Draft Methodological Tool

"Avoidance of double counting of emission reductions from the production of biofuels"

I. SCOPE, APPLICABILITY AND PARAMETERS

This tool is applicable to methodologies for proposed CDM project activities that seek to claim certified emission reductions (CERs) from the substitution of fossil fuels by liquid biofuels and where the producer of the biofuels claims the CERs. The tool takes into consideration the EB 26 decision which asks to provide guidance for addressing the issue of avoidance of double counting in methodologies for project activities claiming CERs from the production of biofuels only, while not taking into account consumers (end-users) of these biofuels. The tool includes consumers in the project boundary where they directly purchase the biofuel from the producer of biofuel or where the biofuel sale is tracked via invoices until the final consumer or fuelling station, but excludes them from the project boundary if the biofuel is blended by wholesalers.

The objective of the tool is to estimate the fraction of produced biofuel eligible for claiming CERs as per the Boards guidance on double counting with regards to project activities displacing fossil fuels with biofuels.

Definitions

For this tool, the following definitions apply:

- **Customers.** Final consumers, wholesale customers or fueling stations to which biofuel or blended fuel is directly sold by the producer of the biofuel.
- **Final consumer**. Final consumer is the consumer using the biofuel for energy use thereby substituting fossil fuels (e.g. industrial users, farmers or institutional customers such as a municipality buying biofuel for its bus fleet).
- **Wholesale customer.** A wholesale customer is a trader of biofuels who on-sells the biofuel to final consumers, fueling stations or other wholesaler customers (downstream wholesale customers). For the purpose of this tool a distinction is made between:
    - Wholesale customers whose biofuel sales are traced via sales invoices;
    - Wholesale customers who only sell biofuel in the form of blended fuel. In all blended fuels sold by the wholesale customers the fraction of biofuels is less than 25%. This type of customer can only be considered as a wholesale customer if it is registered as a fuel distributor or has a license as a fuel distributor from the national authority for fuel distribution (applicable if this is required in the host country);
- **Blended fuel.** A blend of biofuels and fossil fuels. The volume fraction of the biofuels in the blended fuel may be between 1 – 100%[1].
- **Fueling station.** A fueling station is a facility which sells fuel and lubricants for motor vehicles (cars, buses, trucks, motor cycles, etc). Any host country regulation to define fueling stations should apply. In the absence of a clear definition of fueling stations in the host country, a fueling station is a fuel retail station where the blended or unblended fuel is sold to unidentified road transportation vehicles (e.g, cars, buses, trucks, motor cycles, etc.) with a transaction size of less

[1] Projects in which the biofuel is consumed unblended can apply the same procedure by assuming a fraction of biofuel in the blended fuel of 100%.

than 1,000 liters fuel sold per transaction. Fueling stations may purchase the biofuel directly from the producer of the biofuel and/or wholesale customers or downstream wholesale customers.

Clarification /Justification

Individual vehicle owners are not included in the definition of final consumer as it's very unlikely that they will claim CERs for their efforts or export the biofuel. In addition, the possible spillage after purchase of the fuel by vehicle owners is likely to be small and is not likely to be different between the baseline and the project scenario.

Scope and applicability

This tool is applicable under the following conditions:

- The proposed CDM project activity is the production of biofuel which is sold to wholesale customers, final consumers or fueling stations for consumption in the transport, residential, commercial or industrial sector;
- The producers of the biofuel are project participants. If relevant, also wholesale customers can be project participants in addition to the producers of the biofuels;
- Project participants can ensure access for the verifying DOE to the detailed financial administration of their activities. In the case where the sales invoices of the wholesale customers are used to trace the sales of the biofuel, the project participants can ensure access to the detailed financial administration of that wholesale customer to the verifying DOE. These detailed financial administrations are the same as the respective documents used for tax obligations in the host country (such as VAT, sales tax, profit tax);
- Any blending of the biofuel is done either by the producer of the biofuel or a third party (wholesale customer or final customer) included in the project boundary;
- The host country, in which the project is located, is not exporting biofuel or blended fuel, except to other Non-Annex I countries which do not export biofuel or blended fuels.[2]

Methodologies where the consumer of the biofuel wants to claim the CERs cannot use this tool.

[2] In case of host countries which are exporting biofuel, a different tool is required to account for leakage resulting from exports of biofuels to Annex I countries. The Meth Panel will undertake further work on this.

Clarification /Justification

The requirement that the financial administrations are the same as the respective documents used for tax obligations in the host country is a way to ensure that there are no "shadow accounts" for the purpose of CDM and thereby allow for the possibility of generating more CERs.

Wholesale customers purchasing biofuel can often be a major driver in the biofuel market. The monitoring requirements in this tool may require a lot of information to be provided by the wholesale customer. It may therefore make sense for the producer of the biofuel to allow the wholesale customer to be part of the proposed CDM project activity to ensure its cooperation.

