

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

UNFCCC Headquarters, Bonn, Germany
23 - 25 May 2007

RECOMMENDATIONS BY THE SSC WG TO THE EXECUTIVE BOARD

A. Opening of the meeting and adoption of the agenda

1. The Chair of the Small Scale Working Group (SSC WG), Ms. Ulrika Raab opened the meeting and welcomed the new member Mr. Michiel ten Hoopen. The SSC WG expressed its deep appreciation to the outgoing member Mr. Kazuhito Yamada for the excellent contributions to the work of the group.

**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 methodologies¹. 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/goto/SSCclar>>.

3. The SSC WG took into account the methodological issues in the submissions and made recommendations for new methodologies in section C, revision & response to request for revision of approved methodologies in section D and response to request for new methodologies in section E, as below.

Submission number	Title	Recommendations
SSC_089	New category for introduction of low emission vehicles to commercial fleets	Refer to section E
SSC_090	New category for introduction of Bus Rapid Transit Systems consisting of dedicated bus lanes.	Refer to section E
SSC_091	Methane avoidance in animal waste management systems (AWMS) through separation of volatile solids	Refer to section E
SSC_092	Avoidance of HFC emissions in rigid Poly Urethane Foam (PUF) manufacturing	Refer to section C
SSC_093	Demand-side GHG emission reduction project activities through reduction in Ordinary Portland Cement consumption during concrete mix preparation	Refer to section E
SSC_094	New category for recovery and utilisation of waste gases for heating	Refer to section E
SSC_095	New category for promotion of use of natural refrigerants to prevent fluorinated gas fugitive emissions in air-conditioning and refrigeration systems	Refer to section E
SSC_096	Request for revision of AMS III.E to include pelletization as a technology/measure for avoidance of production of methane from biomass	Refer to section D

C. Recommendations for new methodologies

4. Simplified methodologies for calculating emission reductions for small-scale project activities that propose switch from non renewable to renewable biomass: As requested by the Board at its

¹ The terms ‘methodology’ and ‘category’ have analogous connotations in the context of this report

twenty eighth meeting (paragraph 61, EB 28), the SSCWG agreed to recommend the following simplified methodologies “for calculating emission reductions for small-scale project activities that propose the switch from non-renewable to renewable biomass” as contained in annex 1 and 2.

- (a) SSC I.E. Switch from Non-Renewable Biomass for Thermal Applications by the User
- (b) SSC II.G. Energy Efficiency Measures in Thermal Applications of Non-Renewable Biomass

The SSC WG took into account the public inputs received in response to a call for input by the Board² and the inputs received at the side event³, to address issues related to leakage, differentiation between renewable and non-renewable biomass and consistency with paragraph 7 (a) of decision 17/CP.7. The SSC WG evaluated several potential sources of leakage from non-renewable biomass saved, such as the use thereof by those outside the project boundary to meet their thermal energy needs or to justify other CDM project activities. After careful consideration the SSC WG agreed that these potential sources of leakage can be neglected and that this is consistent with other methodologies with fossil fuel in the baseline scenario.

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

6. Proposal for a new type III methodology-Avoidance of HFC emissions in rigid Poly Urethane Foam (PUF) manufacturing: In response to the submission SSC_092, the SSC WG agreed to recommend a new methodology titled ‘SSC III.N Avoidance of HFC emissions in rigid Poly Urethane Foam (PUF) manufacturing’ as contained in annex 3. The proposed methodology is for project activities that shift from using HFC foam blowing agent in the baseline with hydrocarbon (e.g. pentane) blowing agent in the manufacture of rigid foams.

