

REPORT OF THE FORTY-FIRST MEETING OF THE METHODOLOGIES PANEL

Wissenschaftszentrum, Bonn, Germany
19 - 23 October 2009

RECOMMENDATIONS BY THE METHODOLOGIES PANEL TO THE EXECUTIVE BOARD

A. Opening of the meeting and adoption of the agenda

1. The Chair of the Methodologies Panel (the panel), Mr. Philip Gwage opened the meeting.
2. The agenda was adopted as proposed.

B. Consideration of proposed new methodologies

3. The panel considered the proposed new methodologies listed in the table below, as well as desk reviews and public inputs received, where applicable.
4. The final recommendations, proposed by the panel for consideration by the Executive Board, are made available on the UNFCCC CDM website at <<http://cdm.unfccc.int/goto/MPpropmeth>>.
5. 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 panel (but not exceeding 4 weeks) shall be considered at the next meeting of the panel. If project participants do not provide clarification related to the preliminary recommendation by the panel within the timeframe of three (3) months, the case will be considered withdrawn.
6. The panel agreed on the following recommendations:

Table 1: Proposed new methodology cases

Cases	MP 41 ¹ recommendation
NM0280 : Installation of zero energy water purifier in India	WIP (see paragraph 7)
NM0288 : Installation of Combined Cooling Heating and Power (CCHP) systems in commercial buildings of DLF Building - 10, Gurgaon, India	A
NM0293 : Mitigation of Methane Emissions in the Charcoal Production of Arcelor Mittal, Brazil	C
NM0302 : Emission reductions in the cement production facilities of Holcim Ecuador S.A.	WIP (see paragraph 8)
NM0303 : PFC gas emissions reduction by gas replacement for CVD cleaning processes in semiconductor processing operations	WIP (see paragraph 9)
NM0304 : Biomass Residues Co-firing Project in Mejillones	A
NM0305 : Comprehensive energy efficiency improvement of existing coal-fired power plants	WIP (see paragraph 10)

¹ Recommendations on the proposed new methodologies from the forty-first meeting of the panel A (recommended for approval) and C (recommended for non-approval) are final recommendations to the Board. Preliminary Recommendations are technical clarifications requested by the panel from project participants before finalizing its recommendation to the Board.

Cases	MP 41 recommendation
NM0306 : Pudong Steel COREX® Project	WIP (see paragraph 11)
NM0314 : Reduction of greenhouse gas emissions from landfill sites by passive aeration	C
NM0317 : Substitution of Fluorinated Compound (FC) gases for cleaning Chemical Vapor Deposition (CVD) reactors in the semiconductor industry	C
NM0319 : N2O abatement in New Capacity nitric acid plants	WIP (see paragraph 12)
NM0320 : Modal shift transportation for less intensive GHG emission	Preliminary Recommendation
NM0321 : Effective use of the waste gas emitted from ammonia production plant	Preliminary Recommendation
NM0322 : Provision of natural gas-based electricity to a single user from a new plant owned and operated by the power supplier	Preliminary Recommendation
NM0323 : Destruction of HFC-134a of End of Life Vehicles (ELVs) refrigerant	Preliminary Recommendation
NM0324 : Production of Soda Ash and Nitrogen Fertilizers using Raudi technology	C

7. The panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0280 due to the issues related to: (i) requirement of more explicit description of stratification of income groups; (ii) need to clarify the project area for which sample size is determined; should it be as per income groups, or the service areas; (iii) conservative approach for the selection of eligible project areas based on baseline penetration of technology; (iv) possible mismatch between the project emissions covered under project boundary and project emissions. The panel noted that further discussions are needed for improvement in drafting quality and some methodological provisions. The panel intends to conclude its consideration of the case at its next meeting.
8. The panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0302. The panel agreed to seek further inputs from the project proponents related to the following issues: (i) access to the Cement Sustainability Initiative database by a DOE; (ii) definition of the emissions benchmark of Greenfield and existing cement plants; (iii) consideration of emissions associated with the use of biomass; (iv) definition of the minimum coverage of the database in terms of number of plants in a region; (v) definition of the geographical scope of “regional parameters”; (vi) use of a benchmark based on emissions per ton of cement; (vii) changes in the Key Performance Indicators (KPI) during crediting period.
9. The panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0303. The panel considers that it is necessary to improve, among others, the calculation of baseline emissions in a way to reflect not only the specific consumption of cleaning gases per product but the level of production itself.
10. The panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0305, as further inputs from the project proponents are required on: (i) the issue of Business-as-Usual maintenance, repair and operation; (ii) the issue of allocation of project energy generation among the different load classes of the project plant. The panel will continue to consider the case at its next meeting with a view to providing a final recommendation to the Board.

