 <p style="text-align: center;"><b>CDM: Proposed New Methodology</b>  <b>Meth Panel recommendation to the Executive Board</b>  <b>(version 03)</b>  <i>(To be used by the Meth Panel to make a recommendation to the Board regarding a proposed new methodology)</i></p>	
Date of Meth Panel meeting:	8-9 September, 2003
Related F-CDM-NM document ID number (electronically available to EB members)	NM0010-rev
Related F-CDM-NMex document ID number(s) (electronically available to EB members)	F-CDM-NMex0010: Steve Thorne Jason Anderson
Related F-CDM-NMpu document ID number(s) (electronically available to EB members)	F-CDM-NMpu0010: Axel Michaelowa, Hamburg Institute of International Economics
<p><i>Note to those completing this form, as applicable: Please provide recommendations on the proposed new baseline and monitoring methodologies based on an assessment of annexes 3 and 4 and of their application in sections A to E of the draft CDM PDD, desk reviews and public input. Please ensure that the form is entirely filled and that arguments and expert judgements are substantiated.</i></p>	
<b>A. Final recommendations by the Meth Panel</b>	
<b>I. Recommendation on the proposed new baseline methodology:</b> <i>(highlight choice made in bold)</i>	
Title of proposed new baseline methodology:>> "Baseline methodology for methane recovery from landfill gas used for electricity generation"	
<p>a. To approve this proposed methodology with minor changes</p> <p><input checked="" type="checkbox"/></p> <p>i. Conditions under which this proposed methodology is applicable to other potential CDM project activities (e.g. project type, region, data availability):</p> <p>&gt;&gt; The methodology is applicable to project activities that recover additional methane from landfill (additional to that recovered in baseline e.g. in fulfilment of national policy) for electricity generation.</p> <p>The baseline situation regarding the electricity generation part is based average grid emission factor which is only relevant if base load is more emission intensive than peak load; the baseline situation regarding the biogas collection part is based on the local legislation. If current practice / contractual agreement goes beyond the local regulation then the first should be used as the basis for the baseline setting.</p> <p>ii. Minor changes:</p> <p>&gt;&gt; Some of the responses of the project participants to changes required by the Meth Panel in other documents (the draft CDM-PDD, baseline study (BLS), monitoring plan (MP), emission reduction study (ERS)) are to be reflected in annexes 3 and 4. Some minor edits are required to remove repetitive paragraphs, improve syntax and incorporate "methodology-specific"</p>	

information from Annex 5 of the draft CDM-PDD

Annex 3 should contain baseline methodology for methane recovery, in particular contain:

1. A requirement to conduct an emission reduction study prior to validation to provide estimates of emission reductions as an indication to the Executive Board;
2. A reference to the methodology for the ex post calculation of emission reductions as described in the annex 4;
3. A requirement to provide a narrative description of the baseline scenario in the CDM-PDD;
4. A requirement to describe how the local regulation (usually expressed in terms of a CH<sub>4</sub> concentration limit ) is translated into an amount of biogas to be collected.

b. To reconsider this proposed methodology, subject to required changes

i. Conditions under which the proposed methodology is applicable to other potential projects (e.g. project type, region, data availability):

>>

ii. Required changes:

>>

*(Project participants shall make required changes in the proposed new methodology and send it back to the Meth Panel. The proposed new methodology will be reconsidered by the Meth Panel if changes required are correctly made by the project participants. The Executive Board will only consider this proposed new methodology after required changes proposed have been made and the revised proposed methodology has been reconsidered by the Meth Panel)*

c. Not to approve the proposed methodology

i. Reasons for non-approval:

>>

*(A new proposal should be submitted in accordance with the procedures for submission and consideration of proposed new methodologies of the Executive Board.)*

**II. Recommendation on the proposed new monitoring methodology:** *(highlight the choice made in bold)*

Title of new proposed monitoring methodology: >> "Monitoring methodology for methane recovery from landfill gas used for electricity generation"

a. To approve this proposed methodology with minor changes

i. Conditions under which methodology is applicable to other potential projects (e.g. project type, region, data availability):

>> The methodology is applicable in the case of monitoring landfill gas recovered in addition to an amount specified for the baseline situation and fed into auto-generation

plant. It can monitor landfill gas fed into a power plant selling electricity to the grid. This monitoring methodology is applicable only to project activities eligible for using the baseline methodology above.

ii. Minor changes:

>> All changes requested in the first version have been explained and the changes made are satisfactory for the methodology to be approved.

