

**REPORT OF THE SEVENTH MEETING
OF THE SMALL-SCALE WORKING GROUP**

UNFCCC Headquarters, Bonn, Germany
31 August - 1 September 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 and the Vice Chair, Mr. Richard Muyungi 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.

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

2. The SSC WG considered the requests for clarifications/revisions related to the application of approved SSC methodologies. The requests submitted and the responses provided by the SSC WG are made publicly available on the UNFCCC CDM web site at:
<http://cdm.unfccc.int/methodologies/SSCmethodologies/Clarifications>.

3. The SSC WG took into account the methodological issues in the submissions and made recommendations for the adoption of new methodologies as reflected in section C and revisions of approved methodologies as reflected in section D below.

Submission number	Title	Recommendations
SSC_050	Request for clarification on revisions to AMS-I.D 'Grid Connected Renewable Electricity Generation'	Refer Section D below
SSC_056	Request to revise cap on emission reductions under AMS III.E.	Refer Section E below
SSC_055	Household cook stove and biogas stove: switch to renewable biomass	Refer Section E below
SSC_057	Proposed new type III category: Avoidance of fluorinated gas fugitive emissions in air-conditioning systems and refrigeration applications	Refer Section E below
SSC_058	Amendments to III.C Emission reductions by low GHG emitting vehicles	Refer Section E below
SSC_059	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	Refer Section E below
SSC_060	Request for revision of AMS-III.F to include avoidance of methane production from anaerobic treatment of wastewater through composting	Refer Section E below
SSC_061	Proposals for modifications of draft methodologies for non-renewable biomass	Refer Section E below
SSC_062	Clarification on 'same type of technology/measure' under 'debundling' test	Refer Section E below
SSC_063	Proposed amendments to category III.D	Refer Section E below
SSC_064	Proposal for a new Type III methodology- Reduction in consumption of electricity by recovering soda from paper manufacturing process	Refer Section below E

C. Recommendations for new methodologies

4. In respect of proposed new category 'SSC III.J. Avoidance of fossil fuel combustion for carbon dioxide production processes':

(a) The Board had requested the SSC WG to revise the draft category taking into account the situation where the CO₂ in the baseline is produced as a by-product and the other by-product is used for energy generation purposes. In this regard the Board had also requested the Meth Panel to conduct a consistency check of the corresponding large scale methodology AM0027 and provide a recommendation to the SSC WG and to the Board, if required.

(b) The SSC WG agreed to consider the recommendation of the Meth Panel electronically and based on that input prepare its recommendations to the Board.

5. As requested by the Board the SSC WG started developing categories under type III not capped to 25 ktCO₂e/yr, particularly focusing its effort on AMS III E. The SSC WG agreed to continue to work in this regard and make recommendations at its next meeting. It also noted that the recommendation of the Board and the decision of the COP/MOP on the recommendation of the SSC WG on the revision of the definition of small scale project activities reflected in section F below would have implications on this work in progress.

D. Revision of approved methodologies

6. **Revision of AMS I.D:** The SSC WG agreed to recommend a revision of the approved methodology AMS I.D to clarify the eligibility limits of project activities adding renewable energy capacity as contained in annex 1. This revision will only affect project activities for renewable energy capacity addition to the existing electricity generation capacity.

7. **Revision of AMS III.I:** The SSC WG, as requested by the Board at its twenty-fifth meeting, discussed the revision of the methodology to allow its use in situations where in some months of the year the ambient temperature is below the threshold of 15⁰C. The SSC WG agreed to continue the work on the revision of the methodology taking into account 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

E. Response to requests for revisions/clarifications

8. **Revision of AMS III.E (SSC_056):** In response to the request received (SSC_056), the SSC WG discussed the proposal and agreed to obtain additional expert advice on the proposal before considering it in its next meeting.

9. **Requests for new categories for saving non-renewable biomass (SSC_055 and SSC_061):** In response to the requests, the SSC WG agreed to indicate to the authors of the submission that the Board at its twenty-third and twenty-fifth meetings had considered the recommendations of the SSC WG proposing the creation of new categories for project activities saving non-renewable biomass. The Board did not approve these proposed draft methodologies as reflected in its twenty-fifth meeting report. The SSC WG therefore did not consider these submissions. The SSC WG asks the Board to confirm that the SSC WG shall in future not consider these and other submissions, based on proposals not agreed by the Board in the past.

10. Request for a new category for avoidance of fluorinated gas fugitive emissions in the refrigeration and air conditioning sector (**SSC_057**): In response to the request, the SSC WG agreed not to accept the proposal in its current form as the submission does not provide sufficient information on key issues as detailed in the response to the submission made available on the CDM website.