11. The panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0306. The panel considers that it is necessary to get the opinion of an external expert to review the methodological approaches: (i) to address the issue of unmatched downstream processes of baseline plant and the project plant; (ii) the base gas load matching principle.
12. The panel requested that the Board take note that it could not conclude its consideration of the proposed new methodology NM0319. The panel considers that further discussion regarding the emission factor to be used for the baseline scenario and the estimation of the project emissions is required.

C. Requests for clarification on and revision to approved methodologies

13. The panel recommended the Board to take note of the following responses to requests for clarification related to the application of approved baseline and monitoring methodologies and methodological tools and approve the following responses to requests for revision to approved methodologies. One request for clarification was processed prior to the panel meeting in accordance with the fast-track procedure.² The requests submitted and the responses provided by the 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 revision/clarification that resulted in a recommendation by the panel to revise an approved methodology are reflected in section D below.

Table 2: Requests for clarification

Number of the request for clarification	Approved methodology	Title of the request for clarification	MP 41 response
AM CLA 0163	ACM0012	Clarification on the meaning of "within the industrial facility"	Clarified (fast track)
AM CLA 0164	AM0001	Clarification on the operating history applicability condition of AM0001, Version 5.2	Clarified (see paragraph 14)
AM CLA 0165	AM0036	Clarification on the applicability of minimum percentage of co-firing fossil-fuels or retrofit boiler projects	Clarified
AM CLA 0166	ACM0012	Clarification on a portion of waste gas captured for heat generation prior to the implementation of the project activity	Clarified

² In accordance with the fast-track procedure, the secretariat, while preparing the draft response to a request for clarification, may assess that the clarification is simple enough and does not require the panel's consideration. In this case the secretariat forwards the proposal to two appointed members for early consideration. If both the appointed panel members agree to the draft proposal within two days, the secretariat seeks the approval of the Chair of the panel within one day and upon endorsement forwards the final response to the DOE and posts it on the UNFCCC CDM web page for methodology clarifications.

Number of the request for clarification	Approved methodology	Title of the request for clarification	MP 41 response
AM CLA 0167	ACM0012	Capping of baseline emission in waste heat recovery projects	Clarified and editorially revised (see paragraph 24)
AM CLA 0168	ACM0012	Monitoring points for HG _{j,y} in waste heat recovery projects that generate steam	Clarified

Table 3: Requests for revision

Number of the request for revision	Approved methodology	Title of the request for revision	MP 41 response
AM REV 0141	AM0024	Extension of methodology AM0024 to cases where the project activity displaces both grid electricity and electricity from an identified power generation source	WIP (see paragraph 15)
AM REV 0145	ACM0006	Propose a new scenario (scenario 22) to include the situation in which biomass residues and fossil fuels are used in the baseline scenario	WIP (see paragraph 16)
AM REV 0147	AM0028	Revision to expand applicability to Caprolactam plants using the HPO® process	WIP (see paragraph 17)
AM REV 0149	ACM0014	Alternative Approach to Appendix II for estimation of the Chemical Oxygen Demand that is lost through sedimentation, and correction of equation 17 in ACM0014 version 03, page 17/37	WIP (see paragraph 18)
AM REV 0157	ACM0012	The applicability of the methodology has been expanded to accommodate the usage of waste energy for supply of heat of reaction with or without process heating	WIP (see paragraph 19)
AM REV 0159	AM0079	Revision of the equation for PERCL _y and the Default decision-making flowchart	To revise (see paragraph 23)
AM REV 0165	ACM0006	Request for revision of methodology ACM0006Version 9 to allow the installation of a new biomass residue fired power plant at a site where a fossil fuel-fired power plant has been retired	Not to revise