The exception to allow export to other Non-Annex I countries which do not export is to allow for the situation where larger Non-Annex I countries often have a close relation with neighboring smaller countries.

Parameters

This tool provides procedures to determine the following parameters:

Parameter	SI Unit	Description
$P_{BF,y}$	Liters	Quantity of biofuel produced by the CDM project activity that is eligible for claiming CERs in year *y*[3]

II. METHODOLOGY PROCEDURE

Project boundary

For the purpose of this procedure the following part of the biofuel supply chain is included in the project boundary[4]:

- The biofuel production plant;
- Final consumers;
- Wholesale customers;
- Fueling stations.

Vehicle owners purchasing fuel at a fueling station are excluded from the project boundary.

Project participants shall apply the following three steps in their monitoring plan:

- STEP 1. Monitoring of export of biofuels or blended fuels;
- STEP 2. Tracking of biofuel sales;
- STEP 3. Determine the fraction of biofuel sales that is eligible for CERs;

[3] In case the CDM project produces more than one type of biofuel the procedure in this tool needs to be separately applied for every type of biofuel.

[4] Step 3 provides more specific examples of the project boundary for each supply situation. The project boundary defined in the methodology using this tool should at least reflect the project boundary as given in this tool but could be larger to reflect other components of the biofuel production process.

STEP 1: Monitoring of export of biofuels or blended fuels

The host country in which the proposed CDM project activity is located should not be exporting biofuel or blended fuel, except to other non-Annex I countries which do not export biofuel or blended fuel. This applicability condition requires the project proponent to monitor the export of biofuels or blended fuel from the host country and from all non-Annex I countries to which the host country exports. The project proponent can use the following sources to assess whether biofuel or blended fuel is exported:

- Publications by national government institutions or reputable international energy databases (e.g. published by UN, IEA, OPEC, BP, Shell) with data and statistics regarding the export of fuels broken down at least into biofuel, gasoline and diesel and which clearly identify blended fuels;
- A declaration by the DNA of the host country stating that no biofuel, blended fuel, gasoline or diesel has been exported in the relevant period or that exports have been only to identified non-Annex I countries, and,
- If applicable, a declaration by the DNA of those non-Annex I countries where biofuel or blended fuel has been exported to stating that they have not been exported any biofuel or blended fuel to Annex I countries in the relevant period.

This data needs to be provided upon validation and for each period when verification of emission reductions of the proposed CDM project activity is requested. If the host country or the respective non-Annex I country exports biofuels or blended fuels in the year *y*, no CERs can be claimed for the project activity in that year.

STEP 2: Collection of data to track the sales of biofuel

During the monitoring of the proposed CDM project activity the producer of the biofuel shall collect from each customer to which biofuel is sold information to determine the quantity of biofuel produced that is eligible for CERs.

STEP 2-A: Collection of customer information

The producer of the biofuel shall collect relevant customer sales information (as listed below) for each of its customers for which project participants wish to claim CERs for the sold biofuel. This information shall be collected at the moment the sales contract is closed with the customer and shall be kept up to date by the project participant throughout the whole crediting period. Biofuel sold to customers for whom no correct data is included in the project database shall not be eligible for CERs. The producer of the biofuel shall ensure that the project administration is up to date with this relevant sales information prior to each verification.

1. General customer information: The project participant shall collect the following general information from each customer:
   - Customer contact details (such as name, address, telephone, email, contact person)
   - Physical location of delivery

2. Customer use information: The project participant shall collect information which confirms for which application the biofuel will be used by the customer. The following information should be collected for the different types of customers:

   2.2. Final consumer (no onwards sales).
   - Information to reasonably show how the biofuel is used, for example:

- For use in a boiler / generator, indicate rating capacity of the application;
- For use in a captive vehicle fleet, indicate number of vehicles, type of vehicles;
- For use for farm machinery or equipment such as tractors or harvesters, describe type of machine and indicate number of machines.

2.3. Wholesale customer whose biofuel sales are traced via sales invoices.

- Information how the biofuel is used and sales invoice information as specified in section 2-B relating to transactions for:
  - Onwards sales to final customers;
  - Onwards sales to fueling stations;
  - Onwards sales to downstream wholesale customers;
  - Own final consumption (specify use as for final consumers above);

2.4. Wholesale customer who only sell biofuel in the form of a blended fuel

- Description of activities of wholesale customer and publicly available information about operations of the wholesale customer;
- For each period for which project participants request verification, an audited statement (audited by an independent third party financial auditor with access to the financial administration of the wholesale customer) that the wholesale customer did not sell any pure biofuel in this period but that biofuel has only be sold in the form of blended fuel with the volume fraction of biofuel in the blended fuel being less than 25%.

