REPORT OF THE SIXTH MEETING OF THE SMALL-SCALE WORKING GROUP

UNFCCC Headquarters, Bonn, Germany
13 - 14 June 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.

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

2. The SSC WG considered the following requests for clarifications/revisions related to the application of approved SSC methodologies. The requests submitted and the recommendations provided by the SSC WG are made publicly available on the UNFCCC CDM web site at: http://cdm.unfccc.int/methodologies/SSCmethodologies/Clarifications. Revisions of approved methodologies as a result of requests for clarifications/revisions are reflected in section C and other responses to requests for revision/clarifications are reflected in section D.

Submission number	Title
SSC_045	Household and Institutional Cookstoves
SSC_046	Estimation of baseline emission using FOD model
SSC_047	Applicability of AMS-III.B for fuel switch from 100% diesel to a mixture of 20% biodiesel and 80% diesel in a self-generation power plant
SSC_048	Proposed Amendments to III.C Emission reductions by low greenhouse gas emitting vehicles
SSC_049	Anthropogenic Ocean Sequestration by Alkalinity Shift
SSC_050	Request for clarification on revisions to AMS-I.D "Grid Connected Renewable Electricity Generation"
SSC_051	Request for revision to AMS-III.D to account for methane avoidance through improved animal waste management
SSC_052	Proposed new type III category: Avoidance of fluorinated gas fugitive emissions in air-conditioning and refrigeration systems
SSC_053	Proposal for a new type III category - Avoidance of methane release from pit charcoal manufacturing process through mechanized charcoaling process where methane is recovered and flared
SSC_054	Request to revise cap on emission reduction under AMS.III.E

C. Revision of approved methodologies

3. **Revision of AMS III.D:** In response to the request received (SSC_046 and SSC_051), the SSC WG agreed to recommend the revision of approved methodology AMS III.D to expand its applicability to cover project activities that change manure management practices e.g. such as from either 'lagoon', 'liquid/slurry', 'solid storage' or 'drylot' to 'anaerobic digestion' for the treatment of swine or cattle manure, as contained in annex 1.

4. **Revision of AMS III.G:** The SSC WG agreed to recommend a revision of the approved methodology AMS III.G to clarify the procedure for estimating the baseline emissions as well as the procedure for estimating ex-ante emission reductions to be provided in the Project Design Document (CDM-SSC-PDD). The draft revisions are contained in annex 2.

D. Response to requests for revisions/clarifications

5. **Revision of AMS III.E (SSC_054):** In response to the request the SSC WG:

(a) clarified that the emission reduction cap[1], as agreed by the Board at its twenty fourth meeting, is applicable only to the Type III component and is not applicable to the Type I component (renewable energy) of the same project activity;

(b) clarified that the present applicability conditions of AMS III.E do not allow project activities using wastes already decaying in the disposal sites (so called "old" biomass). The approved methodology is only applicable to project activities using wastes that would have been disposed and left to decay anaerobically in the absence of the project activity. The SSC WG clarified that in view of the fact that "old" biomass from sawmills has a much lower methane generation potential than fresh biomass, the biomass 'age' and/or its lignin content shall be determined through monitoring to estimate its methane generation potential;

(c) noted that the Board at its twenty fourth meeting requested the SSC WG to develop new type III categories with a more precise estimation of emission reductions and detailed monitoring. The SSC WG clarified that the project participants are welcome to make submissions of new type III categories in accordance with the procedure for 'request for clarification/revision' at the same time ensuring that the procedures for estimation of reductions and monitoring are precise.

6. **Revision of AMS III.C (SSC_048):** In response to the request, the SSC WG agreed to seek further clarifications from the authors of the submission. The SSC WG noted that the proposed project activity is related to the modal shift in transportation and would require the development of a new category taking into account issues related to boundary, baseline and leakage.

7. **Clarification on AMS III.B (SSC_047):** In response to the request the SSC WG:

(a) noted that the use of biofuel could result in 'leakage' due to emissions from the processing/production of biofuels;

(b) noted that crediting of emission reductions for the use of biofuel could potentially result in double counting. Taking into account that guidance from the Board is pending on the issue, the SSC WG agreed to further consider the request for revision once the guidance from the Board is available;

(c) was also of the view that the use of biofuels (a renewable energy source) in stationary applications should be considered as a type I project activity.

8. **Revision of AMS I.D (SSC_050):** The SSC WG could not complete the consideration of the submission due to time constraints and agreed to continue to work on the submission and make a recommendation at its seventh meeting.

9. **Request for a new type III cook stove methodology (SSC_045):** In response to the request the SSC WG:

[1] The Board at its twenty fourth meeting agreed to cap the annual emission reductions of current type III categories at 25,000 tonnes CO2e (see paragraph 64 of the EB 24 report at http://cdm.unfccc.int/EB/Meetings/024/eb24rep.pdf)

(a) noted that project activities for cook stoves do not fall under type III;

(b) further clarified that the methodological issues raised in the submission are addressed in the two draft categories recommended by SSC WG05, which are presently being considered by the Board.

(c) further noted the 15 MW / 15 GWhr limit which constrains the number of cook stoves in a type I / type II project activity cannot be addressed in a revision or creation of a small-scale methodology and agreed to address the issue in its ongoing work on the revisions to the definitions of small-scale project activities as requested by the Board at its twenty third meeting in accordance to paragraph 31 of decision 7/CMP.1.