11. **Request for a new category for modal shift in transportation (SSC_058)**: The SSC WG considered the proposal and agreed not to accept the proposal as it does not address significant leakage sources (e.g. transportation equipment in the baseline transferred for other uses, use of the transportation medium in the project case for the transport of other products other than Butadiene, pipeline construction emissions) as detailed in the response to the submission made available on the CDM website. In addition the SSC WG notes there are uncertainties in the proposed category with regard to the trans-boundary emissions and the project activity being a business as usual project activity.

12. **Request for a new category for methane avoidance in charcoal production (SSC_059)**: The SSC WG considered the submission and agreed that further work is required to finalize the proposal at its next meeting.

13. **Revision of AMS III.F (SSC_060)**: In response to the request the SSC WG agreed to request further clarifications from the authors as detailed in the response to the submission made available on the CDM website. For example further clarifications are required on the free air space and optimum moisture in the compost, the COD/BOD content of the untreated wastewater and the possibilities of anaerobic conditions in the compost.

14. **In response to the request for clarification (SSC_062)**: the SSC WG agreed to recommend the definitions of 'technology and measure' as follows:

(a) Two different project activities will be considered to be applying the same technology if they provide the same kind of output and use the same kind of equipment and conversion process.

(b) Two different project activities will be considered to be using the same measure if they constitute the same course of action and result in the same kind of effect (e.g. two projects using the same management practice such as fuel switch).

15. **Revision of AMS III.D (SSC_063)**: In response to the request, the SSC WG agreed to indicate to the project participants that the underlying fundamentals for methane generation in biological processes are considerably different from thermal and chemical processes that convert non-biogenic sources of carbon to methane as detailed in the response to the submission made available on the CDM website.

16. **Request for a new category for caustic soda recovery in paper manufacturing (SSC_064)**: The SSC WG discussed the proposal and agreed to request further information as detailed in the response to the submission made available on the CDM website. For example on the common regulatory requirement for treatment of the black liquor in the baseline scenario, how the sludge generated from the project scenario is treated and its emissions implications.

F. Revision of definitions of small-scale CDM project activities

17. As requested by the Board at its twenty third meeting and according to additional guidance given at its twenty fifth meeting, to make recommendations on revisions to the definitions of small-scale project activities referred to in paragraph 31 of decision 7/CMP.1, the SSC WG made recommendations as contained in annex 2.

18. The SSC WG proposed two options for the revision of definition of small-scale CDM project activities:

(a) Option 1: Taking into account guidance by the Board, the SSC WG considered defining small scale CDM project activities as “project activities that result in emissions reduction of less than or equal to 60 ktCO₂e/yr”. The limit was based on the analysis of the maximum emissions reductions estimated under type I projects submitted for registration or registered.

(b) Option 2: The SSC WG was of the view that the main strength of this option is related to the use of verifiable and legally enforceable industry standards, which will result in consistent application of the limits globally at any time. Under this option the limit for:

- (i) Type I will continue to be 15 MW output capacity;
- (ii) Type II will be redefined as 40 GWh/yr energy savings;
- (iii) Type III will be redefined as “project activities that result in emissions reduction of less than or equal to 50 ktCO₂e/yr”.

19. The SSC WG also noted that the proposed limits for type I and II while being appropriate for small scale project activities might constitute a limitation to very small renewable energy and energy efficiency project activities achieving a critical mass through bundling. It may be noted that these project activities may have significant sustainable development benefits as well as possible influence on regional balance.

G. Procedures for consideration of submission requesting new category

20. The SSC WG took note of the increase in submissions for creating new categories. In view of this and to maintain consistency between approved SSC indicative methodologies, the SSC WG recommends to the Board that additional expert review of the new submissions may be commissioned if required.

21. The SSC WG recognizes that public input on submissions of draft new categories could be helpful, and emphasizes that such submissions are always available on the UNFCCC website.

H. General guidance on output capacity of renewable energy equipment

22. The SSC WG agreed to recommend that for the purpose of determination of the eligibility of thermal applications of solar energy projects, ‘maximum output’ shall be calculated based on a conversion factor of 700 Wth/m² of aperture area of the collector or a maximum limit of 64000 m² collector aperture area shall be used. The recommendations are contained in annex 3.

I. Recommendations for guidelines to use IPCC emission factors

23. The SSC WG considered a proposal on draft guidelines to use the new IPCC 2006 emission factors when applying SSC categories and agreed to refine the proposal at its next meeting.

24. The SSC WG also agreed that, wherever referred in the methodologies, 2006 IPCC Guidelines for National Greenhouse Gas Inventories should be considered as the latest IPCC guidelines. The SSC WG also requested the Board to provide an effective date when this recommendation, if accepted by the Board, will come into effect.

25. The SSC WG recommended that the responsible member be paid a one-day fee for work on preparing the draft guidelines.

J. Schedule of meetings

26. The SSC working group agreed to schedule its eighth meeting from **5 and 6 December 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 I D

Annex 2. Revision of definition of small-scale CDM project activities

Annex 3. General guidance on output capacity of renewable energy equipment