2.5. Fuelling station

- In case the host country regulation defines fueling station: Documentation showing that the fueling station falls under the host country regulation;
- In case of no respective host country definition: Sales records or an audited statement (audited by an independent third party financial auditor with access to the financial administration of the fuelling station operator) showing for a historical period of at least one month that the fuel quantity per sales transaction has been less than 1,000 litres.

3. Declaration of not claiming any CERs:
   - Declaration by each customer that the customer will not claim CERs for the consumption or, in case of wholesale customers and fuelling stations, the sale of biofuels purchased from the project participants. This declaration could be part of a supply contract in which case it needs to be incorporated in every new supply contract to the same customer. In case the declaration is a separate document the document needs to be updated at each verification.

4. Declaration for wholesale customers whose biofuel sales are traced via sales invoices. Declaration by the wholesale customer that it will:
   - Include in all sale invoices the date of delivery, the quantity of fuel(s) delivered, information on the fuel type, including information on its composition in the case of blending;
   - Provide to project participants the references to all relevant sales invoices and the information there included (see below) of biofuel sold to final consumers, fuelling stations or downstream wholesale customers and all purchase invoices of biofuel purchased from all its biofuel suppliers;
   - Ensure access to the financial administration of its activities for the DOE of the proposed CDM project activity; and

– Ensure that this detailed financial administration is the same as the respective documents for used for tax obligations in the host country.

This declaration could be part of a supply contract in which case it needs to be incorporated in every time a new supply contract is signed with the customer. In case the declaration is a separate letter, the letter needs to be updated at every verification.

5. Declaration for wholesale customers who only sell biofuel as part of a blended fuel
   – Declaration by the wholesale customer that it is only selling blended fuel and will not onward sale any pure biofuel.

   This declaration could be part of a supply contract in which case it needs to be incorporated in every new supply contract to the same customer. In case the declaration is in a separate letter the letter needs to be updated at every verification.

STEP 2-B: Tracking of biofuels with sales invoices

The producer of the biofuel shall track the volumes of biofuel sold through sales invoices to its:

(a) Wholesale customers;
(b) Final consumers;
(c) Fueling station customers.

In the case of wholesale customers whose biofuel sales are traced via sales invoices, the project participants shall keep references to

(a) The sales invoices of sales by wholesale customers to its:
   - Final customers;
   - Fueling stations;
   - Downstream wholesale customers;
(b) The purchase invoices of all biofuel purchases done by the wholesale customer[5].

Sales invoices, purchase invoices and references to invoices information should include:

- Information to identify the invoice;
- Date of delivery;
- Quantity of fuel delivered (liters);
- Type of fuel(s) delivered (name, any technical specifications provided such as the heating value, octane and cetane value);
- The fraction of the type of biofuel that is produced by the proposed CDM project activity in the blended fuel, indicated in blend of 1-100%.

All these references to sales and purchase invoices need to be included in the project administration. Upon request by the DOE, the DOE should have access to the invoices.

[5] Similarly, in the case of supply of 100% biofuel to downstream wholesale customers this is required for those wholesale customers.

STEP 2-C: Establishment of a project database of biofuel sales

From the start of the proposed CDM project activity and throughout all the crediting periods, the project participant shall maintain the following information regarding sales and purchases of biofuels:

1. A financial administration as required under host country's tax regulations;
2. A database with customer and sales information as identified in Step 2-A and Step 2-B;
3. Records of all relevant documents on customers, such as general customer information, customer use information, declarations of not claiming any CERs, and declarations by wholesale customers.

The annual financial accounts and accompanying financial administration of the producer of the biofuel and wholesale customers should be accessible to the verifying DOE. In case it is not accessible that portion of the biofuel sales will not be eligible for CERs.

STEP 3: Determine the fraction of biofuel sales that is eligible for CERs

The amount of eligible biofuel is calculated using the following formulas:

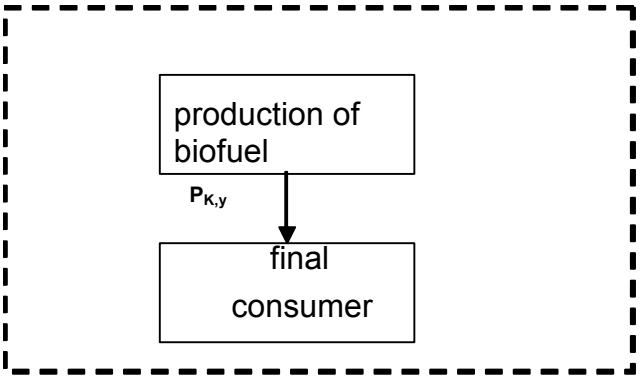
$$P_{BF,y} = P_{K,y} + P_{L,y} + P_{M,y} \quad \textbf{(1)}$$

