



CLEAN DEVELOPMENT MECHANISM EXECUTIVE BOARD

PROPOSED AGENDA AND ANNOTATIONS

ADDENDUM

Forty-sixth meeting

UNFCCC
Bonn, Germany
23–25 March 2009

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Annex 1 - Tool to assess the validity of the original/current baseline and to update the baseline on renewal of the crediting period

Please also refer to the following documents from previous meetings:

Annex 1 of the annotations of the forty-third meeting of the Board – “Enhanced barrier test – Consolidation of public comments”

Annex 2 of the annotations of the forty-third meeting of the Board – “Enhanced barrier test – Assessment of approved methodologies and registered project activities”



ADDENDUM TO THE ANNOTATED AGENDA

3. Work plan(b) Methodologies for baselines and monitoring plans

1. **Action:** The Board may wish to take note of the report of the thirty-seventh meeting of the Methodologies Panel on baseline and monitoring methodologies (the panel), and an oral report by the Chair of the panel, Mr. Philip Gwage, on the work of the panel.

Background: The panel held its thirty-seventh meeting from 2–6 March 2009 in Bonn, Germany and undertook its work in two parallel groups. The panel dealt with case-specific issues, methodological clarifications, guidance and other issues, as specified below.

Case specific

2. **Action:** Taking into consideration the inputs by experts (desk reviewers), the public, and the recommendations of the panel, the Board may wish to:

- (a) Approve methodology based on the case NM0251, as contained in annex 1 of the panel report (see MP37 report);
- (b) Not to approve cases NM0290, NM0296, NM0298, and NM0299 that, if revised taking into account comments, can be resubmitted but will require new expert and public input.
- (c) Provide guidance on the issue of permanence. A note prepared by the panel on the issue of permanence in relation to the cases NM0267 and NM0297 is contained in annex 2 of the panel report (see MP37 report).

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

The panel agreed on preliminary recommendations to project participants on the proposed new methodologies NM0258, NM0266, NM0293 and NM0294.

The panel could not conclude its consideration of the cases NM0250, NM0265, NM0269, NM0272, NM0278, NM0280, NM0282, NM0288, NM0292, and NM0295 and will further consider these cases at its next meetings.

3. **Action:** The Board may wish to provide guidance in relation to requests for deviation submitted by DOEs prior to registration.

Background: Two requests for deviation have been submitted by a DOE to the Board since its last meeting for consideration by the Board at its forty-sixth meeting.

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

**Responses to requests for clarification**

4. ► **Action:** The Board may wish to take note of the responses to the requests for clarification AM_CLA_0125, AM_CLA_0139 and AM_CLA_0140, as provided by the panel and referred to in the panel report (see table of MP37 report).

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

The panel could not finalize its response to the request for clarification AM_CLA_0084 and will further consider this request at its next meeting.

Responses to requests for revision

5. ► **Action:** The Board may wish to agree to the following responses to the requests for revision, as referred to in the panel report (see table of MP37 report):

- (a) Not to accept request AM_REV_0106 concerning revision of the approved methodology ACM0006 to broaden the applicability of the methodology to project activities which involve the installation of a new biomass residue fired cogeneration plant at a site where no power was generated prior to the implementation of the project activity, electricity was totally obtained from the grid, and heat was generated using a mix of biomass and fossil fuel boilers.
- (b) To accept request AM_REV_0109 concerning revision of the approved methodology AM0009 to expand the scope of the methodology by allowing the use of gas coming to the surface from gas-lift systems, as contained in annex 3 to the panel report (see MP37 report).
- (c) To accept request AM_REV_0118 concerning revision of the approved methodology ACM0006 to include scenario 22 which is applicable to project activities that involve the replacement of an existing biomass residue fired cogeneration plant by a new biomass residue fired cogeneration plant, which is operated next to (an) existing fossil fuel fired cogeneration plant(s) co-fired with minor quantity of biomass residues, as contained in annex 5 to the panel report (see MP37 report).
- (d) To accept request AM_REV_0133 concerning revision of the approved methodology ACM0015 to include a more conservative and simpler option in the project emissions section, as contained in annex 8 to the panel report (see MP37 report). The Board may wish to agree on the recommendation of not accepting a part of the request in AM_REV_0133 which intends to modify the applicability condition removing the quantification (1.5 times) of AMC surplus and including the provision to discount emission reductions in cases where AMC availability is not a surplus.
- (e) Not to accept request AM_REV_0135 concerning revision of the approved methodology ACM0006 to include a new scenario that involves fuel switch from fossil fuels to biomass residues at an existing power plant which is connected to the grid.
- (f) Not to accept request AM_REV_0136 concerning revision of the approved methodology AM0036 to broaden the applicability of the methodology to project activities in which a new petcoke/coal power plant under construction would replace some of its fossil fuel use by co-firing biomass residues.

