REPORT OF THE FOURTH MEETING
OF THE SMALL-SCALE WORKING GROUP
UNFCCC Headquarters, Bonn, Germany
26- 27 January 2006

A. Opening of the meeting and adoption of the agenda

1. The Chair of the Small-Scale Working Group (SSC WG), Ms. Gertraud Wollansky, welcomed the members of the working group, Mr. Gilberto Bandeira De Melo, Mr. Felix Babatunde Dayo, Mr. Binu Parthan, Mr. Daniel Perczyk and Mr. Kazuhito Yamada. The Vice-Chair of the working group, Mr. Richard Muyungi, was absent with proper justification.

2. The agenda of the meeting was adopted.

B. Revision of the simplified modalities and procedures for small-scale CDM project activities

3. Taking into account the clarification provided by the Executive Board, at its twenty-second meeting, related to the revisions to Appendix B[1], the SSC WG agreed to recommend that small-scale methodologies should be versioned independently, instead of as a whole in Appendix B.

4. The SSC WG considered the following 11 submissions on small-scale methodologies:

Submission Number	Title	Submitter	Date
SSC_014	"Avoidance of thermal energy input in small scale industrial processes"	World Bank PCF	28 November 2005
SSC_024	"Recovery of methane from biomass decay through waste water treatment"	World Bank PCF	28 November 2005
SSC_025	"Avoidance of methane production from biomass decay through composting"	Worldbank CFB	28 November 2005
SSC_028	"Proposal for a new small scale methodology for hydro electricity for a grid when the project consists of replacement of existing units"	KPMG/ENDESA	28 November 2005
SSC_031	"Amendments to Project Category 1.C. -Certified Cookstoves"	Klimaschutz e.V.	16 August 2005
SSC_032	"Once calculated the emission factor for the baseline it is not clear if it will be necessary to update it yearly"	AENOR	25 October 2005
SSC_033	"AMS-III B. Additions to Baseline requirement and Monitoring Requirement".	Ishedu Agro Chemicals	10 November 2005
SSC_034	"Household cookstoves"	REAP-Canada	05 December 2005
SSC_035	"Cookstoves- Displacement of unsustainable biomass"	REAP-Canada	05 December 2005
SSC_036	"Methane avoidance through reduction of waste water sludge production"	Mitsubishi UFJ Securities Co.,	22 December 2005

[1] Revisions to appendix B shall not affect (a) registered CDM project activities during their crediting period; and (b) project activities that use the previously approved methodology for which requests for registration are submitted before or within four (4) weeks after the methodology was revised. (EB22)

		Ltd.	
SSC_037	"Proposal for a new type III category-Avoidance of fossil fuel combustion for CO2 production"	Centro Nacional de Produccion Mas Limpia Tecnologias Amientales (Colombia).	23 December 2005

5. Taking into consideration issues raised in the submissions received, the SSC WG agreed to recommend the following amendments to the indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories. The reasoning for the changes is provided below.

6. The following categories were amended (paragraphs highlighted)for the inclusion of renewable energy capacity additions as eligible activities under type I**,** in particular concerning the application of the definition of "installed capacity", as contained in annex 1 of this report.

(a) **SSC Category I.A. - Electricity Generation for the User- Para 1, 4 & 9**

(b) **SSC Category I.B. - Mechanical Energy for the User- Para 1, 4 & 7**

(c) **SSC Category I.C. - Thermal energy for the User- Para 1 & 4**

(d) **SSC Category I.D. - Grid Connected Renewable Electricity generation - Para 4 &10**

7. The amendment below was considered necessary to include provisions for retrofit projects under this category, as contained in annex 2 of this report.

SSC Category I.D. - Grid Connected Renewable Electricity generation - Para 5 & 11

8. The amendment below was considered necessary in order to clarify the applicability of Category.I.A as against Category I.D., as contained in annex 3 of this report.

SSC Category I.A. - Electricity Generation for the User- Para 1

9. The amendment below was considered necessary to clarify the calculation of 'build margin' and to include options for calculation of baseline ex-ante or ex post, as contained in annex 4 of this report.

SSC Category I.D. - Grid Connected Renewable Electricity generation- Para 9

10. The following amendments were considered necessary in order to provide more accurate methodologies for specific characteristics of project activities that may fall under this type i.e. wastewater treatment, landfill gas capture and other methane avoidance project activities, contained in the annexes to this report as detailed below.

(a) **SSC Category III.D. - Methane Recovery- Para 1** as contained in annex 5 to this report

(b) **SSC Category III.E - Landfill Methane Recovery** as contained in annex 6 to this report**.** This new project category is intended for measures to capture and combust methane from landfills used for disposal of residues from human activities including municipal solid wastes and industrial wastes containing biodegradable organic matter

(c) **SSC Category III.F. - Avoidance of methane production from biomass decay through composting** as contained in annex 7 to this report**.** This new project category is intended for measures that avoid the production of methane from biomass or other organic matter that would have otherwise been left to decay anaerobically in a solid waste disposal site without methane recovery. Due to the project activity, decay is prevented through treatment by composting and proper soil application of the compost.

(d) **SSC Category III.H. - Methane Recovery in Wastewater Treatment** as contained in annex 8 to this report**.** This new project category is intended for measures that recover methane from biogenic organic matter in wastewaters by means of one of the following options:

(i) Substitution of aerobic wastewater or sludge treatment systems with anaerobic systems with methane recovery and combustion;

(ii) Introduction of anaerobic sludge treatment system with methane recovery and combustion to an existing wastewater treatment plant without sludge treatment;

(iii) Introduction of methane recovery and combustion to existing anaerobic wastewater or sludge treatment systems; and

(iv) Introduction of anaerobic wastewater treatment with methane recovery and combustion, with or without anaerobic sludge treatment, to an untreated wastewater stream.

