

REPORT OF THE FORTY-SECOND MEETING OF THE METHODOLOGIES PANEL

Langer Eugen, Bonn, Germany
18 - 22 January 2010

Report Version 01.1*

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 (Meth Panel), Mr. Philip Gwage opened the meeting.
2. The agenda was adopted as proposed.

B. Consideration of proposed new methodologies

3. The Meth 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 Meth 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 Meth 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the preliminary recommendation by the Meth Panel within the timeframe of three (3) months, the case will be considered withdrawn.
6. The Meth Panel agreed on the following recommendations:

Cases	MP ¹ recommendation
NM0280 : Installation of zero energy water purifier in India	WIP (see paragraph 7)
NM0295 : Installation of an energy-saving ironmaking plant in the northern part of Vietnam	WIP (see paragraph 8)

* This version was issued to: (i) editorially revise paragraph 17; and, (ii) correct the next deadline for the submission of PNMs in paragraph 34.

¹ Recommendations on the proposed new methodologies from the forty-second 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 Meth Panel from project participants before finalizing its recommendation to the Board.

NM0301 : Production of a cement extender from slag for increasing the blend in cement production and the increase in energy efficiency in the production of ferromanganese alloys in electric arc furnaces through the recovery of metal from the slag	WIP (see paragraph 9)
NM0303 : PFC gas emissions reduction by gas replacement for CVD cleaning processes in semiconductor processing operation	C
NM0305 : Comprehensive energy efficiency improvement of existing coal-fired power plants	C
NM0306 : Pudong Steel COREX® Project	C
NM0310 : Carbon di-oxide emission reductions by the introduction of Hot Direct Reduction Iron in the Electric Arc Furnaces	WIP (see paragraph 10)
NM0313 : Air separation using cryogenic energy of LNG	WIP (see paragraph 11)
NM0319 : N2O abatement in New Capacity nitric acid plants	C
NM0320 : Modal shift transportation for less intensive GHG emission	WIP (see paragraph 12)
NM0322 : Provision of natural gas-based electricity to a single user from a new plant owned and operated by the power supplier	WIP (see paragraph 13)
NM0323 : Destruction of HFC-134a of End of Life Vehicles (ELVs) refrigerant	C
NM0325 : Efficient energy generation using biomass residues along with improvement in demand side energy efficiency in a Sugar Mill	Preliminary recommendation
NM0326 : Hot metal production through efficient blast furnace system (s)	Preliminary recommendation (see paragraph 14)
NM0327 : Reducing losses of SF6 in electricity transmission and distribution equipment manufacture	Preliminary recommendation

7. The Meth Panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0280 due to issues related to: (i) description of the stratification approach; (ii) applicability condition with regard to the penetration of zero energy technologies prior to the implementation of the project activity; (iii) changes required in the main equation reflecting the effect of stratification; (iv) determination of sample size in accordance with the stratification. The Meth Panel will consider the case at its next meeting with a view to providing a final recommendation to the Board.
8. The Meth Panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0295 as the basis for the emission factor estimated by the European Integrated Pollution Prevention and Control Bureau (EIPPCB) needs to be checked with EIPPCB. Further, the Meth Panel considers that the export of product (iron nuggets) under project activity cannot be allowed under this methodology. The panel will consider the methodology at its next meeting with a view to providing a final recommendation to the Board.
9. The Meth Panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0301. The panel agreed to seek

further inputs from the project participants related to the following issues: (i) estimation of baseline emissions to account for cases where alternative baseline scenario are not under the control of the project proponent and where not investing in the project is a possible alternative; (ii) treatment of cases where there is an expansion in the production of metal or cement; (iii) *ex ante* estimation of expected revenue from the recovery of the base metal alloy; (iv) determination of the cost of slag and cement extender when demonstrating additionality; and (v) monitoring the existence of demand for the outputs produced by the project. The Meth Panel will consider the case at its next meeting with a view to providing a final recommendation to the Board.