Some of the responses of the project participants to changes required by the Meth Panel in other documents (the draft CDM-PDD, baseline study (BLS), monitoring plan (MP), emission reduction study (ERS)) will need to be reflected in annexes 3 and 4.

**Additional technical information is to be requested from project participants in order to ensure verification that the monitored “baseline wells” collect enough biogas to meet the local regulation during the entire lifetime of the project activity.**

Some minor edits will be required to remove repetitive paragraphs, improve syntax.

b. To reconsider this proposed methodology, subjected to required changes

i. Conditions under which the proposed methodology is applicable to other potential projects (e.g. project type, region, and data availability.):

>>

ii. Required changes:

>>

*(Project participants shall make required changes in the proposed new methodology and send it back to the Meth Panel. The proposed new methodology will be reconsidered by the Meth Panel if changes required are correctly made by the project participants. The Executive Board will only consider this proposed new methodology after required changes proposed have been made and the revised proposed methodology has been reconsidered by the Meth Panel)*

c. Not to approve the proposed methodology

i. Reasons for non-approval:

>>

*(A new proposal should be submitted in accordance with the procedures for submission and consideration of proposed new methodologies of the Executive Board.)*

**B. Details of the evaluation of the proposed new methodology by the Meth Panel:**

**I. Proposed new baseline methodology (specify title here): >>**

**(1) Short description of the methodology, including an assessment of which approach from paragraph 48 of the CDM modalities and procedures was used:**

a) Describe the methodology:

>> The methodology applies to a land fill/methane project activity where the baseline for electricity generation can be based on average grid emission factor (see section A. I. (a) (i) ). The cost of project

shall be higher than baseline project- based on Long Run Marginal Costing. The methodology encompass methane recovery (above the current minimum methane already being recovered in order to comply with local regulation) and use of the methane in electricity generation.

The methodology is based on the rationale that if project costs (including biogas recovery costs) are higher than the Long Run Marginal Costs of continued electricity generation based on the fossil fuel, the project activity would not have gone ahead in the absence of CDM.

*b) State the approach selected:*

>>The methodology adopts the approach of paragraph 48 (b) as it is based on an economic assessment showing that the project is not the most attractive option for the investor.

*c) Indicate (in summary form) why the approach selected is the most appropriate. Please provide your expert judgement on the appropriateness of the selected approach to the project category:*

>> Appropriate.

**(2) Basis for determining the baseline scenario:**

*a) State whether the documentation explains how the baseline scenario is to be chosen and identified:*

>>Yes.

*b) State the basic underlying rationale for algorithms/formulae used (e.g. marginal vs. average basis (see also section 4 below):*

>> Algorithms/formulae stated in the draft CDM-PDD should be incorporated in the annexes 3 and 4.

*c) State whether the documentation explains how, through the use of the methodology, it can be demonstrated that a project activity is additional and therefore not the baseline scenario. If so, what are the tools provided by the project participants?*

>>Yes.

*d) State whether the basis for determining the baseline scenario and for assessing additionality is appropriate and adequate:*

>> The cost and investment analysis adequately addresses the additionality issue.

**(3) Assessment of the description of the proposed methodology and its applicability**

*a) State whether the methodology has been described in an adequate manner:*

>>Yes.

*b) State whether the proposed methodology is appropriate for the referred proposed project activity and the referred project context (described in Sections A-E of the draft CDM-PDD and submitted along with Annex 3):*

>>Yes.

*c) State whether the application of the methodology could result in a baseline scenario that reasonably represents the anthropogenic emissions by sources of greenhouse gases that would occur in the absence of the proposed project activity.*

>>Yes.