Where:

$P_{BF,y}$	=	Quantity of biofuel produced by the CDM project activity that is eligible for CERs in year *y* (in liters)
$P_{K,y}$	=	Quantity of biofuel produced by the CDM project activity which is directly sold by the producer to final consumers in year *y* and which is eligible for CERs (in liters)
$P_{L,y}$	=	Quantity of biofuel produced by the CDM project activity which is directly sold by the producer to fueling stations in year *y* and which is eligible for CERs (in liters)
$P_{M,y}$	=	Quantity of biofuel produced by the CDM project activity which is directly sold by the producer to wholesaler customers in year *y* and which is eligible for CERs (in liters)

Step 3-A: Determining eligible biofuel from sales to final consumers

This step contains the procedure to determine the quantity of biofuel which is directly sold by the producer to final consumers and which is eligible for CERs ($P_{K,y}$). The following figure (the dotted line represents the project boundary) shows the relevant supply chain for this type of sales of biofuel.



The quantity of biofuel produced by the CDM project activity that is directly sold by the producer to final consumers and that is eligible for claiming CERs in year *y* is determined as follows:

$$P_{K,y} = \sum_k \sum_i P_{BLF,i,k,y} * BL\%_{i,k,y} \quad \textbf{(2)}$$

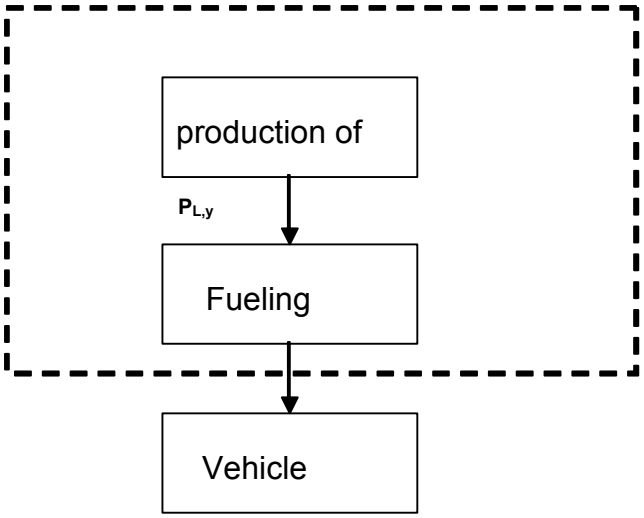
Where:

$P_{K,y}$	=	Quantity of biofuel produced by the CDM project activity which is directly sold by the producer to final consumers in year *y* and which is eligible for CERs (in liters)
$P_{BLF,i,k,y}$	=	Quantity of blended fuel[6] produced by the CDM project activity and directly sold by the producer to final consumer *k* according to the sales invoice *i* in year *y* (in liters)
$BL\%_{i,k,y}$	=	Fraction of the project biofuel type in the blended fuel (1 – 100%) identified on the sales invoice *i* to final consumer *k* in year *y* (in %)
k	=	Final consumer from which general customer information, customer use information and a declaration of not claiming any CERs is available in the project administration.

[6] In most cases the biofuel producer does not blend the biofuel. In this case, $BL\%_{i,k,y}$ = 100%. If the biofuel is blended, $BL\%_{i,k,y}$ corresponds to the fraction of the biofuel in the blended fuel.

STEP 3-B: Determining eligible biofuel from sales to fueling stations

This step contains the procedure to determine eligible biofuel from direct sales by the producer to fueling stations. The following figure shows the relevant supply chain for this type of sale of biofuel.



The quantity of biofuel produced by the CDM project activity which is directly sold by the producer to fueling stations in year *y* and which is eligible for CERs is determined as follows:

$$P_{L,y} = \sum_l \sum_i P_{BLF,i,l,y} * BL\%_{i,l,y} \quad \textbf{(3)}$$

Where:

$P_{L,y}$	=	Quantity of biofuel produced by the CDM project activity which is directly sold by the producer to fueling stations in year *y* and which is eligible for CERs (in liters)
$P_{BLF,i,l,y}$	=	Quantity of blended fuel[7] produced by the CDM project activity and directly sold by the producer to fueling station *l* according to the sales invoice *i* in year *y* (in liters)
$BL\%_{i,l,y}$	=	Fraction of the project biofuel type in the blended fuel (1 – 100%) identified on the sales invoice *i* to fueling station *l* in year *y*
l	=	Fueling station from which general customer information, customer use information and a declaration of not claiming any CERs is available in the project administration.

[7] In most cases the biofuel producer does not blend the biofuel. In this case, $BL\%_{i,l,y}$ = 100%. If the biofuel is blended, $BL\%_{i,l,y}$ corresponds to the fraction of the biofuel in the blended fuel.