10. The Meth Panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0310. The panel agreed to seek further clarifications from the project participants on the issues related to retrievable and non-retrievable baseline scenarios, as proposed in the new methodology. The Meth Panel will consider the methodology at its next meeting with a view to providing a final recommendation to the Board.
11. The Meth Panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0313 as it is seeking further information from project participants. The panel will consider the methodology at its next meeting with a view to providing a final recommendation to the Board.
12. The Meth Panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0320. The panel agreed to seek further inputs from the project participants related to the following issues: (i) the procedure for assessment of additionality; and (ii) the source of emission factors for road-based transportation in the baseline scenario. The Meth Panel will consider the methodology at its next meeting with a view to providing a final recommendation to the Board.
13. The Meth Panel requested the Board to take note that it could not conclude its consideration of the proposed new methodology NM0322. The panel intends to incorporate this methodology in the approved methodology AM0029. The Meth Panel will consider it at its next meeting with a view to providing a final recommendation to the Board.
14. The Meth Panel requested the Board to take note that inputs from the lead desk reviewer for the proposed new methodology NM0326 were not available for this meeting, as the reviewer belatedly informed the secretariat on his inability to deliver on time.

C. Requests for clarification on and revision to approved methodologies

15. The Meth 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. 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 revision/clarification that resulted in a recommendation by the Meth Panel to revise an approved methodology are reflected in section D below.

Number of the request for clarification	Approved methodology	Title of the request for clarification	MP 42 response
AM CLA 0169	ACM0002	Clarification on applicability conditions of ACM0002 Version 10	Clarified (see paragraph 24)
AM CLA 0170	ACM0002	Guidelines for the reporting and validating of plant load factors	Clarified
AM CLA 0171	ACM0012	"Applicability of the baseline scenario as Coal based Captive Power plant in a green field project in which WHRB and AFBC boiler based power plant are implemented"	Clarified
AM CLA 0172	AM00034	"Recalculation of baseline emission factor due to shortening of campaign length"	Clarified
Number of the request for revision	Approved methodology	Title of the request for revision	MP 42 response
AM REV 0141	AM0024 ver.2	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 16)
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 17)
AM REV 0147	AM0028	Revision to expand applicability to Caprolactam plants using the HPO® process	To revise (see paragraph 21)
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 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 17)
AM REV 0172	ACM0006	ACM0006 version 9 “Consolidated methodology for electricity generation from biomass residues	WIP (see paragraph 17)
AM REV 0173	AM0070	Revision of assessment and data collection on manufacturer benchmark and market benchmark	WIP (see paragraph 20)
AM REV 0174	ACM0014	Possibility to include wastewater solids that are separated from the wastewater to prevent open lagoon clogging and therefore have a different baseline, in a scenario 1 type anaerobic digester wastewater treatment project	Not to revise
AM REV 0175	ACM0003	Revision of ACM0003 to extend applicability to new plants	Not to revise
AM REV 0176	ACM0010	Revision to include “the identified baseline scenario is a counterfactual anaerobic treatment system that generates methane without destruction by flaring or energy production” in the applicability	Not to revise
AM REV 0177	ACM0006	Inclusion of a new scenario for biomass residue based project activities which use fossil fuels during non- availability of the biomass residues, through the inclusion of new alternatives for power and heat (P12 and H11)	WIP (see paragraph 17)

16. The Meth Panel requested the Board to take note that it could not conclude its consideration of the request for revision AM_REV_0141 on the methodology AM0024 and the possible revision to ACM0012 to replace AM0024, as the panel intends to revise ACM0012 in view of other issues including: (i) guidance for greenfield project activities; (ii) clarification of some monitoring requirements; (iii) possible expansion of applicability; (iv) simplification of methodology. The Meth Panel intends to conclude its consideration on this request for revision, along with other issues requiring revision of this methodology, at its next meeting.