Number of the request for revision	Approved methodology	Title of the request for revision	MP 41 response
AM REV 0166	ACM0006	Revision of ACM0006 Version 9 to add a time limitation of 2 years for "no power was generated prior to the implementation of the project activity"	Not to revise
AM REV 0167	ACM0006	Expansion of ACM0006 to include a new scenario	Not to revise
AM REV 0168	AM0036	Modification of the methodology to expand its applicability to the use of biomass-fired thermal fluid heaters	To revise (see paragraph 20)
AM REV 0169	ACM0006	Amplification of applicability by the addition of a new project scenario based on a new combination of the existing alternative baseline scenarios	WIP (see paragraph 16)
AM REV 0170	AM0074	Expansion of applicability conditions to AM0074 (Version 01) and modification of baseline methodology procedure	To revise (see paragraph 22)
AM REV 0171	ACM0006	Revision of ACM0006 to include biogas generated by anaerobic wastewater treatment using approved and applicable methodologies for greenfield projects. Clarification on Biomass Residue definition	Not to revise
AM REV 0172	ACM0006	ACM0006 version 9 "Consolidated methodology for electricity generation from biomass residues"	WIP (see paragraph 16)

14. The panel requested the Board to take note that it considered the request for clarification AM_CLA_0164 for the methodology AM0001. The panel seeks guidance from the Board in view of decision 8/ CMP.1, under which conditions, in the case of swing plants, the applicability condition with regard to the "operating history" is deemed to be met.
15. The panel requested the Board to take note that it could not conclude its consideration of the case AM_REV_0141 on the methodology AM0024 and the possible revision to ACM0012 to replace AM0024, as ACM0012 is required to be revised in view of few other issues. The panel intends to conclude its consideration on this case, along with other cases requiring revision of this methodology, at its next meeting.
16. The panel requested the Board to take note that the consideration of the requests for revision AM_REV_0145, AM_REV_0169, AM_REV_0172 were postponed as the work related to overall revision of methodology ACM0006 is still in progress. Those requests for revision will be considered within the boundaries of the new methodology, as appropriate.

17. The panel requested the Board to take note that it could not conclude its consideration of the case AM_REV_0147 on the methodology AM0028. The panel is waiting for the inputs from an expert. The panel will consider the case after the expert input is available.
18. The panel requested the Board to take note that it is seeking expert input regarding the issues raised in the context of the request for revision AM_REV_0149. The following issues are still to be addressed: (i) the model presented in the proposed revision and its conservativeness; (ii) the factors influencing the COD lost through sedimentation in the lagoons; (iii) the lack of monitoring procedure for the input parameters of the model. The panel will consider the case after the expert input is available.
19. The panel requested the Board to take note that it could not conclude its consideration of the request for revision AM_REV_0157 on approved methodology ACM0012, as the methodology is required to be revised in view of few other issues, which may have some links with the issue raised under the request. The panel intends to conclude its consideration on this case, along with other cases requiring revision of this methodology, at its next meeting.

D. Revision to approved methodologies

20. **AM0036:** The panel recommended the Board to approve the revision to the approved methodology AM0036 made in response to the request for revision AM_REV_0168. The revision: (i) expands the technologies for heat generation to other heat generation equipment, in addition to boilers to which existing methodology is applicable, and (ii) includes references to the latest approved methodological tools. The draft revised methodology is contained in annex 3.
21. **AM0069:** The panel recommended the Board to approve the revision to the approved methodology AM0069, in response to the inputs provided by the secretariat. The revision includes the provision: (i) that methodology can be used for the cases where town gas is supplied to the consumer/s through existing town gas pipeline and; (ii) the project boundary does not cover the distribution grid. The draft revised methodology is contained in annex 4.
22. **AM0074:** The panel recommended the Board to approve the revision to the approved methodology AM0074 made in response to the request for revision AM_REV_0170. The revision permits the use of back-up fuels up to 15% on energy basis. The draft revised methodology is contained in annex 5.
23. **AM0079:** The panel requested the Board to approve the revision AM0079 made in response to AM_REV_0159 which seeks a revision in the methodology in the calculation of the of the project emissions for the reclamation of SF6 in the SF6 production facility, and modification of the decision making flowchart to account for emissions when a piece of equipment had to be dismantled between two different testing items during a test, due to invalid testing or equipment assembly error. The panel considers accepting the first request, subject to some applicability conditions, but considers that second request is not adequate because it essentially results in rewarding past practices of project proponents which were not conservative. The draft revised methodology is contained in annex 6.
24. **ACM0012:** The panel recommended the Board to approve the editorial revision to the approved methodology ACM0012 made in response to the request for clarification AM_CLA_0167. The revision corrects an error in the description of equation (1-h) of method-3 of capping of baseline emissions. The panel also would like to clarify that equation 1-h is correct in its present form, and therefore the request of project proponents to change the equation is not accepted. The draft editorially revised methodology is contained in annex 7.