- (g) Not to accept request AM_REV_0137 concerning revision of the approved methodology AM0058 to broaden its applicability to project activities that recover the heat from existing grid-connected power plants with less than three years of historical data available.

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

The panel could not finalize its responses to the requests for revision AM_REV_0125 and AM_REV_0126, and will further consider these requests at its next meetings.

Revisions to approved methodologies

6. **Action:** The Board may wish to approve revisions to the following approved methodologies:

- (a) **AM0009:** The draft revision: (1) expands the scope of the methodology by allowing the use of gas coming to the surface from gas-lift systems; (2) modifies the project activity diagram; (3) adjusts the table for emission sources in the project boundary section; (4) includes provisions to identify plausible alternative baseline scenarios for a gas processing facility and gas-lift gas; (5) simplifies the procedure to calculate baseline emissions; (6) neglects project emissions related to gas leaks, venting and flaring during the recovery, transport and processing of the recovered gas; (7) eliminates the leakage emissions section; and (8) eliminates the uncertainty assessment section. The draft revision is contained in annex 3 of the panel report (see MP37 report).
- (b) **AM0034:** The draft editorial revision to the approved methodology includes the use of *in-situ* analyser for the monitoring of N₂O concentration as a part of Automated Measuring System (AMS) and also changes the title of annex 1. The draft revision is contained in annex 4 of the panel report (see MP37 report).
- (c) **ACM0006:** The draft revision includes new scenario 22 which is applicable to project activities that involve the replacement of an existing biomass residue fired cogeneration plant by a new biomass residue fired cogeneration plant, which is operated next to (an) existing fossil fuel fired cogeneration plant(s) co-fired with minor quantity of biomass residues. The replacement increases the power generation, heat generation and the biomass residue firing capacity. In the absence of the project activity, the existing biomass residue plant would also be replaced by a new biomass residue fired power plant (referred to as “reference plant”), however, this reference plant would have a lower efficiency of electricity generation than the project plant e.g. by using a low-pressure boiler instead of a high-pressure boiler. The draft revision is contained in annex 5 of the panel report (see MP37 report).
- (d) **ACM0008:** The draft revision includes the provision to facilitate the use of the latest approved version of the “Tool for the demonstration and assessment of additionality”. The current version 05 of the methodology does not allow the use of benchmark analysis as a part of investment analysis of the tool, even in cases when the baseline scenario is use of electricity from the grid. In such cases EB41 guidance recommends the use of benchmark analysis as a part of investment analysis. The draft revision is contained in annex 6 of the panel report (see MP37 report).
- (e) **ACM0013:** The editorial revision to the approved methodology corrects an error in the units and unit conversion factor from GJ to MWh in equations. The draft revision is contained in annex 7 of the panel report (see MP37 report).
- (f) **ACM0015:** The draft revision includes a more conservative and simpler option in the project emissions section. The draft revision is contained in annex 8 of the panel report (see MP37 report).