17. The Meth Panel requested the Board to take note that the consideration of the requests for revision AM_REV_0145, AM_REV_0169, AM_REV_0172, AM_REV_0177 was postponed as the work related to revision of methodology ACM0006 is still in progress.
18. The Meth 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 on the methodology ACM0014. 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; and (iii) the lack of monitoring procedure for the input parameters of the model. The Meth Panel will consider the request for revision once the expert input is available.
19. The Meth Panel requested the Board to take note that it could not conclude its consideration of the request for revision AM_REV_0157 on the methodology ACM0012, as the panel intends to revise ACM0012 in view of other issues including: (i) guidance for greenfield project activities; (ii) clarification of some monitoring requirements; (iii) possible expansion of applicability; (iv) simplification of methodology. The Meth Panel intends to conclude its consideration on this request for revision, along with other issues requiring revision of this methodology, at its next meeting.
20. The Meth Panel requested the Board to take note that it could not conclude its consideration of the request for revision AM_REV_0173 on the methodology AM0070. The panel will seek input from the project participants on different aspects of their request, including a possible approach to deal with the request when the standard to determine the storage volume or the rated electricity consumption changes during the crediting period.

D. Revision to approved methodologies

21. **AM0028:** The Meth Panel recommended the Board to approve the revision to the approved methodology AM0028 made in response to the request for revision AM_REV_0147. The revision expands the applicability of the methodology to cover project activities that use HPO[®] process for the production of Caprolactam. The draft revised methodology is contained in annex 1.
22. **AM0034:** The Meth Panel recommended the Board to approve the revision to the approved methodology AM0034 made in response to the request of the Board (EB 51, paragraph 34), the clarification to methodology AM0034 as contained in Annex 12 to the EB 51 report. The revision is also based on the inputs provided by the secretariat. The revision provides more precise guidance as to how the monitored data on nitrous oxide concentration (NCSG) and gas volume flow rate (VSG) should be used to calculate N₂O emission factors in both baseline and project campaigns. Furthermore, the revision removes the provision for exclusion of abnormal campaigns from the historically most recent five campaigns to be selected for the purpose of defining the normal campaign length and identifying the range of operating parameters. The revision makes it necessary for project participants to submit a request for deviation in case an abnormal campaign exists among the five campaigns immediately previous to the baseline campaign. The draft revised methodology is contained in annex 2.
23. **AM0048:** The Meth Panel recommended the Board to approve the revision to the approved methodology AM0048 to clarify some inconsistencies in the methodology

identified by the panel. The revision: (i) incorporates the “Tool to calculate project or leakage CO₂ emissions from fossil fuel combustion” in the project emissions section, and (ii) removes inconsistencies in the units for some parameters in equations (22) and (23). The draft revised methodology is contained in annex 3.

24. **ACM0002:** The Meth Panel recommended the Board to approve the revision to the approved consolidated methodology ACM0002 based on the request for clarification AM_CLA_0169. The draft revision waives the projects of capacity addition in wind, solar, wave or tidal power plants from the applicability condition that requires the availability of 5 year historical data for capacity addition, retrofit and rehabilitation projects. The electricity generated by the added capacities is directly measured under these projects. The draft revised methodology is contained in annex 4.
25. **ACM0006:** The Meth Panel recommended the Board to approve the revision to the approved methodology ACM0006. This revision complements the panel’s recommendation for approval of the new consolidated methodology for electricity generation from biomass residues in power-only plants (see paragraph 27), which is applicable to project activities that generate electricity in biomass residue (co-) fired power-only plants. Consequently the revision makes the methodology ACM0006 inapplicable to power-only plants. The draft revised methodology is contained in annex 5.