Clarification /Justification

Individual vehicle owners are not included in the definition of final consumer as it's very unlikely that they will claim CERs for their efforts or export the biofuel. In addition, the possible spillage after purchase of the fuel by vehicle owners is likely to be small and is likely to be the same in the baseline and the project scenario.

STEP 3-C: Determining eligible biofuel from sales to wholesale customers

This step contains the procedure to determine eligible biofuel from direct sales by the producer to wholesale customers. Step 3-C-1 can be used to determine eligible biofuel from sales to a wholesale customer whose fuel sales are traced via sales invoices. Step 3-C-2 can be applied for biofuel sold to a wholesale customer who only sells biofuel in the form of blended fuels.

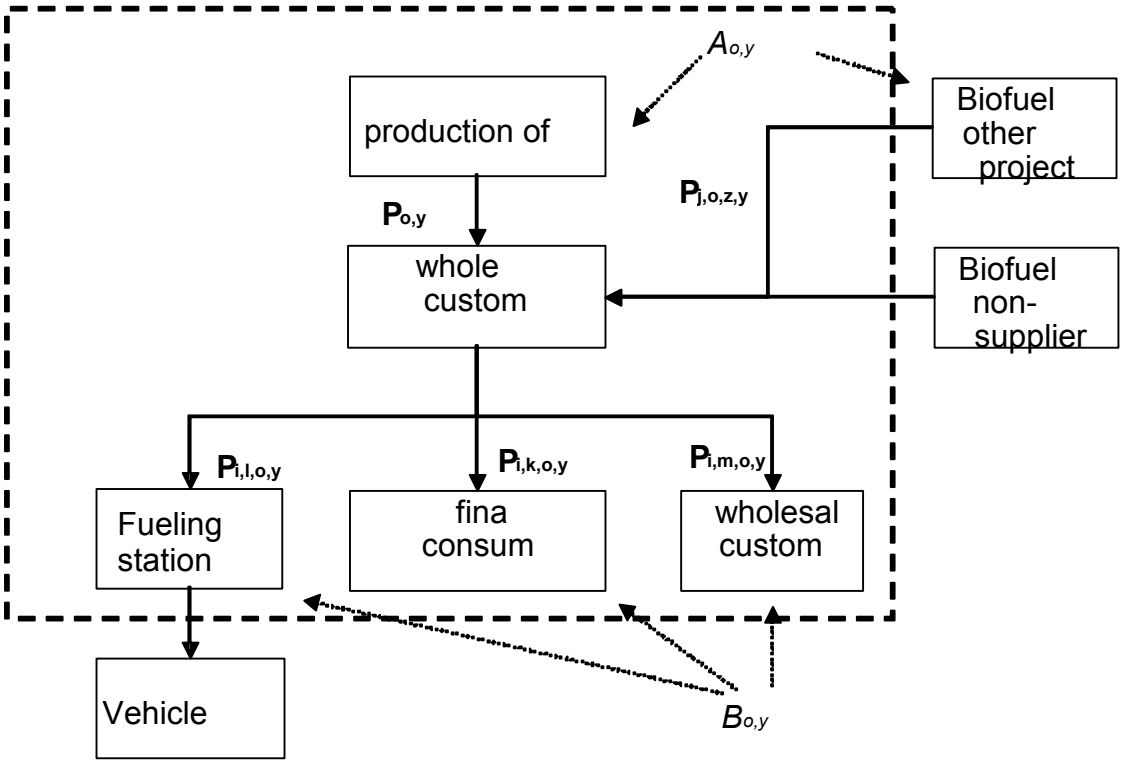
The total quantity of biofuel produced by the proposed CDM project activity and directly sold to all wholesalers is calculated as:

$$P_{M,y} = P_{O,y} + P_{P,y} \quad \textbf{(4)}$$

$P_{M,y}$	=	Quantity of biofuel produced by the CDM project activity which is directly sold by the producer to wholesaler customers in year *y* and which is eligible for CERs (in liters)
$P_{O,y}$	=	Quantity of biofuel produced by the CDM project activity in year *y* which is directly sold by the producer to wholesale customers and which can be traced via sales invoices until the final consumer or the fuelling station (in liters)
P_{Py}	=	Quantity of biofuel produced by the CDM project activity in year *y* which is directly sold by the producer to wholesale customers who only sells biofuel in form of blended fuels and which is eligible for CERs (in liters)

STEP 3-C-1: Wholesale customers whose biofuel sales are traced via sales invoices

The following figure shows the relevant supply chain for this type of sales of biofuel. In this approach, the sales of biofuel are tracked via sales invoices until the final consumer or the fuelling station.