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

The revision to AM0009 was made in response to the request for revision AM_REV_0109. The editorial revision to AM0034 was made in response to EB45 request arising from a request for deviation. The revision to ACM0006 was made in response to the request for revision AM_REV_0118. The revision to ACM0008 was made in response to the request for clarification AM_CLA_0125. The editorial revision to ACM0013 was made in response to the request for clarification AM_CLA_0140. The revision to ACM0015 was made in response to the request for revision AM_REV_0133.

General guidance

7. ► **Action:** The Board may wish to agree on next steps with regard to the guidance on the barrier “first-of-its-kind”.

Background: The Board, at its thirty-eighth meeting, considered the analysis of the application of the common practice test in demonstrating additionality to a sample of project activities and requested the panel to work on providing a definition of the “first-of-its-kind” project activity. In accordance with this request, the panel prepared draft guidance containing the following main issues:

- (a) The definition of the technologies that are eligible to use the barrier “first-of-its-kind” and the definition of what is regarded as a similar technology or project activity.
- (b) The definition of the number of similar project activities that may have already been implemented in the past, to still regard the project activity as “first-of-its-kind”.
- (c) The definition of the geographical area to be used when assessing the number of similar project activities that have already been implemented.

Due to the time constraints the Board did not consider this issue at its last meetings and agreed to postpone the consideration to its forty-sixth meeting.

8. ► **Action:** The Board may wish to agree on next steps with regard to the guidance on common practice analysis.

Background: This Board in its fortieth meeting considered the draft guidance on common practice analysis prepared by the secretariat and agreed to further discuss the draft guidance at its forty-first meeting. Due to the time constraints the Board did not consider this issue at its last meetings and agreed to postpone the consideration to its forty-sixth meeting.

9. ► **Action:** The Board may wish to consider (a) the input received as a response to the call for inputs on the proposal for the enhanced barrier test, as contained in annex 1 to the annotations of the forty-third meeting, along with (b) an assessment prepared by the secretariat of approved methodologies and registered project activities with a view to assessing the extent of project activity types covered by the applicability of the proposed guidance, as contained in annex 2 to the annotations of the forty-third meeting.

Background: The Board, at its forty-first meeting, considered draft proposal by the Meth Panel on the enhanced barrier test for project activities that have a potential for high profitability without CER revenues. The Board requested the secretariat to undertake an assessment of approved methodologies and registered project activities with a view to assessing the extent of project activity types covered by the applicability of the proposed guidance. Further, the assessment will be used to develop criteria for profitability of project activities and the list of other project activity types to which this guidance should be applicable. The Board requested the

Small-Scale Working Group to assess the potential relevance of this issue for small-scale project activities. The Board further agreed to launch a call for public comments on the proposal for the enhanced barrier test. The Board requested the secretariat to compile the inputs and present them along with the above assessment for consideration by the Board at its forty-third meeting. Due to the time constraints the Board did not consider this issue at its last meetings and agreed to postpone the consideration to its forty-sixth meeting.

10. ► **Action:** The Board may wish to approve the guidance on expansion of industrial gases recovery methodologies to new facilities, as contained in annex 12 to the panel meeting report (see MP35 report).

Background: The Board at its forty-second meeting considered a note on expansion of industrial gases recovery methodologies to new facilities, prepared by the panel, and requested the panel to provide a draft guidance together with clarifications on the issues raised in the note for consideration of the Board at its forty-fourth meeting. In response, the panel prepared a guidance document covering such industrial gases as N₂O, SF₆ and PFC. Due to the time constraints the Board did not consider this issue at its last meeting and agreed to postpone the consideration to its forty-sixth meeting.

11. ► **Action:** The Board may wish to provide guidance on an accurate plant load factor for wind power project activities applying ACM0002 taking into account the variability of the wind parameters and gaps of data. The Board may wish to consider the following three options, as presented in paragraph 37 of the panel report (see MP35 report):

- (a) The DOE should validate that the estimate in the CDM-PDD on the annual electricity generation is consistent with the estimate provided to banks and/or equity financiers while applying for project financing, or to the government while applying for implementation approval;
- (b) The expected annual electricity generation of the project should be determined by a third party contracted by the project participants (e.g. an engineering company);
- (c) If decided by the Board, the VVM may include a section on how to validate annual electricity generation estimates. The panel could elaborate such guidance in collaboration with the Secretariat and possibly drawing on expertise from external consultants and submit for the Board's approval.

