**REPORT OF THE THIRTY-SECOND MEETING OF THE METHODOLOGIES PANEL**

UNFCCC Headquarters, Bonn, Germany
7 - 11 April 2008

# RECOMMENDATIONS BY THE METHODOLOGIES PANEL TO THE EXECUTIVE BOARD

## A. Opening of the meeting and adoption of agenda

1. The Chair of the Methodologies Panel (Meth Panel), Mr. Akihiro Kuroki opened the meeting.

2. The agenda was adopted as proposed.

3. The Meth Panel welcomed Mr. Philip Gwage as the new Vice Chair. The Panel also welcomed Mr. Pedro Martins Barata as a new EB representative to the Meth Panel.

## B. Consideration of proposed new methodologies

4. The Meth Panel considered the proposed new methodologies for the cases mentioned in the table below, as well as desk reviews and public inputs received, where applicable.

5. The final recommendations, proposed by the Meth Panel for the consideration by the Executive Board, are made available on the UNFCCC CDM website at <http://cdm.unfccc.int/goto/MPpropmeth>.

6. In accordance with the procedures for submission and consideration of a proposed new methodology, project participants may submit, via the DOE, technical clarifications to preliminary recommendations. Preliminary recommendations for which project participants submit clarification within a timeframe stipulated by the Chair of the Meth Panel (but not exceeding 4 weeks) shall be considered at the next meeting of the Meth Panel. If project participants do not provide clarification related to the preliminary recommendation by the Meth Panel, within the timeframe of three (3) months, the case will be considered as withdrawn.

7. The Meth Panel agreed on the following recommendations:

| **Cases** | **MP 32[1] recommendation** |
|---|---|
| **NM0208:** Afam Integrated Gas and Power (AIGP) project | **WIP[2] (see paragraph 8)** |
| **NM0235:** Manufacturing of energy efficient domestic refrigerators, as contained in annex 1. | **A** |

[1] Recommendations to the proposed new methodologies from the thirty-second meeting of the Meth Panel, where A (recommended for approval) and C (recommended for non-approval) are final recommendations to the Board. Preliminary Recommendations are technical clarifications requested by the Meth Panel from project participants before finalizing its recommendation to the Board.

[2] Work in progress implies that the deliberations on these methodologies could not be concluded at the thirty-second meeting of the Meth Panel. These cases will be further considered before providing a recommendation to the Board.

| Cases | MP 32[1] recommendation |
|---|---|
| **NM0246:** Katende Hydroelectric Project | **Preliminary Recommendation** |
| **NM0247:** Manufacturing and servicing of refrigerators using low GWP refrigerant by M/s Videocon Appliances Ltd, as contained in annex 2. | **A** |
| **NM0248:** Project for useful use of landfill gas actually being flared substituting natural gas | **WIP** |
| **NM0250:** Fès Waste Water Treatment Plant (WWTP) with sludge treatment and biogas recovery & utilization for electricity generation at Fès city, Morocco | **WIP** |
| **NM0252:** Replacement of SF6 with FK 5-1-12 as a cover gas in the magnesium industry | **WIP (see paragraph 9)** |
| **NM0259:** Highveld Vanadium-Iron Smelter Energy Efficiency Project, as contained in annex 3. | **A** |

8. The panel requested the Board to take note that the panel could not conclude its discussions on the case NM0208. Case NM0208 is applicable to new power plants that supply electricity to grids located in regions characterized by shortage of electricity supply and existence of off-grid electricity generation capacity. The panel considered the draft report of the expert and noted that the information in the draft report clearly indicates that in many countries in Africa a significant demand is met by off-grid capacity. The panel also took note of further information provided by the project participants. The panel would conclude its discussions, based on above two inputs, at its next meeting.

9. The panel requested the Board to take note that the panel could not conclude its discussions on the case NM0252, which is for project activities that replace SF6 cover gas with low GWP gases. The Board has approved methodology AM0065, which is applicable to the example project activity submitted with case NM0252. The key additional component in NM0252 is experimental procedure to estimate destruction rate of SF6 when used as cover gas in the baseline. The approved methodology AM0065 provides a conservative default factor. The panel has requested expert inputs to assess the reliability of estimating the destruction factor using the proposed experimental procedure before finalizing its consideration.

The panel in recommending NM0259 for approval also recommended that in project activities, which implement both replacement of the furnace and the kiln, investment analysis shall be used to demonstrate additionality. The panel noted that replacement of co-current kiln with counter current kiln is common practice in the industry and results in significant energy savings. Given these increased revenues and reduced energy cost, implementation of project activity can result in significant profits compared to the baseline.

