REPORT OF THE FORTY-THIRD MEETING OF

THE METHODOLOGIES PANEL

Langer Eugen, Bonn, Germany

22 – 26 February 2010

RECOMMENDATIONS BY THE METHODOLOGIES PANEL TO THE CDM EXECUTIVE BOARD

A. Opening of the meeting and adoption of the agenda

1. The Chair of the Methodologies Panel (Meth Panel), Mr. Lex de Jonge opened the meeting.

2. The agenda was adopted as proposed.

3. On behalf of the Meth Panel, the Chair expressed deep appreciation to Mr. Philip Gwage and Mr. Pedro Martins Barata as the outgoing Chair and Vice-Chair of the Meth Panel and Mr. Xuedu Lu and Mr. Thomas Bernheim as members of the Board supporting the Chair and the Vice-Chair in the Meth Panel for their dedication and excellent support to the panel. The Chair welcomed Mr. Philip Gwage as Vice-Chair as well as Mr. Kamel Djemouai and Mr. Thomas Bernheim who were elected by the Board to support the Chair and the Vice-Chair in the Meth Panel.

B. Consideration of proposed new methodologies

4. The panel considered the proposed new methodologies listed 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 consideration by the CDM Executive Board (the 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 four 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to the preliminary recommendation by the Meth Panel within the timeframe of three months, the case will be considered withdrawn.

7. The Meth Panel agreed on the following recommendations:

Table 1: Proposed new methodologies

Proposed new methodology	Recommendation[1]
NM0280: Installation of zero energy water purifier in India	**A (see annex 1)**
NM0295: Installation of an energy-saving ironmaking plant in the northern part of Vietnam	**C**
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	**C**
NM0302: Emission reductions in the cement production facilities of Holcim Ecuador S.A.	**WIP (see paragraph 9a)**
NM0312: REFAP HBIO Project	**WIP (see paragraph 9b)**
NM0313: Air separation using cryogenic energy of LNG	**WIP (see paragraph 9c)**
NM0320: Modal shift transportation for less intensive GHG emission	**WIP (see paragraph 9d)**
NM0321: Effective use of the waste gas emitted from ammonia production plant	**WIP (see paragraph 9e)**
NM0322: Provision of natural gas-based electricity to a single user from a new plant owned and operated by the power supplier	**A (see paragraph 8)**
NM0325: Efficient energy generation using biomass residues along with improvement in demand side energy efficiency in a Sugar Mill	**WIP (see paragraph 9f)**
NM0327: Reducing losses of SF6 in electricity transmission and distribution equipment manufacture	**WIP (see paragraph 9g)**

8. The Meth Panel requested the Board to approve the draft consolidated methodology, based on the proposed new methodology NM0322 "Provision of natural gas-based electricity to a single user from a new plant owned and operated by the power supplier" and the approved methodology AM0029 "Methodology for Grid Connected Electricity Generation Plants using Natural Gas" - Version 3. The panel recommended the Board to withdraw the approved methodology AM0029. The consolidated methodology is applicable to project activities that construct and operate new power plants that use natural gas as fuel, and that supply electricity to the grid or to a single consumer. The draft consolidated methodology is contained in annex 2.

9. The Meth Panel requested the Board to take note that it could not conclude its consideration of the following proposed new methodologies:

(a) NM0302 "CDM methodology for cement and clinker production facilities based on benchmarking" because the clarifications provided by the project participants on the last set of questions sent to them only partially addressed the issues raised therein. The panel agreed to continue the consideration of the methodology at its next meeting.

(b) NM0312 "REFAP HBIO Project" because the clarifications provided by the project participants on the preliminary recommendation paragraph 6 of the report of the 40th meeting

[1] Explanation: Recommendations on the proposed new methodologies A (recommended for approval) and C (recommended for non-approval) are final recommendations to the Board. Preliminary Recommendation is a request to project participants for technical clarifications necessary for finalizing recommendation to the Board.

of the Meth Panel only partially addressed the issues raised therein. The panel intends to conclude its consideration of the methodology at its next meeting.

(c) NM0313 "Air separation using cryogenic energy of LNG" because the approach proposed by the project participants to determine the benchmarks for specific energy consumption in the processes of air separation and liquefied natural gas vaporization is not adequate. The panel intends to conclude its consideration of the methodology at its next meeting.

(d) NM0320 "Modal shift transportation for less intensive GHG emission" because of lack of time to complete the analysis of the inputs provided by the project participants after the 42nd meeting of the Meth Panel. The panel agreed to continue the consideration of the methodology at its next meeting.

(e) NM0321 "Effective use of the waste gas emitted from ammonia production plant" because further inputs from the project participants are needed on the following issues: (i) composition of the ammonia off-gas (AOG), (ii) safety requirements in the facility due to possible high content of hydrogen in the AOG , (iii) objectivity in the assessment of additionality, and (iv) the type of documentation that can be presented as evidence that the AOG has been historically vented. The panel intends to conclude its consideration of the methodology at its next meeting.