Background: The Board at its thirty-ninth meeting requested the panel to review the approved consolidated methodology ACM0002 to arrive at an accurate plant load factor taking into account the variability of the wind parameters and gaps of data. This request was raised in relation with the consideration of requests for issuance under project activities where the quantity of electricity actually generated by the wind turbine was higher than the estimated electricity generation in the registered CDM-PDD. After considering the case, the panel developed the above three options for consideration by the Board. Due to the time constraints the Board did not consider this issue at its forty-fourth meeting and agreed to postpone the consideration to its forty-fifth meeting. Due to the time constraints the Board did not consider this issue at its last meeting and agreed to postpone the consideration to its forty-sixth meeting.

12. ► **Action:** The Board may wish to consider draft “Tool to assess the validity of the original/current baseline and to update the baseline on renewal of the crediting period”, as contained in annex 1 to this addendum.

Background: At its last meeting, the Board discussed the draft “Tool to assess the validity of the original/current baseline and to update the baseline on renewal of the crediting period” and agreed to ask the secretariat to revise the document taking into consideration the views of Board members. The revised document will be discussed in the forty-sixth meeting of the Board. The Board requested the secretariat to annex the document to the annotated agenda of forty-sixth meeting of the Board.



13. **Action:** The Board may wish to consider draft terms of reference to assess the implications of the possible inclusion of CCS in geological formations as CDM project activities.

Background: At its last meeting the Board, in accordance with the request by the CMP to assess the implications of the possible inclusion of CCS in geological formations as CDM project activities taking into account technical, methodological and legal issues, and report back to CMP5 (2/CMP.4, paragraph 41), requested the secretariat in consultation with a group of members and alternate members of the Board to work on draft terms of reference to address this task for approval by the Board as soon as possible.

14. **Action:** The Board may wish to approve the revised ‘Terms of Reference of the Methodologies Panel’ as contained in annex 9 to the panel meeting report (see MP37 report).

Background: The Board at its forty-fourth meeting requested the panels and working groups to revise their Terms of Reference to reflect the current procedures and operation of these bodies.

15. **Note:** The Board may wish to take note that the panel discussed the EB45 request related to AM0033, arising from a request for registration of a project activity. AM0033 was withdrawn and merged in ACM0015 in 2007. The panel agreed to handle this request within the currently considered revision of ACM0015.

16. **Note:** The Board may wish to take note that the panel did not discuss the revision to AM0047 as expert inputs on the issues relating to emission factors from changes in soil carbon stocks following a land use change or a change in management of the land were not available by MP 37. The panel intends to continue its consideration of this case once the required expert inputs become available.

17. **Note:** The Board may wish to take note that the panel discussed the EB45 request on ACM0001 arising from a request for issuance. The panel was not able to finalise its consideration and agreed to continue its work on the issue in its next meeting.

18. **Note:** The Board may wish to take note that the panel discussed the EB43 request related to ACM0005 arising from a request for deviation. The panel agreed not to revise the methodology to incorporate the proposed alternative procedures for the measurement of clinker and gypsum. The panel recommended to maintain the direct measurement method proposed in the methodology. The panel came to this conclusion due to the following reasons: (i) It is possible to measure gypsum and clinker directly for any cement production CDM project activity without much difficulty as measurement systems are available in the market. (ii) There are many uncertainties involved in the approach suggested for the deviation: (a) the factor proposed for conversion of raw meal to clinker is uncertain as it depends on the lime characteristics, which can vary substantially (for example, as stated in the project specific case, it is difficult to select from the several values between 1.44 and 1.56 for this conversion factor); (b) the SO₃ balance method for determination of gypsum to be added may be a good quality indicator, however it may not provide a conservative value of additive for the purpose of determining the emission reductions. This is because, though the maximum gypsum to be added to cement can be determined based on maximum SO₃ content permitted in cement, the actual quantity added may be difficult to estimate accurately and may give rise to potential for gaming.