## C. Clarifications and requests for revisions of approved methodologies

10. The Meth Panel recommended the Board to take note of the following responses to requests for clarifications and approve the following responses to requests for revisions related to the application of approved baseline and monitoring methodologies. The requests submitted and the responses provided by the Meth Panel are made publicly available on the UNFCCC CDM

web site at <http://cdm.unfccc.int/goto/MPclar> and <http://cdm.unfccc.int/goto/MPrev>, respectively. The requests for revisions that resulted in a recommendation by the Meth Panel to revise an approved methodology are reflected in section D below.

| Clarification number | Approved Methodology | Title of the request for clarification | MP 32 recommendation. |
|---|---|---|---|
| AM_CLA_0067 | ACM0004 | Applicability conditions regarding measurement of the amount of waste gas recovered and net calorific value of waste gas | **Clarified (fast track)** |
| AM_CLA_0068 | AM00050 | Feed switch in integrated ammonia-urea manufacturing industry | **Clarified (fast track)** |
| AM_CLA_0069 | ACM0006 | Guidance on methane emission factor | **Clarified (fast track)** |
| AM_CLA_0070 | ACM0011 | Clarification on amount of electricity that would be supplied to the captive consumer / electricity grid in the absence of the project activity | **Clarified** |
| AM_CLA_0071 | ACM0012 | 'Q BL product' determination in cases where no 3 years historic data is available | **Clarified and Revised (see paragraph 15)** |
| AM_CLA_0072 | ACM0006 / AM0036 | Clarification regarding combining two large scale methodologies ACM0006 and AM0036 pertaining to biomass cogeneration projects | **Clarified** |
| AM_CLA_0073 | AM0009 | Confirmation that the 'market' for recovered gas can be one fully controlled by the same legal entity recovering the gas | **Clarified** |
| AM_CLA_0074 | ACM0014 | Potential errors in ACM0014 Version 1 | **Clarified and Revised (fast track)** |
| AM_CLA_0075 | ACM0012 | Calculation of fcap for waste heat recovery projects | **Clarified** |
| AM_CLA_0076 | AM0029 | Baseline determination and fuel use other than natural gas | **Clarified and Revised (see paragraph 12)** |
| AM_CLA_0077 | ACM0013 | Definition of the geographical area boundaries and the baseline | **Clarified and Revised (see paragraph 16)** |

| Revision number | Approved Methodology | Title of the request for revision | MP 32 recommendation |
|---|---|---|---|
| AM_REV_0071 | **AM0047** | Production of biodiesel based on waste oils and/or waste fats from biogenic origin and/or oil from oilseeds for use as fuel | **WIP (see paragraph 17)** |
| AM_REV_0080 | **ACM0010** | Inclusion of the land application of the swine manure inside the project boundary | **Not to Revise** |
| AM_REV_0081 | **AM0021** | The amendment intends to expand the applicability of AM0021 to new adipic acid plants. | **Not to Revise** |
| AM_REV_0082 | **ACM0010** | Revision to recognize a baseline scenario that is a counterfactual anaerobic treatment system that generates methane without destruction by flaring or energy production | **Not to Revise** |
| AM_REV_0083 | **AM0061** | Expansion of the nameplate power generation capacity limit through a project activity, and inclusion of repowering measures into the scope of the methodology | **To Revise** |
| AM_REV_0084 | **AM0014** | Revision to extend AM0014 to include newly developed facility | **Not to Revise** |
| AM_REV_0085 | **AM0048** | Revision to extend AM0048 to include the cogeneration project type of supplying steam and electricity to newly introduced project customers | **Not to Revise** |
| AM_REV_0086 | **AM0009** | Inclusion of CNG, and combining associated and non-associated gas under AM0009 | **Not to Revise** |
| AM_REV_0087 | **ACM0006** | Time boundary constraint | **WIP (see paragraph 20)** |

## D. Revision of approved methodologies and methodological tools

11. **AM0018**: The panel recommended the Board to approve the revision of the approved methodology. The panel discussed the draft revised AM0018 as per the request of the Board. The approved methodology was revised to provide procedures for re-estimating the baseline emission factors for situations where the production capacity of a registered CDM project changes during the crediting period. Further, the applicability of the methodology is expanded to include project activities where the steam saved is generated in a boiler supplying steam to cogeneration plant and used in turbine to generate electricity. Procedures for estimating

emissions reduction in such cases are now provided in the methodology. In these cases, the reduction in steam also affects the electricity generation and leakages due to this effect are now addressed in the methodology. The draft revised methodology is contained in annex 4.