The quantity of biofuel produced by the CDM project activity in year y which is directly sold by the producer to wholesale customers whose biofuel sales can be traced via sales invoices until the final consumer or fuelling station is determined as follows:

$$P_{O,y} = f * \sum_i P_{BLF,i,o,y} * BL\%_{i,o,y} \quad \textbf{(5)}$$

Where:

$P_{O,y}$	=	Quantity of biofuel produced by the CDM project activity in year *y* which is directly sold by the producer to wholesale customers and which can be traced via sales invoices until the final consumer or the fuelling station (in liters)
f	=	Factor to adjust the biofuel quantity for situations where the wholesaler customer purchases the same type of biofuel also from other CDM project activities
$P_{BLF,i,o,y}$	=	Quantity of blended fuel[8] produced by the CDM project activity and directly sold by the producer to wholesale customer *o* according to the sales invoice *i* in year *y* which can be traced via sales invoices until the final consumer or the fuelling station (in liters)
$BL\%_{i,o,y}$	=	Fraction of the project biofuel type in the blended fuel (1 – 100%) identified on the sales invoice *i* to wholesale customer *o* in year *y*
o	=	Wholesale customer whose biofuel sales are traced via sales invoices and for which general customer information, customer use information, a declaration of not claiming any CERs and a declaration for wholesale customers whose biofuel sales are traced via sales invoices is available in the project administration.

[8] In most cases the biofuel producer does not blend the biofuel. In this case, $BL\%_{i,o,y} = 100\%$. If the biofuel is blended, $BL\%_{i,o,y}$ corresponds to the fraction of the biofuel in the blended fuel.

The factor f has been introduced in equation (5) above for situations where the wholesale customer purchases the project biofuel type also from other CDM project activities. If the total quantity of the CDM biofuel type sold by the wholesale customer for which sales invoices can be tracked until the final consumers or fuelling stations ($B_{o,y}$) is smaller than the total quantity of the project biofuel type purchased from CDM projects ($A_{o,y}$), then *f* is calculated as follows:

$$f = \frac{B_{o,y}}{A_{o,y}} \quad \textbf{(6)}$$

Where:

f	=	Factor to adjust the biofuel quantity for situations where the wholesaler customer purchases the same type of biofuel also from other CDM project activities
$B_{o,y}$	=	Total quantity of CDM biofuel of the same type as the project biofuel that is sold in year *y* by wholesale consumer *o*, including biofuel produced by the CDM project and other registered CDM and non-CDM producers of biofuel, for which sales invoices can be tracked until the final consumers or the fuelling stations
$A_{o,y}$	=	Total quantity of CDM biofuel of the same type as the project biofuel that is purchased by the wholesale customer *o* in year *y* from producers of biofuel that have registered the production of the biofuel as a CDM project activity, including the CDM project activity where this tool is applied to

In cases where ($A_{o,y} \geq B_{o,y}$), f = 1.
The total quantity of CDM biofuel of the same type as the project biofuel that is purchased by the wholesale customer *o* from CDM projects ($A_{o,y}$) is calculated as the sum of purchases from the project activity where the tool is applied to and from purchases from other registered CDM project activities, as follows:

$$A_{o,y} = \sum_i P_{BLF,i,o,y} * BL\%_{i,o,y} + \sum_z \sum_j P_{BLF,j,o,z,y} * BL\%_{j,o,z,y} \quad \textbf{(7)}$$

Where:

$A_{o,y}$	=	Total quantity of CDM biofuel of the same type as the project biofuel that is purchased by the wholesale customer *o* in year *y* from producers of biofuel that have registered the production of the biofuel as a CDM project activity, including the CDM project activity where this tool is applied to
$P_{BLF,i,o,y}$	=	Quantity of blended fuel[9] produced by the CDM project activity and directly sold by the producer to wholesale customer *o* according to the producers sales invoice *i* in year *y* (in liters)
$BL\%_{i,o,y}$	=	Fraction of biofuel of the same type as the project biofuel in the blended fuel (1 – 100%) identified on the sales invoice *i* to wholesale customer *o* in year *y*
$P_{BLF,j,o,z,y}$	=	Quantity of blended fuel produced by producer *z, of other registered CDM project activity,* and directly sold by the producer to the whole customer *o* according to the wholesaler purchase invoice *j* in year *y* (in liters)
$BL\%_{j,o,zj,y}$	=	Fraction of biofuel of the same type as the project biofuel in the blended fuel (1 – 100%) as on the purchase invoice *j* of wholesale customer *o* in year *y for its purchase from producer z*

[9] In most cases the biofuel producer does not blend the biofuel. In this case, $BL\%_{i,o,y}$ = 100%. If the biofuel is blended, $BL\%_{i,o,y}$ corresponds to the fraction of the biofuel in the blended fuel.

z = Other producer of CDM biofuel of the same type as the project biofuel that have registered the production of the project biofuel type as a CDM project activity (not including the CDM project activity where this tool is applied to)