*Please explain*

>>The methodology provides a tool to prove that the project activity is more costly than simply complying with the local regulation. In the project case this just means doing nothing. This point could nevertheless be better justified ( going beyond simply stating that passive venting would be sufficient ).

**(4) Assessment of algorithms/formulae and type of data needed:**

a) State whether the description of the methodology includes algorithms and generic formulae that can be applied to other potential project activities (If not, the proposed new methodology will be considered as a project-specific methodology.):

>> The formulae that are used in the LRMC and calculation of CO2 equivalent should be incorporated into the annexes.

b) Explain the spatial scope of data used to determine the baseline and whether the scope is appropriate:

>> Yes.

c) Explain the vintage of data used (in relation to the duration of the project crediting period) and whether the vintage of data is appropriate, indicating the period covered by data:

>> Data used and vintage is up to date. The methodology suggests to monitor the actual emission factor of the grid.

**(5) Definition of the project boundary related to the baseline methodology:**

a) State how the project boundary is defined in terms of:

i) Gases and sources

>> CH<sub>4</sub> from land fill and CO<sub>2</sub> displaced in electricity generation are adequate in this case.

ii) Physical delineation

>> The methodology considers the land fill, the electricity generation unit and the local grid which is adequate.

b) Indicate whether this project boundary is appropriate:

>> Yes.

**(6) Key assumptions/parameters (including emission factors and activity levels) and data sources:**

a) List the implicit and explicit key assumptions. Identify those, if any, which are problematic and explain:

>> The key assumptions are:

- The LRMC of electricity generation by the local grid will be lower than for the project during crediting period. ). The ex-post monitoring will check this assumption

- The buyer (i.e. the municipality in the project case) would have bought cheaper electricity from the interconnected grid.

b) State whether the key assumptions are arrived at in a transparent manner:

>> Yes.

c) Give your expert judgement on whether the assumptions/parameters are adequate:

>> Given the current circumstances the assumptions are adequate and they are backed by monitoring methodology that addresses changes in assumptions.

d) Indicate which data sources are used and how the data are obtained (e.g. official statistics, expert judgement). Identify whether the data used are complete and state possible data gaps:

>> The Data used are official ( e.g. the local utility )and adequate and can be verified.

e) Give your expert judgement on whether the data used are adequate, consistent, accurate and reliable:

>> Yes.

**(7) Assessment of uncertainties:**

a) State whether the methodology includes an assessment of uncertainties regarding:

i) The basis for determining the baseline scenario:

ii) Algorithms/formulae:

>>

iii) Key assumptions:

>>

iv) Data:

>>

b) State whether the uncertainties presented are reasonable:

>>Yes . Remaining uncertainty: translation of local regulation (usually expressed in terms of a CH<sub>4</sub> concentration limit) into a quantity of biogas to be collected. The PP shall demonstrate that the monitored “baseline wells” collect enough biogas to meet the local regulation during the entire lifetime of the project activity.

**(8) Leakage:**

a) State how the baseline methodology addresses any potential leakage due to the project activity.

>> The leakage issue is well dealt with.

b) Indicate whether the treatment for leakage is appropriate and adequate?

>>It is adequate.

**(9) Transparency and “conservativeness”:**

a) Indicate whether the baseline methodology was developed in a transparent way:

>>Yes transparent.

b) State whether the baseline methodology is conservative:

>>The baseline methodology is conservative. Adjustments for transmission and distribution losses if electricity would be provided by the local utility are ignored.

**(10) Potential strengths and weaknesses of the baseline methodology (please explain):**

>> LRMC analysis may not be available in some cases.

**(11) Other considerations, such as a description of how national and/or sectoral policies and circumstances have been taken into account (please explain):**

>>Changes in future policies are monitored

**(12) Applicability of the proposed methodology across project types and regions (please indicate):**

>>The methodology can be applied to all land fill where new project will be more costly to invest compared to current and future fossil based generation projects. (see also section A. I (a) (i) above).