19. **Note:** The Board may wish to take note that the panel continued its work on the overall revision of ACM0006. This work includes the development of three separate methodologies that will cover, respectively, project activities that involve power generation only, heat generation only and cogeneration. These three methodologies will replace ACM0006 in order to provide project proponents with a more user-friendly set of methodologies that cover the same types of project activities as currently covered by ACM0006. The panel will further report on this issue as progress is made.



20. *Note:* The Board may wish to take note that the panel discussed the EB45 request related to ACM0006 arising from requests for deviation. The panel recommended not to revise ACM0006 to introduce alternative method of the estimation of bagasse consumption other than direct monitoring. If project proponents wish to have other monitoring methodologies included for biomass measurements, they can propose a revision to ACM0006 in accordance with the Procedure for Revisions of Approved Methodologies. In terms of guidance on the proposed methods of estimation of bagasse (as the specific requests for deviation are for sugar mills), the panel considers that the weighing of bagasse is the preferred solution as per the methodology. However, the panel considers the proposed options for calculating bagasse are acceptable as a temporary solution, for example if the weighing equipment fails for a certain period. Given the temporary nature of the solution, the period to be allowed for monitoring of bagasse using these methods should be maximum 6 months. To ensure conservativeness, the proposed solutions should only be used when the derived estimate is conservative (to be verified by DOE) as it is clarified for two approaches as follows: (i) Approach 1, based on material balance of sugar cane, added water and extracted juice, is deemed to overestimate the amount of bagasse and would be conservative if more bagasse leads to less CERs (for example, it is applicable to the scenarios of ACM0006, where more bagasse results in lower project efficiency and hence in less CERs); (ii) Approach 2, which relies on the steam raising ratio, is deemed to underestimate the amount of bagasse and would hence be conservative if less bagasse would result in less CERs.

21. *Note:* The Board may wish to take note that the panel could not conclude the development of the “Tool for determination of moisture content of a stream containing water vapour and residual or combustion gases” The panel considered that further work is required to expand its scope to include the calculation of greenhouse gas emissions, once the moisture is determined. The panel intends to finalise the preparation of the tool at its next meeting.

22. *Note:* The Board may wish to take note that the panel further considered the development of methodological approaches to estimate emissions reductions for grid-connected power plants that partially or fully displace off-grid generation capacity. The panel will continue its work on this issue in the next meeting and will further report as progress is made.

23. *Note:* The Board may wish to take note that the panel discussed the sections of CMP.4 decision “Further Guidance relating to the CDM” relating to methodologies and additionality and identified specific actions to be taken to assist the Board in implementing this decision.

24. *Note:* The Board may wish to take note that the panel discussed various proposals for improvement of the process of consideration of methodological issues aiming at improving quality of and consistency between approved methodologies; speeding up consideration of methodological cases; and enhancing efficiency of operation of the panel and the secretariat. The panel agreed to finalise a list of concrete and prioritised actions for improvement of the methodological process at its next meeting.

25. *Note:* The Board may wish to take note that the panel discussed methodological issues related to public transport systems and agreed that further expertise is required to help the panel to solve a number of technical issues that arise in such types of projects. The panel also agreed that, due to the complexity of the issues raised, an institution rather than individual experts should be hired to carry out this task. Therefore, the panel requests the Board to consider the possibility of engaging an expert institution to coordinate and carry out an extensive work in this area.

26. *Note:* The Board may wish to take note that the thirty-eighth meeting of the panel will be held from 4 to 8 May 2009, as per annex 74 of the forty-fifth meeting of the Board.



27. *Note:* The Board may also wish to take note that the deadline for the twenty-eighth round of submissions of proposed new methodologies is 14 April 2009 and the deadline for submission of requests for revision and requests for clarification to be considered at the thirty-eighth meeting shall be 23 March 2009, 24:00 GMT.