The total quantity of the project biofuel type that is sold in year *y* by wholesale customer *o* ($B_{o,y}$) consists of the respective quantities sold to final consumers ($P_{K,o,y}$), to fuelling stations ($P_{L,o,y}$) and to other wholesale customers, referred to as downstream wholesale customers ($P_{M,o,y}$), as follows:

$$B_{o,y} = P_{K,o,y} + P_{L,o,y} + P_{M,o,y} \quad \textbf{(8)}$$

Where:

$P_{K,o,y}$ = Quantity of biofuel which is sold by the wholesale customer *o* to final consumers in year *y* and which is eligible for CERs (in liters)

$P_{L,o,y}$ = Quantity of biofuel which is sold by the wholesale customer *o* to fueling stations in year *y* and which is eligible for CERs (in liters)

$P_{M,o,y}$ = Quantity of biofuel which is sold by the wholesale customer *o* to downstream wholesale customers in year *y* and which is eligible for CERs (in liters)

$$P_{K,o,y} = \sum_k \sum_i P_{BLF,i,k,o,y} * BL\%_{i,k,o,y} \quad \textbf{(9)}$$

Where:

$P_{BLF,i,k,o,y}$ = Quantity of blended fuel sold by the wholesale customer *o* to final consumer *k* according to wholesaler's sales invoice *i* in year *y* (in liters)

$BL\%_{i,k,o,y}$ = Fraction of the project biofuel type in the blended fuel (1 – 100%) identified on the sales invoice *i* from wholesale customer *o* to final consumer *k*

k = Final consumer from which general customer information, customer use information, a declaration of not claiming any CERs is available in the project administration

$$P_{L,o,y} = \sum_l \sum_i P_{BLF,i,l,o,y} * BL\%_{i,l,o,y} \quad \textbf{(10)}$$

Where:

$P_{BLF,i,l,o,y}$ = Quantity of blended fuel sold by wholesale customer *o* to fueling station *l* according to wholesaler's sales invoice *i* in year *y* (in liters)

$BL\%_{i,l,o,y}$ = Fraction of the project biofuel type in the blended fuel (1 – 100%) identified on the sales invoice *i* from wholesale customer *o* to fueling station *l*

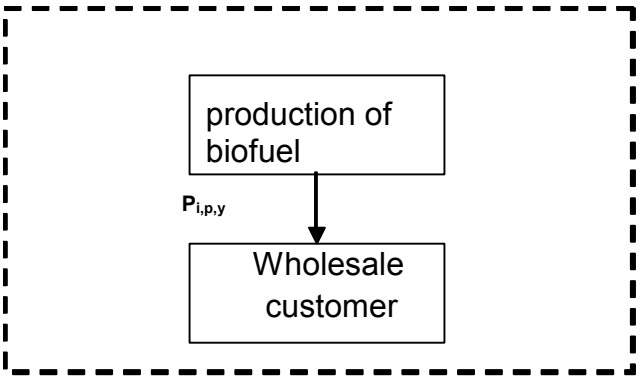
l = Fueling station from which general customer information, customer use information and a declaration of not claiming any CERs is available in the project administration.

For the determination of $P_{M,o,y}$ the same procedure as for the determination of $P_{M,y}$ (equation 4) shall be applied. Only those biofuel quantities are eligible for CERs, where either the use can be tracked until the final consumer or the fuelling station or where it can be tracked to wholesalers, which only sell biofuel in the form of blended fuel.

STEP 3-C-2: Wholesale customer who only sell biofuel in the form of a blended fuel

This approach requires monitoring that the wholesale customer only sells blended fuels where the fraction

of biofuels is less than 25% (and thus the fraction of fossil fuels larger than 75%). It is assumed that once the biofuel produced by the project activity is blended with fossil fuels it is very unlikely that these blended fuels will not be consumed for energy purposes. The following figure shows the relevant supply chain for this type of sales of biofuels.



$P_{P,y}$ is calculated as follows:

$$P_{P,y} = \sum_p \sum_i P_{i,p,y} \quad \textbf{(11)}$$

Where:

P_{Py}	=	Quantity of biofuel produced by the CDM project activity in year *y* which is directly sold by the producer to wholesale customers who only sells biofuel in form of blended fuels and which is eligible for CERs (in liters)
$P_{i,p,y}$	=	Quantity of biofuel produced by the CDM project activity and directly sold to wholesale customer *p* according to the producer's sales invoice *i* in year *y* (in liters)
p	=	Wholesale customer for which general customer information, customer use information, a declaration of not claiming any CERs, a declaration for wholesale customers who only sell biofuel as part of a blended fuel is available in the project administration.