12. **AM0029:** The panel recommended the Board to approve the revision of the approved methodology. The revision clarifies, in response to request for clarification AM_CLA_0076, that the most suitable financial indicator should be used as indicator in the identification of the baseline scenario and assessment of additionality. Further, it was also clarified that 1% threshold of supplementary fuel should be based on energy content. The draft revised approved methodology is contained in annex 5.

13. **AM0061:** The panel recommended the Board to approve the revision of the approved methodology. The revision is made in response to request for revision AM_REV_0083. The revision expands the applicability of the approved methodology to project activities that may result, because of the rehabilitation measures, in an increase in the nameplate capacity up to 15%. The previous limit in AM0061 was set at 5%. The revision also clarified that the methodology is only applicable if the increase in nameplate capacity is due to rehabilitation measures and not activities that primary increase the nameplate capacity without implementing any rehabilitation measures. The draft revised approved methodology is contained in annex 6.

14. **ACM0010:** The panel recommended the Board to approve the revision of the approved methodology. The revision includes an alternative method to monitor the daily stock of animals to calculate the annual average number of animals (NLT) based on the daily registries. This proposal was provided in the request for revision AM_REV_0080 submitted to the Board. The draft revised approved methodology is contained in annex 7.

15. **ACM0012:** The panel recommended the Board to approve the revision of the approved methodology. The revision expands the applicability of the approved methodology to project activities that: use waste energy to generate mechanical energy; and increase the utilization of waste energy for power generation compared to the baseline scenario, where only a part of waste energy was used for power generation and the remaining waste energy was flared/vented. The revision was undertaken to incorporate requests for revision AM_REV_0073 and AM_REV_0075. Further, the revision also clarifies: the data source for production capacity value for new facilities; and, project activities that generate electricity from waste energy recovered from electricity generation equipments should use approved methodology ACM0007. The revision also clarified that in case waste energy recovery activities were implemented in other streams before the implementation of the project activity in the facility, the DOE has to verify that the previous waste energy recovery is not reduced. The revision also contains few editorial and clarificatory changes. The draft revised approved methodology is contained in annex 8.

16. **ACM0013:** The panel recommended the Board to approve the revision of the approved methodology. The revision clarifies, in response to the request for clarification AM_CLA_0077, that the applicability condition "identified baseline fuel is used in more than 50% of total generation by utilities" has to be demonstrated using data for the host country or a region within the host country. The draft revised approved methodology is contained in annex 9.

## E. **Requests from the Board to the Panel**

17. The panel requested the Board to take note that it discussed the reports of experts on: (i) estimation of emissions from processing and production of biofuels from cultivated inputs; and (ii) estimation of emissions for extraction and processing of crude oil to produce fossil fuels. The panel noted, based on the expert reports, the type of sources included and degree of treatment of upstream emissions sources covered in estimating LCA based emission factor for fossil fuels and production of biofuels are broadly the same. The panel also agreed to revise AM0047 for consideration at its next meeting, taking into account the expert inputs and possibilities for improving and, where possible, simplifying the estimation of upstream emission sources for project and baseline scenarios, with a view to make a recommendation to the Board.

18. The panel requested the Board to take note that it considered the Board's inputs on the draft guidance on apportioning project emissions between co- and by- product. The panel agreed to revise the guidance at its next meeting before recommending it to the Board.

19. The panel requested the Board to take note that the panel considered the Board's request regarding pros and cons for project activities that: (i) reduce the consumption of a raw material, which is produced outside the project boundary; and (ii) where one cannot ensure that the raw material, the use of which is avoided by the project activity, will not be produced (outside the project boundary). The panel identified the issues that affect the reliability of estimation of emission reductions in these types of project activities, as explained in annex 10, and agreed that given the wide variation within these types of project activities such issues should be addressed on a case by case basis.

20. The panel requested the Board to take note that the panel considered the Board's request to review approved methodology ACM0006. The panel considered the review paper prepared by the secretariat and agreed to revise the approved methodology to: restructure the methodology for easier use; and provide more clarity in the scenarios. The panel agreed to consider the revised methodology at its next meeting, before making a recommendation. The panel also agreed to consider the revisions due to AM_REV_0074 (considered by the panel at its thirty-first meeting) and assessment of AM_REV_0087 at its next meeting along with the revision of the approved methodology ACM0006.