(f) NM0325 "Efficient energy generation using biomass residues along with improvement in demand side energy efficiency in a Sugar Mill" because the clarifications provided by the project participants on the preliminary recommendation paragraph 6 of the report of the 42nd meeting of the Meth Panel only partially addressed the issues raised therein. The panel intends to conclude its consideration of the methodology at its next meeting.

(g) NM0327 "Reducing losses of SF6 in electricity transmission and distribution equipment manufacture" because of issues related to: (i) selection of the most appropriate SF6 recovery factor; and (ii) the mandatory use of investment analysis to demonstrate the additionality of the proposed project activity. The panel intends to conclude its consideration of the methodology at its next meeting.

C. Requests for clarification on and revision to approved methodologies

10. The Meth Panel requested 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 panel are made publicly available on the UNFCCC CDM website 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 response
AM_CLA_0173	**ACM0013**	Clarification for Computing the emission reductions - Sasan Power Ltd	**Clarified and revised (see paragraph 11)**

11. The Meth Panel clarified that the consolidated methodology ACM0013 "Consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using a less GHG intensive technology" should not lead to a situation where project participants can claim emission reductions calculated based only on the difference in the way the fuel emission factors are determined for the estimation of the baseline emissions and the project emissions. The methodology should be used to estimate emission reductions due to the use of more efficient power generation technologies in the project situation compared to the baseline. The Meth Panel further agreed to recommend the Board to approve the revision to the approved methodology ACM0013 made in response to the issue raised in the request for clarification AM_CLA_0173 (see paragraph 17 below).

12. The Meth Panel commended the DOE (TUEV NORD CERT GmbH) on pointing to an important issue, raised in the request for clarification AM_CLA_0173, related to literal and contextual interpretation of the methodology ACM0013 v.2.1. as described above.

Table 3: Requests for revision

Number of the request for revision	Approved methodology	Title of the request for revision	MP 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 13)**
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 14)**
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 15)**
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 16)**
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 14)**
AM_REV_0172	**ACM0006**	ACM0006 version 9 "Consolidated methodology for electricity generation from biomass residues	**WIP (see paragraph 14)**
AM_REV_0173	**AM0070**	Revision of assessment and data collection on manufacturer benchmark and market benchmark	**To revise partially (see paragraph 19)**

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 14)**
AM_REV_0178	**AM0071**	Expansion of applicability conditions of AM0071 to cover small commercial refrigeration appliances	**To revise (see paragraph 20)**
AM_REV_0179	**ACM0015**	Clarification with regards to the applicability of the methodology to greenfield plants and modification of the equations (4) and (13) to have consistent units of parameters	**To revise partially (see paragraph 18)**
AM_REV_0180	**ACM0006**	Expansion of ACM0006 to include a new scenario for fuel switch project	**WIP (see paragraph 14)**
AM_REV_0181	**ACM0012**	Revision on a portion of waste gas captured for heat generation prior to the implementation of the project activity	**Not to revise**

13. The Meth Panel requested the Board to take note that it could not conclude its consideration of the request for the revision AM_REV_0141 on the methodology AM0024 "Baseline methodology for greenhouse gas reductions through waste heat recovery and utilization for power generation at cement plants" with a view to consolidate it with the methodology ACM0012 "Consolidated baseline methodology for GHG emission reductions from waste energy recovery projects". The panel noted that the above-mentioned revision is impacted by the ongoing revision of the latter methodology with respect to: (i) guidance for Greenfield project activities; (ii) clarification of some monitoring requirements; (iii) possible expansion of applicability; and (iv) simplification of the methodology. Hence, the conclusion of the request for the revision AM_REV_0141 is subsequent to the ongoing revision of the methodology ACM0012. The panel intends to conclude its consideration of both methodologies at its next meeting.

14. 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, and AM_REV_0180 on the methodology ACM0006 "Consolidated methodology for electricity generation from biomass residues in power and heat plants" was postponed until the work related to the overall revision (deconsolidation) of the methodology ACM0006 is completed.

15. 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 approved methodology ACM0014 "Mitigation of greenhouse gas emissions from treatment of industrial wastewater". The following issues are still to be addressed: (i) appropriateness of the model presented in the proposed revision and its conservativeness; (ii) identification of 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 panel will consider the request for revision once the expert input is available.

16. 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 "Consolidated baseline methodology for GHG emission reductions from waste energy recovery projects", as the

panel seeks clarification from project participants on: (i) which type of fossil fuel is replaced by the waste gas; and (ii) the description of the project activity applying the revised methodology. The panel intends to conclude its consideration of the request for revision at its next meeting.

D. Revision to approved methodologies

17. **ACM0013** "**Consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using a less GHG intensive technology":** The Meth Panel recommended the Board to approve the revision to the approved methodology ACM0013 made in response to the issue raised in the request for clarification AM_CLA_0173. The revision ensures that emission reductions are limited to those resulting from the higher efficiency of the power generation technology used in the project activity as compared to the baseline. The panel highlighted that the current version of the methodology implicitly allows to claim emission reductions in situations where the project power plant has the same efficiency and uses the same fuel type as in the baseline power plant. The draft revised methodology is contained in annex 3. The panel was of the opinion that the revision should be immediately effective.