Clarification /Justification

Once the biofuel is blended with a fossil fuel, the blending cannot be reversed. From that point onwards, it is very unlikely that in case of any spillage of fuel, there would be a difference between the project and the baseline situation.

This option fully avoids double claiming of CERs if the EB adopts guidance requiring CDM project activities where the consumer of the biofuel is the project proponent to get a declaration from the biofuel producer that the producer will not claim any CERs (see MP-25 minutes).

Data and parameters monitored

Data / parameter:	$P_{BLF,i,k,y}$; $P_{BLF,i,k,o,y}$
Data unit:	Liters
Description:	Quantity of blended fuel with biofuel identified on a sales invoice to eligible final consumer supplied directly by the proposed CDM project activity or indirectly via a wholesale customer
Source of data:	Sales invoices from producer of biofuel or from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the producer of the biofuel or wholesale customer to ensure the same invoice is used for accounting of revenues in the financial accounts of the company and is subject to local tax regulations
Any comment:	

Data / parameter:	$BL\%_{i,k,y}$; $BL\%_{i,k,o,y}$
Data unit:	%
Description:	Percentage of biofuel blended with petrol fuel (1 – 100%) identified on a sales invoice to eligible final consumer supplied directly by the proposed CDM project activity or indirectly via a wholesale customer
Source of data:	Sales invoices from producer of biofuel or from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the producer of the biofuel or wholesale customer to ensure the same invoice is used for accounting of revenues in the financial accounts of the company and is subject to local tax regulations
Any comment:	

Data / parameter:	$P_{BLF,i,l,y}$; $P_{BLF,i,l,o,y}$
Data unit:	Liters
Description:	Quantity of blended fuel with biofuel identified on a sales invoice to eligible fuel station supplied directly by the proposed CDM project activity or indirectly via a wholesale customer
Source of data:	Sales invoices from producer of biofuel or from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the producer of the biofuel or wholesale customer to ensure the same invoice is used for accounting of revenues in the financial accounts of the company and is subject to local tax regulations
Any comment:	Liters

Data / parameter:	$BL\%_{i,l,y}$; $BL\%_{i,l,o,y}$;
Data unit:	%
Description:	Percentage of biofuel blended with petrol fuel (1 – 100%) identified on a sales invoice to eligible fuel station supplied directly by the proposed CDM project activity or indirectly via a wholesale customer
Source of data:	Sales invoices from producer of biofuel or from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the producer of the biofuel or wholesale customer to ensure the same invoice is used for accounting of revenues in the financial accounts of the company and is subject to local tax regulations
Any comment:	

Data / parameter:	$P_{BLF,i,o,y}$;
Data unit:	Liters
Description:	Quantity of blended fuel with biofuel identified on a sales invoice to a wholesale customer
Source of data:	Sales invoices from producer of biofuel or from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the producer of the biofuel or wholesale customer to ensure the same invoice is used for accounting of revenues in the financial accounts of the company and is subject to local tax regulations
Any comment:	

Data / parameter:	$BL\%_{i,o,y}$
Data unit:	%
Description:	Percentage of biofuel blended with petrol fuel (1 – 100%) identified on a sales invoice to wholesale customer where the wholesale customer has more than one CDM supplier of biofuel
Source of data:	Sales invoices from producer of biofuel or from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the producer of the biofuel or wholesale customer to ensure the same invoice is used for accounting of revenues in the financial accounts of the company and is subject to local tax regulations
Any comment:	

Data / parameter:	$P_{BLFj,o,z,y}$
Data unit:	Liters
Description:	Quantity of biofuel, identified on purchase invoices from eligible wholesale customer, purchased from CDM suppliers other than the CDM project activity in year *y*
Source of data:	Purchase invoices from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the wholesale customer to ensure the same invoice is used for accounting of costs in the financial accounts of the company and is subject to local tax regulations
Any comment:	

Data / parameter:	$BL\%_{j,o,z,y}$
Data unit:	Liters
Description:	Quantity of biofuel, identified on purchase invoices from eligible wholesale customer, purchased from CDM suppliers other than the CDM project activity in year *y*
Source of data:	Purchase invoices from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the wholesale customer to ensure the same invoice is used for accounting of costs in the financial accounts of the company and is subject to local tax regulations
Any comment:	

Data / parameter:	$P_{i,p,y}$
Data unit:	Liters
Description:	Quantity of biofuel with biofuel identified on a sales invoice to a wholesale customer
Source of data:	Sales invoices from producer of biofuel or from wholesale customer who on-sells the biofuel from the proposed CDM project activity
Measurement procedures (if any):	Reading of sales invoices and storage in database
Monitoring frequency:	Continuous
QA/QC procedures:	Link with financial administration of the producer of the biofuel or wholesale customer to ensure the same invoice is used for accounting of revenues in the financial accounts of the company and is subject to local tax regulations
Any comment:	