E. Requests from the Board to the Meth Panel

26. **AM0034:** In response to the request of the Board (EB 51, paragraph 34) and the clarification to methodology AM0034 as contained in Annex 12 to the EB 51 report the Meth Panel revised this methodology. The revised version also takes into account the inputs provided by the secretariat. The revision also provides more precise guidance as to how the monitored data on nitrous oxide concentration (NCSG) and gas volume flow rate (VSG) should be used to calculate N₂O emission factors in both baseline and project campaigns. Furthermore, the revision removes the provision for exclusion of abnormal campaigns from the historically most recent five campaigns to be selected for the purpose of defining the normal campaign length and range of operating parameters. The revision makes it necessary for project participants to submit a request for deviation in case an abnormal campaign exists among the five campaigns immediately previous to the baseline campaign. The draft revised methodology is contained in annex 2.
27. **Consolidated methodology for electricity generation from biomass residues in power-only plants (EB37, para 23):** The Meth Panel recommended the Board to approve a draft consolidated baseline and monitoring methodology for electricity generation from biomass residues in power-only plants. The draft consolidated methodology is applicable to project activities that generate electricity in biomass residue (co-) fired power-only plants, i.e. power plants in which all heat engines produce only power and do not co-generate heat; and the thermal energy is only used in heat engines and not for other processes. This methodology was recommended for approval of the Board by the Meth Panel at its 39th meeting. Following the concerns of the Board (EB 48, para 34), the panel provided alternative solution to assess the baseline scenario and demonstrate additionality. The draft consolidated methodology is contained in annex 6.
28. **Overall revision of ACM0006:** The Meth Panel requested the Board to take note that it will continue its work on the overall revision of ACM0006 (EB 37, para 23), particularly to develop a new consolidated methodology for biomass residue based

heat and power projects. The panel will continue the consideration of the methodology at its next meeting.

29. The Meth Panel requested the Board to take note that it discussed the EB mandate to the panel (EB 49, para 21) on improving objectivity, applicability, usability and consistency of methodologies. The Meth Panel agreed to start working on nine methodologies.
30. **Revision to the Combined Tool:** The Meth 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 (EB 48, para 35). The panel will continue the consideration of the tool at its next meeting.

F. Issues of general guidance and tools

31. The Meth 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 the Additionality Tool, and the panel also discussed the report of two consultants appointed to study the issue. The Meth Panel agreed to continue working on the draft tool to calculate the weighted average cost of capital (WACC) and to finalize it at its next meeting.
32. The Meth Panel requested the Board take note that it discussed the note prepared by the secretariat, in consultation with panel members, on the assessment of 11 approved methodologies for their consistency with the “Tool to assess the validity of the original/current baseline and to update the baseline at the renewal of a crediting period” (MP 39, paragraph 37). This was in response to the request made by the Board at its 46th meeting (EB 46, para 32). The Meth Panel will report its analysis to the Board, once concluded.

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

33. The Meth Panel noted that the tentative date for its 43rd meeting is 22-26 February 2010, as per annex 55 to the report of the 50th meeting of the Executive Board.
34. The Meth Panel reminded project participants that the deadline for the 33rd round of submissions of proposed new methodologies is 01 March 2010. The Meth Panel also reminded project participants that baseline and monitoring methodologies could be submitted at any time prior to this deadline.
35. The Meth Panel noted that the deadline for submission of requests for revision and requests for clarification to be considered at the 43rd meeting was 11 January 2010, 24:00 GMT. The panel also informed project participants that deadline for submission of requests for revision and requests for clarification to be considered at the 44th meeting to be held from 19 - 23 April 2010 (tentative date as per annex 55 of EB 50) is 08 March 2010, 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

36. The Meth Panel noted the satisfactory completion of the desk reviews undertaken for the proposed new methodologies considered at the meeting, except the lead desk review of NM0326, which could not be made available for the consideration of panel (see paragraph 14).

- - - - -

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

Annex 1 – Draft revision to AM0028

Annex 2 - Draft revision to AM0034

Annex 3 - Draft revision to AM0048

Annex 4 - Draft revision to ACM0002

Annex 5 - Draft revision to ACM0006

Annex 6 - Draft reformatted consolidated baseline and monitoring methodology for electricity generation from biomass residues in power-only plants