

Information Note

AM_CLA_0216 regarding the application of approved methodology ACM0012 to PoAs

I. Background

1. The request for clarification AM_CLA_0216 was submitted by a designated operational entity (DOE) who is currently validating a programme of activities (PoA) “The composition of waste heat network for environmentally friendly industrial complex” in the Republic of Korea.
2. The purpose of this activity, which is being implemented in industrial parks, is to reduce GHG emissions in the project boundary by recovering the waste heat of one plant and supplying to other plant. The first component project activity (CPA) of this PoA is to supply waste heat to a recipient by recycling dyeing waste water, but the project participants plan to use several types of waste energy sources (waste heat, gas and/or pressure) in each CPA.
3. In the context of the approved “Procedures for registration of a programme of activities as a single CDM project activity and issuance of certified emission reductions for a programme of activities” as contained in annex 38 from EB 55, the DOE seeks a clarification on whether the waste energy source in POA-DD shall be limited to waste heat only or whether a PoA can be applied to a variety of waste energy sources such as waste gas or pressure. This is particularly important in the context of methodology ACM0012 “Consolidated baseline methodology for GHG emission reductions from waste energy recovery projects” which can be applied to various waste energy sources including waste heat, waste gas and waste pressure. Therefore individual CPAs may differ depending on the type of waste energy involved in the project activity

II. Analysis

4. The Meth Panel analyzed the case and would like to present to the CDM Executive Board (the Board) its analysis of the application of the PoA procedures¹ for projects using the methodology ACM0012:
 - Though not explicitly stated in the “Procedures for registration of a programme of activities as a single CDM project activity and issuance of certified emission reductions for a programme of activities” (Annex 38 EB 55), it may be inferred that all CPAs should be homogeneous. In such cases the POA-DD can provide clear eligibility criteria, e.g. for additionality demonstration for all CPAs. In the context of ACM0012 the criteria could be specific for e.g. waste heat recovery projects in the range of X to Y MW in industry Z for which the financial benchmark is F . The same would apply to the monitoring procedures;
 - The methodology ACM0012 is applicable to several types of waste energy recovery activities in a broad range of industrial facilities. If a PoA would utilize full range of activities allowed under ACM0012 it would be required to define eligibility criteria for combinations of each type of waste energy recovery activity and type of industrial facilities in order to keep the CPAs homogeneous. Therefore, such PoAs would need to define several homogeneous CPA categories under the PoA. Consequently, at validation

¹ Procedures for registration of a programme of activities as a single CDM project activity and issuance of certified emission reductions for a programme of activities (Annex 38 EB 55), Procedures for approval of the application of multiple methodologies to a programme of activities (Annex 31 EB 47), Procedures for review of erroneous inclusion of a CPA (Annex 22 EB 61).

stage, the PoA-DD should include information on more than one CPA. The current PoA procedures, although not explicitly stated, do not forbid such an approach hence, it could be applied e.g. in the context of ACM0012. Some Meth Panel members wonder if the definition of homogeneous CPAs would be possible given the great variety of industrial plants allowed under ACM0012;

- If more than one type of CPA can be submitted and validated together with the PoA, then the question emerges whether at a later stage other types of CPA could still be added to the same PoA and if so, under which conditions;
- In case several types of waste energy recovery activities are implemented in the same plant, any interactive or cross effects between the measures should be accounted for to estimate the impact on emission reductions, baseline scenario or additionality demonstration. The current version of ACM0012 accounts for such interaction in case several waste energy recovery activities are implemented in the same industrial facility. Therefore, although the implementation will be complicated, it may be technically possible to define a group of CPAs for several energy recovery activities which interact together. (CPAs being members of such a group should be homogenous in the context of the different source of heat, different facilities, etc);
- The Board may note that similar, but perhaps less complex questions can arise when using other methodologies, e.g. ACM0002 for grid-connected renewable energy, which could cover hydro, wind or solar projects, under PoA.

5. Given the above, the Board may wish to consider the following issues when developing the new guidelines for PoAs:

- Clarification whether a CDM PoA can be associated with multiple types of CPAs, one from each homogeneous project activity type;
- Clarification whether at least one of each homogeneous types of CPA should be validated before the POA can be registered;
- Clarification under which circumstances sampling is allowed (the amount of emissions reductions per CPA could be a criterion) and clarify in the new sampling guidelines that are being developed that, where sampling is allowed, this should be done within each type of homogeneous CPA;
- Identification of methodologies where interaction between the measures occurs in order to estimate its impact on emission reductions, baseline scenario or additionality demonstration. Each of these methodologies should include a specific guideline for use under PoAs;
- If a coordinating/managing entity aims to include different types of project activities in a PoA, the PoA-DD (and generic CPA-DD) shall list all the technologies/measures and combinations thereof that would be covered by the PoA. Furthermore, the eligibility criteria for CPA inclusion should clarify applicability of these combinations.

6. The Meth Panel is aware that projects delivering large amounts of emission reductions are eligible under PoAs, these projects are not subject to an elaborate review procedures during registration under CDM. In contrast, individual project activities are subject to such review procedures. The Meth Panel would like to bring to the Board's attention that projects under ACM0012 may deliver large volumes of emission reductions.

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