activities that use surplus fats from biogenic origin, such as animal fat residues, to produce biofuels, as contained in the annex 6 of the Meth Panel report (MP28 report).

(b) Not to accept request AM_REV_0050 concerning AM0037 requesting a revision to expand the applicability of the methodology to project activities that use coke oven gases to produce chemicals, such as ammonia.

(c) Accept request AM_REV_0051 concerning AM0014 requesting a revision to expand the applicability to project activities that replace electricity generation from captive electricity plant with electricity generation from natural gas based cogeneration plant, as contained in the annex 4 of the Meth Panel report (MP28 report).

(d) Not to accept request AM_REV_0052 concerning AM0036 requesting a revision to expand the applicability of the methodology to project activities that replaces use of coal with empty fruit bunches to produce electricity.

(e) Accept request AM_REV_0053 concerning AM0033 requesting a revision to expand the applicability to project activities that switch a part or all of the raw material used for clinker production to calcium carbide residue, a non-carbonated calcium source, in cement production lines, as contained in the annex 5 of the Meth Panel report (MP28 report).

(f) Accept request AM_REV_0054 concerning ACM0003 requesting a revision to expand the applicability to project activities that partially substitute fossil fuels with less carbon intensive fossil fuels in



cement manufacture, as contained in the annex 9 of the Meth Panel report (MP28 report). Further, to approve the revision of methodology to expand the scope of the approved methodology improve consistency, as described below:

- (i) Broadening of the applicability to project activities that use less carbon intensive fossil fuels in cement production than that used in the baseline.
- (ii) Broadening of the applicability to project activities that use renewable biomass from dedicated plantations as an alternative fuel ;
- (iii) Improvement in the clarity and consistency, in particular with respect to the monitoring of the applicability conditions, consistent with ACM0006, AM0036 and other approved methodologies;
- (iv) The use of approved tools to make it consistent with recently approved methodologies;
- (v) Simplifying the methodology by neglecting very minor emission sources; and
- (vi) Modifying the equation for baseline methane emissions from avoided dumping of biomass residue to reflect the situation where only a part of the biomass residue available is in surplus and, therefore, would result in dumping leading to methane emissions.

Background: Information on the revisions to methodologies is available on the UNFCCC CDM website (<<http://cdm.unfccc.int/goto/MPprev>>).

5. ► **Action:** The Board may wish to approve the revision of the following approved methodologies:

(a) **AM0025:** to correct an oversight where in the methodology avoidance of methane from anaerobic decay of biomass is credited even for that fraction of biomass, which is identified as not being surplus and thus would not have been dumped and thereby not causing methane emissions, as contained in the annex 7 of the Meth Panel report (MP28 report).

(b) **AM0036:** to correct an oversight where in the methodology avoidance of methane from anaerobic decay of biomass is credited even for that fraction of biomass, which is identified as not being surplus and thus would not have been dumped and thereby not causing methane emissions, as contained in the annex 8 of the Meth Panel report (MP28 report).

(c) **ACM0006:** to broaden the of the methodology to project activities that install a new cogeneration facility using biomass, as contained in the annex 10 of the Meth Panel report (MP28 report). Further, to modification of the equation for baseline methane emissions from avoided dumping of biomass residue to reflect the situation where only a part of the biomass residue available is in surplus and, therefore, would result in dumping leading to methane emissions.



Background: The approved methodology AM0025, AM0036, and ACM0006 were modified to correct an oversight in the methodological procedures of these approved methodologies. The methodologies presently credit methane emissions from avoided dumping of biomass residue even for that part of the biomass residue that is not in surplus and, therefore, would not have been dumped in the landfill.

ACM0006 was also revised, as requested by the Board at its thirty-second meeting, while accepting the proposed revision as per AM_REV_0047.

General guidance

6. ► **Action:** Board may wish to approve on of the following approaches for accounting gases covered under the Montreal protocol, which are also greenhouse gases, in project activities that use such gases:

Option (a) Only greenhouse gases included in Annex A of the Kyoto Protocol, with GWPs specified in the IPCC Second Assessment Report, should be considered as project emissions or leakage emissions.

Option (b) Greenhouse gases, as defined in paragraph 1 of the Convention, but not included in Annex A of the Kyoto Protocol, should be considered as project emissions and leakage emissions if a CDM project activity results in an increase of such emissions. In this regard the Board is also requested to clarify whether Global Warming Potentials (GWPs) from other sources could be used for these greenhouse gases if not provided in the second assessment report of the Intergovernmental Panel on Climate Change (e.g. GWPs as provided in the Fourth Assessment Report by the IPCC).

Option (c) Greenhouse gas emissions from refrigerants are neglected in the project and baseline situation, as long as the total GWP of the refrigerant gases (including any upstream GHG emission from production of the refrigerant gas) used in the project scenario is lower than those used in the baseline scenario.

Option (d) The applicability of the methodology is limited to project activities that do not use gases controlled under the Montreal Protocol. This implies that HFCs, CO₂ and non-GWP gases (e.g. hydrocarbons) may be used but that HCFCs may not be used in the project activity.

Background: The panel in its consideration of case NM0197-rev rev (India – Accelerated Chiller Replacement Program) in cases where project activities substitute the use of non-Annex A GHG use in the baseline with GHGs, which also have implications for ozone depletion, then accounting for only Annex A gases in the project emissions may provide an incentive to use non-Annex A gases in the project activity, which may have an adverse impact on the environment. A detailed note explaining the issue is included in annex 12 of the twenty-eighth meeting report of the panel (MP28).