(e) **SSC Category III.I. - Avoidance of methane production in wastewater treatment through replacement of anaerobic lagoons by aerobic systems** as contained in annex 9 to this report. This new project category is intended for measures that avoid the production of methane from biogenic organic matter in wastewaters being treated in anaerobic lagoons. Due to the project activity, the anaerobic lagoons are substituted by aerobic systems.

(f) **SSC Category III. G. - Avoidance of methane production from biomass decay through controlled combustion - Paras 1-11** as contained in annex 10 to this report.

11. SSC Working Group at its second meeting recommended that only the project activities of the same type, same category and technology/measure could submit one single project design document for all project activities as contained in annex 2 to the meeting report[2]. In order to be consistent with this recommendation to the Board, SSC WG agreed to recommend to amend category III.D accordingly as contained in annex 11 of this report.

12. The SSC WG further considered the submissions on SSC_012 "transfer of know-how and training that induce behavior changes" proposed as a possible CDM project activity. After consulting the Meth Panel, the SSC WG agreed to request guidance from the Board on whether such activities are eligible as CDM project activities.

13. The SSC WG started the consideration of the submission SSC_037 "Proposal for a new type III category-Avoidance of fossil fuel combustion for CO2 production" and agreed to further work on the case at the next meeting, due to the need of further analysis of project activity direct emissions.

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[2] *Annex 1- Table bundle* to the Report of the second meeting of the Small Scale Working Group**,** UNFCCC Headquarters, Bonn, Germany, 16- 17 May 2005.

C. Bundling of small-scale project activities

14. Based on guidance by the Board and the general principles of bundling approved by the Board, at its twenty second meeting, the SSC WG prepared a proposal for recommendation to the Board on the following:

(a) A cover form 'F-CDM-SSC-BUNDLE' to be completed and submitted by all bundled projects together with one or more SSC-CDM-PDDs as contained in annex12 of this report;

(b) Guidelines for completion and submission of the form 'F-CDM-SSC-BUNDLE' to include with the Guidelines for completing the simplified Project Design Document as contained in annex 13 of this report. The SSC WG has prepared this new document, which incorporates the guidance on bundling provided by the CDM Executive Board.

(c) The only case recommended by SSC WG where different project activities could be submitted using a single PDD is the bundling of small-scale project activities of the same type, same category and technology/measure. Furthermore, the only cases recommended by SSC WG[3] where different project activities could be submitted using the same baseline[4] are bundling of (a) small scale project activities of the same type, same category and technology/measure (b) small scale project activities of the same type, same category and different technologies/measures. The SSC WG prepared a document analyzing the conditions under which project activities of different types and different categories can use the same baseline, as contained in annex 14 of this report. The SSC WG noted that further work on these conditions is no longer required.

D. Treatment of non-renewable biomass

15. The SSC WG considered the submissions received in response to the call for public inputs requested by the CDM Executive Board at its twenty-first meeting[5] on "Alternative methods for calculating emission reductions from SSC project activities that propose the switch from non-renewable to renewable biomass". Taking into consideration the alternative methods proposed in these submissions, the SSC WG agreed to recommend amendments to the indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories to include two new categories for project activities switching from non renewable biomass and increasing the efficiency in thermal applications of non-renewable biomass as contained in annex 15 and annex 16 of this report.

SSC Category I. E. - Switch from non-renewable biomass for thermal applications

SSC Category II. G. - Energy efficiency measures in thermal applications of non-renewable biomass

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[3] *Annex 1 - Table bundle* to the Report of the second meeting of the Small Scale Working Group**,** UNFCCC Headquarters, Bonn, Germany, 16- 17 May 2005

[4] possible only under certain conditions

[5] The call was open for public inputs from 28 October 2005 to 5 December 2005. The comments received are available on the UNFCCC CDM web site <http://cdm.unfccc.int/>.

16. The SSCWG considered a proposal for incorporating the use of biofuels in the simplified baseline and monitoring methodologies for selected small-scale CDM project activities and agreed to further discuss this issue at its next meeting.

E. Treatment of leakage in biomass projects

17. SSC WG agreed to further work on the proposal for consideration of leakage in biomass projects, prepared with inputs from Afforestation and Reforestation Working Group and consider it at its next meeting.

F. General guidance on monitoring

18. Following the request by the Methodologies Panel (Meth Panel), the SSC WG recommended to include additional guidelines for monitoring under the General Guidance to indicative methodologies as contained in the annex 17 of this report (changes highlighted).

G. Methodologies related to carbon dioxide capture and storage

19. The SSC WG noted that the received submission SSC_038 ("Anthropogenic Ocean Sequestration by Changing the Alkalinity of Ocean Surface Water") is related to carbon dioxide capture and storage (CCS) project activities. Taking into account the guidance provided by COP/MOP 1, the working group agreed to ask guidance from the Executive Board on how to treat these methodologies and recommends in the interim, to place these submissions "on-hold".

H. Schedule of meetings

20. The working group agreed to schedule its fifth meeting from 30 – 31 March 2006, depending on the submissions received on small-scale methodologies. A one-day informal meeting will precede this meeting.

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