## F. **Issues of general guidance and Tools**

21. **Tool for estimating emissions from electricity consumption**: The Meth Panel recommended the Board to approve the tool for estimating emissions from electricity consumption. This tool provides procedures to estimate the baseline, project and/or leakage emissions associated with the consumption of electricity. The tool may, for example, be used in methodologies where auxiliary electricity is consumed in the project and/or the baseline scenario. The tool can also be applied in situations where electricity is only consumed in the baseline or in the project or as leakage source. The tool provides several options to project participants. These options aim to provide flexibility to project participants, while ensuring that the estimation of emission reductions is conservative. The draft tool is contained in annex 11.

22. The Meth Panel recommended the Board to withdraw the "Tool to calculate project emissions from electricity consumption" and editorially revise those approved methodologies that

refer to the "Tool to calculate project emissions from electricity consumption" to replace with the recommended draft tool.

23. **Tool for estimation of efficiency v/s load curve for baseline equipment:** The panel discussed a draft tool, which could be used for project activities where equipment efficiency improvements are undertaken. The panel agreed to finalize its recommendation to the Board at its next meeting.

24. The Meth Panel recommended the Board to approve the guidance on accounting for HFC-23 destruction, storage of HFC-23 and issuance of CERs. The panel prepared the guidance in response to the request made by the Board to analyze the issue of storage of HFC-23 during the downtime of a HFC-23 destruction facility in context of the approved methodology AM0001. The approved methodology assumes that all HFC-23 generated will be destroyed instantaneously and an issuance of credits is made on an annual basis and, therefore, the cap on destruction eligible for crediting is based on annual accounting. The practical experience shows that issuance requests are made for shorter periods and at times due to non-functioning of HFC-23 destruction facility, project participants store undestroyed HFC-23. The guidance provides a procedure to calculate HFC-23 destruction eligible for crediting taking into account storage of HFC-23. Further, the guidance provided procedure for reporting data in each issuance period to ensure that the cap on crediting imposed by the methodology is not exceeded. This draft guidance is contained in annex 12.

25. The Meth Panel recommended the Board to approve the revision to the "Tool to determine methane emissions avoided from dumping waste at a solid waste disposal site" in order to revise the prescribed value of parameters "DOC" and "K" for empty fruit bunches (EFB). The panel, as it had agreed at its twenty-ninth meeting, considered the report of an expert evaluating the literature and the submissions made by the project participants on the anaerobic degradation of EFB's. The expert advised that the characteristics of EFBs are similar to those of garden waste and not food waste, as proposed by the project participants, or wood. Further, the expert also advised that project specific values of these parameters are likely to be highly uncertain and that industry wide testing would be required in case further specific values for the parameters are proposed. The draft revised tool is contained in annex 13.

26. The Meth Panel recommended the Board to approve the guidance on addressing uncertainty in the estimation of emission reductions for CDM project activities. The guidance suggests a maximum level of acceptable overall random uncertainty in emission reduction estimates. To ensure flexibility it also recommends discounting emission reduction estimations in situations where the random uncertainty exceeds the maximum permissible value. The draft guidance is contained in annex 14.

## G. Schedule of meetings and rounds of submissions of proposed new methodologies

27. The Meth Panel confirmed that its thirty-third meeting will be held from 23 to 27 June 2008, as per annex 25 of the thirty-seventh meeting of the Board.

28. The Meth Panel reminded project participants that the deadline for the twenty-fourth round of submissions of proposed new methodologies is 2 July 2008. The Meth Panel also

reminded project participants that baseline and monitoring methodologies can be submitted at any time prior to this deadline.

29. The Meth Panel also reminded the project participants that the deadline for submission of requests for revision and requests for clarification to be considered at the thirty-third meeting to be held from 23 to 27 June 2008 shall be 11 May 2008, 24:00 GMT.

**External Annexes to the thirty-second meeting of the Meth Panel**

Annex 1 - Draft reformatted baseline and monitoring methodology based on NM0235

Annex 2 - Draft reformatted baseline and monitoring methodology based on NM0247

Annex 3 - Draft reformatted baseline and monitoring methodology based on NM0259

Annex 4 - Draft revision of AM0018

Annex 5 - Draft revision of AM0029

Annex 6 - Draft revision of AM0061

Annex 7 - Draft revision of ACM0010

Annex 8 - Draft revision of ACM0012

Annex 9 - Draft revision of ACM0013

Annex 10 - Pros and cons for Project Activities that reduce consumption of raw material, and, where raw material cannot be ensured not to be produced

Annex 11 - Draft tool for estimating emissions from electricity consumption

Annex 12 - Procedure to account for destruction of stored HFC-23 plant downtime

Annex 13 - Draft tool to determine methane emissions avoided from dumping waste at a solid waste disposal site

Annex 14 - Guidance on addressing uncertainty in the estimation of emissions reductions for CDM project activities

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