7. ► **Action:** The Board may wish to provide guidance regarding the consideration of upstream emissions in the emission reduction calculation, and request secretariat to reflect the guidance in the “technical guidelines for the development of proposed new baseline and monitoring methodology (CDM-NM)”, if the following three criteria are met:

(a) The implementation of the project activity affects the level of upstream emissions, defined as the increase in emissions associated with the project activity where a clear causality can be established;

(b) The upstream emissions are significant vis-à-vis the total project activity emissions; and



- (c) The upstream emissions in the baseline scenario are significantly lower than in the project activity.

Background: The panel, taking into account the various guidance by the Board and the CDM Modalities and Procedures, have recommended a set of criteria for when the upstream emissions should be considered as leakage in project activities. Guidance taken into account included paragraph 51 of the CDM M&P, Annex 2 of the twenty-second meeting of the Board (to include in a conservative manner emissions sources in the calculation of leakage emissions that are larger in the project than in the baseline scenario) and it's the twenty-fifth meeting report of the Board, which provided guidance that biomass energy projects should account for upstream emissions associated with the production of biomass. .

8. ► **Action:** The Board may wish to provide guidance that the parameter values chosen for empty fruit bunches (EFB), to estimate avoided methane emissions using the FOD model, should be those as that for wood, as the characteristics of EFB are similar to wood in terms of cellulose, hemi-cellulose, and lignin content.

Background: The Meth Panel noted that in some submissions and requests for revision/clarification empty fruit bunches (EFB) from palm oil have been compared with food waste for the purpose of estimating methane emissions using the “tool to determine methane emissions avoided from dumping waste at a solid waste disposal site”, if the EFBs were to be disposed of in a landfill. It further noted that EFB is similar to wood in characteristics, viz., cellulose, hemi-cellulose, and lignin content.

9. ► **Action:** The Board may wish to clarify whether activities that create infrastructure (e.g. testing labs, creation of an enforcement agency) or capacity to enforce the policy or standard are eligible under the CDM.

Background: The panel is presently undertaking pre-assessment of a case submitted during the nineteenth round for submission of methodologies. The proposed project activity underlying the methodology is the implementation of a mandatory energy efficiency standard for air conditioners. The activities undertaken under the CDM project include, inter alia, fulfilling the financial and institutional requirements to make the standard mandatory and enforced, building a testing laboratory with properly trained staff and modern equipment, providing testing data and infrastructure to label air conditioning units, and information, training and capacity building activities.

10. ► **Action:** The Board may wish to consider the progress report of the secretariat on the work related to energy efficiency.

Background: The Board at its last meeting considered an analysis of energy efficiency projects under the CDM and ways of facilitating registration of such activities under the CDM modalities and procedures and requested the secretariat to initiate the work. It requested the secretariat to take into account the work being undertaken by various bodies and groups on energy efficiency and provide the Board with a progress report on the work at each meeting.

11. ► **Action:** The Board may wish to consider the analysis of the implications of amending the requirement of a minimum of six months between the revision of methodologies, as contained in annex 1 of this addendum.

Background: At its last meeting, the Board further requested the secretariat to undertake an analysis of the implications of amending the requirement of a minimum of six months between the revision of methodologies for consideration of the Board at its thirty-third meeting.

*For notification by the Board*

12. **Note:** The Board may wish to take note that the twenty-ninth meeting of the Meth Panel will be held from 24 to 28 September 2007 and that the deadline for the twenty-first round of submissions of proposed new methodologies is to be 3 September 2007.

Background: The Board at its twenty-sixth meeting agreed to the calendar of meetings, including meetings of panels and working groups, for 2007 and deadlines for submission of proposed new methodologies.

13. **Note:** The Board may wish to take note that the deadline submission of request for revision and request for clarification to be considered at the twenty-ninth meeting of the Meth Panel shall be 10 August 2007, 17:00 GMT.

Background: As per the procedures for requests for revision to approved methodologies and requests for clarifications, a request has to be submitted at least six weeks in advance of a Meth Panel meeting for it to be considered at that meeting.

14. **Note:** The Board may wish to take note that the panel will discuss the issue with a view to recommend draft guidance on considering upstream emissions for co-products and apportioning upstream emissions among co-products, if required.

Background: The panel noted that in project activities that claim emission reductions from the consumption of materials that can be considered as a co-product of a production process and are traded on the market, the issue of upstream emissions may need to be addressed in a different manner than the way it is addressed in case of residues that are available in surplus and that would have been disposed of. In case of co-products that are traded on market the key issues are: (i) the possible source of upstream emission that may occur due to increased production of the inputs used to produce co-products, or due to displacement of other uses of the co-product due to its use in the project activity, (ii) and how the upstream emissions can be allocated among these co-products.

15. **Note:** The Board may wish to take note that the panel held a teleconference with the DOE forum to discuss issue of methodological concern. Three DOEs were present at the teleconference.

Background: The panel had a teleconference with the DOEs, as per the Boards request to facilitate such interactions at least twice a year. The DOEs discussed a number of issues specific to approved methodologies and also requested a possible confidential procedure for requesting clarifications to approved methodologies.