E. Requests from the Board to the panel

25. The panel requested the Board to take note that it discussed briefly the EB mandate to the panel (EB 49, para 21) on improving objectivity, applicability, usability and consistency of methodologies. The panel agreed that the work can be started on both types of methodologies, the ones which are widely used, and also those which have not been used much but may have significant potential for emission reduction. The panel also agreed that the secretariat will prepare preliminary analysis on these methodologies, appoint members to work further and submit the proposals for improvement for the consideration of the panel.
26. The panel requested the Board to take note that it considered the EB request to the panel (EB 49 para 63) to work on the part related to the proposed conservative approaches of draft “Guidelines for assessing compliance with the calibration frequency requirements” and provide its response for consideration of the Board at its fifty-first meeting. The panel, in principle, agreed with the approaches presented in paragraphs 4(a) and 4(b) of the guidelines, however made few editorial changes to clarify some of the requirements of these draft guidelines. The editorial revision of these draft guidelines is included in annex 8.
27. **Overall revision of ACM0006:** The panel requested the Board to take note that it will continue to work on the overall revision of ACM0006 (EB 37, para 23). The panel will continue the consideration of the case at its next meeting.
28. **Revision to the Combined tool to identify the baseline scenario and demonstrate additionality :** The panel requested the Board to take note that it considered the issues raised by the Board with regard to the revision of the Combined tool to identify the baseline scenario and demonstrate additionality (EB 48, para 35). The panel will continue the consideration of the case at its next meeting.
29. **Revision to the Tool to calculate the emission factor for an electricity system:** In response to EB 50, paragraph 28, the panel considered a revision to the “Tool to calculate the emission factor for an electricity system” so as to make the dispatch data analysis as first methodological choice to calculate the operating margin emission factor for cases in which the necessary data is available. The panel will continue the consideration of this issue at its next meeting.

F. Issues of general guidance and tools

30. The panel requested the Board to take note that it considered the paragraph 36(a) of decision.2/CMP.4 on Standardization of parameters in financial analysis of Additionality Tool, and developed the draft tool to calculate the Weighted Average Cost of Capital (WACC). The panel agreed to seek further inputs from a financial expert on some of the issues, and continue consideration of the tool at its next meeting.
31. The panel requested the Board to take note that it discussed the preliminary analysis prepared by the secretariat based on the responses received from panel members on eleven approved methodologies (refer to MP39, paragraph 37) to include reference of “Tool to assess the validity of the original/current baseline and to update the baseline at the renewal of a crediting period” in these methodologies. The panel agreed to consider the issue at its next meeting, with a detailed note from the secretariat on the conflicts between provision in the tool and in the approved methodologies and possible solutions to resolve them.

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

32. The panel confirmed that the tentative date for its 42nd meeting is 18 - 22 January 2010, as per annex 55 to the report of the 50th meeting of the Executive Board.
33. The panel reminded project participants that the deadline for the 32nd round of submissions of proposed new methodologies is 28 December 2009. The panel also reminded project participants that baseline and monitoring methodologies could be submitted at any time prior to this deadline.
34. The panel also informed project participants that the deadline for submission of requests for revision and requests for clarification to be considered at the 42nd meeting to be held from 18 - 22 January 2010 (tentative date as per annex 55 of EB 50) is 7 December 2009, 24:00 GMT. Further information is available at <https://cdm.unfccc.int/methodologies/PAmethodologies/Revisions/index.html> and <https://cdm.unfccc.int/methodologies/PAmethodologies/Clarifications/index.html> respectively.

H. Roster of experts

35. The panel noted the satisfactory completion of the desk reviews undertaken for the proposed new methodologies considered at the meeting.

Annexes to the external report of the forty-first meeting of the Methodologies Panel

Annex 1 - Draft reformatted baseline and monitoring methodology based on NM0288

Annex 2 - Draft reformatted baseline and monitoring methodology based on NM0304

Annex 3 - Draft revision to AM0036

Annex 4 - Draft revision to AM0069

Annex 5 - Draft revision to AM0074

Annex 6 - Draft revision to AM0079

Annex 7 - Draft editorial revision to ACM0012

Annex 8 - Editorial revision to the Draft Guidelines for Assessing Compliance with the Calibration
Frequency Requirements