**(13) Any other comments:**

a) State whether any other source of information (i.e. other than documentation on this proposed methodology available on the UNFCCC CDM website) has been used by you in evaluating this methodology. If so, please provide specific references:

>>South Africa Energy Policies.

b) Indicate any further comments:

>> The phrase “environmentally additional” is still used and should be replaced, in the spirit of other changes, with ‘additional’. Check throughout, including:

page 6, last paragraph

page 11, B.4

pages 36, 2.2

page 38, items 9 (b) and 11

**II. Proposed new monitoring methodology (specify title here): >>**

*In respect of the proposed new monitoring methodology, evaluate each section of Annex 4. Please provide your comments section by section:*

**(1) Brief description of new methodology:**

*Describe new methodology:*

>>

**(2) Key assumptions/parameters:**

a) *List the implicit and explicit key assumptions. Identify those, if any, which are problematic and explain:*

>>

b) *State whether the key assumptions are arrived at in a transparent manner:*

>> To reflect the good changes for monitoring of changes in the regulatory framework in the draft CDM-PDD (B.3, page 10), annex 3, item 10 should possibly read differently:

“The methodology takes national and sectoral regulations into account in that the baseline scenario must be in compliance with existing regulation and must be updated to comply with new regulations and evolving economic/sectoral conditions. Project participants shall justify that the ex post monitoring of regulatory changes and their application to the baseline scenario is appropriate for the project and its circumstances.”

c) *Give your expert judgement on whether the assumptions/parameters are adequate:*

>>Yes.

**(3) Data sources and data quality:**

a) *Indicate which data sources are used and how the data are obtained (e.g. official statistics, expert judgement). Identify whether the data used are complete and state possible data gaps:*

Eskom and monitored data

b) *Give your expert judgement on whether the data used are adequate, consistent, accurate and reliable:*

>>Adequate.

**(4) Assessment of the description of the proposed methodology and its applicability:**



a) *State whether the proposed methodology has been described in an adequate manner:*

>>Yes.

b) *State whether the proposed methodology is appropriate for the referred proposed project activity and the referred project context (described in Sections A-E of the draft CDM-PDD and submitted along with Annex 4):*

>>Yes.

c) *State whether this proposed monitoring methodology is compatible with the proposed baseline methodology described in annex 3 of the draft CDM-PDD:*

<p>&gt;&gt;Yes.</p>	
<p><b>(5) Leakage</b> <i>(please elaborate, if appropriate):</i></p> <p>&gt;&gt;Considered negligible - and that seems correct.</p>	
<p><b>(6) Quality assurance and control procedures</b> <i>(please explain):</i></p> <p>&gt;&gt;Is adequately done through regular servicing of measuring equipment.</p>	
<p><b>(7) Potential strengths and weaknesses of the methodology</b> <i>(please explain):</i></p> <p>&gt;&gt;</p>	
<p><b>(8) Applicability of the proposed methodology across project types and regions</b> <i>(please indicate):</i></p> <p>&gt;&gt;The methodology can be applied to all land fill where new project will be more costly to invest compared to current and future fossil based generation projects. (see also section A. II (a) (i) above).</p>	
<p><b>(9) Any other comments:</b></p> <p>a) State whether any other source of information (i.e. other than documentation on this proposed methodology available on the UNFCCC CDM website) has been used by you in evaluating this methodology. If so, please provide specific references:</p> <p>&gt;&gt;None.</p> <p>b) Indicate any further comments:</p> <p>&gt;&gt;No further comments.</p>	
<p>Signature of Meth Panel Chair .....</p> <p>Date: 16/09/2003</p> <p>Signature of Meth Panel Vice-Chair .....</p> <p>Date: 16/09/2003</p>	 <p>(Jean-Jacques Becker)</p>  <p>(Franz Capra Tattenbach)</p>
<b>Information to be completed by the secretariat</b>	
F-CDM-NMmp doc id number	F-CDM-NMmp NM0010-rev
Date when the form was received at UNFCCC secretariat	16 September 2003
Date of transmission to the EB	17 September 2003
Date of posting in the UNFCCC CDM web site	17 September 2003