10. **Request for a new category applicable to refrigeration sector (SSC_052):** The SSC WG agreed to request further clarifications from the author/s of the submission.

11. **Request for a new category for methane avoidance in charcoal manufacture (SSC_053):** In response to the request the SSC WG:

(a) clarified that the proposed methodology should be improved to address any differences in the yield of charcoal between the project scenario and baseline scenario carbonization process in order to conservatively estimate the emission reductions. It agreed to request further clarifications from the project participants on the procedure used to estimate the methane emission factor for the baseline carbonization process;

(b) agreed that a new type III category should be created by the SSC WG and recommended for adoption by the Board, after receiving acceptable clarifications (sought in paragraph a above) from the author(s) of the submission.

12. **Request for a new category for Behavior-oriented demand-side energy efficiency programs in the transport sector (SSC_041): The** SSC WG noted that all the methodological issues in the submissions have been sufficiently considered. Taking into account the guidance by the Board at its twenty third meeting, the SSC WG agreed that a complete response has already been provided to the author/s of the submission.

E. Carbon dioxide capture and ocean storage

13. As requested by the Board at its twenty third meeting and based on the submission received (SSC_049), the SSC WG made a qualitative assessment of the carbon capture and ocean storage technology as contained in annex 3.

F. General guidance on output capacity of renewable energy equipment

14. The SSC WG agreed to recommend that in type I project activities where biogas is used as a source of fuel, the eligibility of the project activity shall be determined based on the thermal capacity of the device burning biogas. The recommendations are contained in the annex 4.

G. General guidance on leakage in biomass project activities

15. The SSC WG agreed to recommend minor revisions to draft general guidance on leakage in biomass project activities recommended by it at its fifth meeting as contained in the draft attachment C of annex 5**.**

H. Revisions to guidelines for completing CDM-SSC-PDD

16. The SSC WG agreed to recommend to the Board to clarify that a project activity which is eligible to be proposed as a small-scale CDM project activity with more than one component[2], shall submit one CDM-SSC-PDD. For each component of the project activity, all the subsections as specified in the guidelines for completing the CDM-SSC-PDD[3], shall be provided separately.

17. The SSC WG further agreed to recommend the deletion of the term 'Component project activity' from the glossary of terms contained in the guidelines for completing CDM-SSC-PDD to facilitate consistency and interpretation of these guidelines. The recommended revisions are contained in the annex 6.

I. Procedure for submission of proposals for creating new methodologies

18. The SSC WG recommends that requests for creation of new categories should be accompanied by a completed draft PDD (section A to E) along with more substantive evidence from the project participants as to the need for a small-scale methodology and why an applicable large-scale methodology cannot be used.

19. The SSC WG requests the Board for guidance if it should respond and if so how to submissions which request explanations of the decisions of the Board.

20. The SSC working group recommends to indicate to project participants that project activities under the CDM shall make use of technologies which are proven under field conditions and show general acceptance of the technology. The SSC WG is of the view that CDM project activities should not be based on purely laboratory scale initiatives. It noted that a considerable amount of effort may be required by the working group to address the methodological issues of unproven technologies, which may have no immediate significant potential for application.

J. Revision of definition of small-scale CDM project activities

21. The Board at its twenty third meeting requested the SSC WG to make recommendations on revisions to the definitions of small-scale project activities referred to in paragraph 31 of decision 7/CMP.1.

(a) The SSC WG noted that 'micro-scale' energy systems require specific consideration since they typically serve small applications or individual users. Examples of such systems include cook stoves, micro-hydro systems and solar home systems. Encouraging the development of small-scale CDM project activities for micro-scale energy systems could be an important way of ensuring a balanced regional and sub-regional distribution of CDM project activities. The SSC WG agreed to further work on developing recommendations in this context.

(b) The SSC WG agreed to continue its work on the limit on type III project activities based on the emission reductions. It further noted that project direct emissions in many cases do not relate to the size of the project activity and are therefore not best suited for defining a limit for small scale project activities.

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[2] For example a project activity applying AMS III E for the component activity resulting in methane avoidance through controlled combustion and applying AMS I D for the associated component activity for electricity generation.

[3] Paragraph 4 of 'Part II' under A. General information on the Small-Scale Project Design Document <http://cdm.unfccc.int/Reference/Documents/GUID_SSC/English/SSCPDDguide.pdf>

K. Applicability conditions for type III project activities

22. As requested by the Board at its twenty fourth meeting, the SSC WG commenced the work on developing new type III categories for project activities with estimated emission reductions above 25,000 tons per annum. The SSC WG agreed to prioritize its work in this regard to develop categories for which there are no corresponding large-scale methodologies currently available.

L. Categories for project activities in Agriculture

23. The SSC WG considered potential categories for project activities in agriculture under type III and agreed to continue its work on preparing draft methodologies for selected categories i.e. methane avoidance in rice cultivation and reduction in enteric methane emission from ruminant livestock.

M. Schedule of meetings

24. The SSC working group agreed to schedule its seventh meeting from **31August – 1 September 2006**, taking into account the schedule of the Board and depending on the small-scale methodology submissions received. A one-day informal meeting will precede this meeting.

List of Annexes:

Annex 1	Revision of AMS III.D
Annex 2	Revision of AMS III.G
Annex 3	Qualitative assessment of SSC_049 (CCS)
Annex 4	General guidance on output capacity of renewable energy equipment
Annex 5	General guidance on leakage in biomass project activities
Annex 6	Revisions to guidelines for completing CDM-SSC-PDD