18. **ACM0015 "Consolidated baseline and monitoring methodology for project activities using alternative raw materials that do not contain carbonates for clinker production in cement kilns":** The Meth Panel recommended the Board to approve a revision to the approved consolidated methodology ACM0015 based on elements of the request for revision AM_REV_0179. The draft revision: (i) restricts the application of the methodology to existing plants only, (ii) modifies equations (4) and (13) in order to correct the units of the involved parameters, and (iii) changes the definitions of some parameters in order to make their identification clearer. The draft revised methodology is contained in annex 4. The panel was of the opinion that the revision should be immediately effective.

19. **AM0070 "Manufacturing of energy efficient domestic refrigerators":** The Meth Panel recommended the Board to approve the revision of the approved methodology AM0070 made in response to the request for revision AM_REV_0173. The draft revision: (i) includes one additional option for the required evidences to ensure that produced refrigerators are not exported (i.e. VAT documentation); (ii) adjusts the baseline emissions procedure in order to account for changes of the standard used to calculate rated electricity consumption; and (iii) allows the option of including imported refrigerators in the calculation of the market benchmark. The draft revised methodology is contained in annex 5.

20. **AM0071 "Manufacturing and servicing of domestic refrigeration appliances using a low GWP refrigerant":** The Meth Panel recommended the Board to approve the revision to the approved methodology AM0071 made in response to the request for revision AM_REV_0178. The draft revision expands the applicability of the methodology to "small commercial refrigeration appliances" in addition to the already applicable "domestic refrigeration appliances". The draft revised methodology is contained in annex 6.

G. Requests from the Board to the panel

21. **Overall revision of ACM0006 "Consolidated methodology for electricity generation from biomass residues in power and heat plants":** 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 case at its next meeting.

22. **Revision of the "Tool to calculate the emission factor for an electricity system":** In response to the request by the Board reflected in paragraph 28 of its 50th meeting, the Meth Panel

recommended the Board to approve a revision to the approved "Tool to calculate the emission factor for an electricity system". The draft revision makes the dispatch data analysis a preferred option for the calculation of the operating margin emission factor. The draft revised tool is contained in annex 7.

23. **Revision of the "Combined tool to demonstrate additionality and identify the baseline scenario":** 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.

G. Issues of general guidance and tools

24. The Meth Panel requested the Board to take note that it concluded the consideration of the draft "Tool to calculate the weighted average cost of capital (WACC)", prepared in response to paragraph 36.(a) of decision 2/CMP.4. The WACC is required in an investment comparison analysis or a benchmark analysis for the purposes of determining additionality and/or selecting the baseline scenario. The tool can also be used to determine the cost of equity or the cost of debt. The panel recommends that the Board places this tool on the UNFCCC CDM website with an intention to receive the inputs from the public, before being finally considered by the Board. The draft tool is contained in annex 8.

25. The Meth Panel requested the Board to take note that it discussed the work plan on various requests contained in decision 2/CMP.5 and agreed to finalize the plan at its next meeting. The plan will take into account any possible guidance offered by the Board .

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

26. The Meth Panel confirmed that the tentative date for its 44th meeting is 19–23 April 2010, as per annex 62 of the report of the 52nd meeting of the Board.

27. The Meth Panel noted that the deadline for the 33rd round of submissions of proposed new methodologies is 01 March 2010. The Meth Panel reminded project participants that the deadline for the 34th round of submissions of proposed new methodologies is 26 April 2010. The Meth Panel also reminded project participants that baseline and monitoring methodologies could be submitted at any time prior to this deadline.

28. The Meth Panel also informed project participants that the deadline for submission of requests for revision and requests for clarification to be considered at the 44th meeting to be held from 19 to 23 April 2010 shall be 08 March 2010, 24:00 GMT (tentative date as per annex 62 of the 52nd meeting of the Board). The deadline for submissions to be considered at the 45th meeting to be held from 21 to 26 June 2010 shall be 10 May 2010, 24:00 GMT.

External annexes to the 43rd meeting of the Meth Panel

Annex 1: Draft baseline and monitoring methodology based on NM0280 "Installation of energy free water purifier for safe drinking water application"

Annex 2: Draft consolidated baseline and monitoring methodology for construction of a new natural gas power plant supplying electricity to the grid or a single consumer

Annex 3: Draft revision to ACM0013 "Consolidated baseline and monitoring methodology for new grid connected fossil fuel fired power plants using a less GHG intensive technology"

Annex 4: Draft revision to ACM0015 "Consolidated baseline and monitoring methodology for project activities using alternative raw materials that do not contain carbonates for clinker production in cement kilns"

Annex 5: Draft revision to AM0070 "Manufacturing of energy efficient domestic refrigerators"

Annex 6: Draft revision to AM0071 "Manufacturing and servicing of domestic refrigeration appliances using a low GWP refrigerant"

Annex 7: Draft revision to "Tool to calculate the emission factor for an electricity system"

Annex 8: Draft "Tool to calculate the weighted average cost of capital (WACC)"