D. Revision & requests for revision of approved methodologies

7. As requested by the Board the SSC WG reviewed all approved SSC methodologies and recommended additional guidance on leakage to allow for their application to a project activity under a programme of activities (PoA), as contained in annexes 4 to 25. In doing so the SSC WG compared the leakage sections of the SSC methodologies with the corresponding large-scale CDM (LSC) methodologies. The SSC WG noted that leakage emissions from shift of pre-project activities and production of biomass are considered in the SSC methodologies in a simplified way while leakage from upstream emissions from fossil fuel use are not considered. The SSC WG therefore recommended that the procedures for calculation of leakage from upstream emissions, shift in pre project activities and emissions from production of biomass in the corresponding large-scale methodologies be applied when the SSC methodologies are used for a PoA.

8. Furthermore, the SSC WG agreed that the following guidance should be recommended for inclusion in all SSC methodologies for application to a PoA: “In case the project activity involves the replacement of equipment, and the leakage effect of the use of the replaced equipment in another activity is neglected because the replaced equipment is scrapped, an independent monitoring of scrapping of replaced equipment needs to be implemented. The monitoring should include a check if the number of project activity equipment distributed by the project and the number of scrapped equipment correspond with each other. For this purpose scrapped equipment should be stored until such correspondence has been checked. The scrapping of replaced equipment should be documented and independently verified”.

² See http://cdm.unfccc.int/public_inputs/index.html

³ Side event at the twenty-sixth sessions of the subsidiary bodies of UNFCCC on 16 May 2006, for details see <http://regserver.unfccc.int/seors/reports/events_list.html>

9. In this regard the SSC WG requested confirmation from the Board that methodological issues related to additionality and monitoring will be addressed at registration of the PoA and therefore the proposed recommendation on guidance for leakage is sufficient.

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

11. **Revision of AMS III.E.** The SSC WG noted that the submission SSC_096 was a request for revision of AMS III. E to include pelletization as a technology/measure for avoidance of production of methane from biomass that would have been left to decay. The SSC WG agreed to seek further clarifications from the author of the submission; for example the definition of project boundary, the characteristics of the pellets that ensure that there is no methane generation before it is combusted in an end use, issues related to project emissions, leakage and possible expansion of the applicability of the category to include other refuse-derived-fuels.

12. As requested by the Board the SSC WG agreed to include additional guidance in AMS I.A, AMS I.B and AMS I.C as contained in annexes 4-6 above, to clarify the monitoring of biomass in project activities that apply these categories. The recommended guidance is consistent with monitoring of biomass in the approved methodology AMS I.D.

E. Response⁴ to request for new methodologies

13. **Proposal for a new type III methodology for methane avoidance in animal waste management systems (AWMS) through the prevention of decay of separated volatile solids:** The SSC WG noted that the proposed methodology SSC_091 was for project activities that separate the volatile solids from animal manure (e.g. through filtration) so that methane emission from the separated solids is avoided. Baseline disposal of manure in liquid based system such as anaerobic lagoon is considered in the accompanying project design document. The SSC WG agreed to seek further clarifications from the project participants concerning the storage and final disposal/use of the separated solids and any related emissions as well as methane emission potential of the residual wastewater.

14. **Request for new Type III category - Introduction of low emission vehicles to commercial fleets:** The SSC WG noted that submission SSC_089 was for a proposed project activity involving replacement of diesel engine with CNG (compressed natural gas) engine. The SSC WG considered the response and revised inputs from the project participants to the questions raised during the pre-assessment. The SSC WG agreed the proposed methodology needs further development to address uncertainties with respect to the payload and age of the vehicles, driving conditions, national boundaries and the specific fuel consumption adjustment factor. The SSC WG agreed to continue to work on the methodology seeking expert input and feedback from the project participants before making its recommendation at its next meeting.

15. **Request for a type III methodology-Introduction of Bus Rapid Transit Systems:** The SSC WG noted that submission SSC_090 was for a proposed project activity for the introduction of Bus Rapid Transit Systems consisting of dedicated bus lanes. The SSC WG noted that clarifications have been requested from the project participants following a pre assessment of the applicability conditions of the methodology and relevant definitions and notations in the methods/equations proposed. The SSC WG agreed to consider this case further once the response from the project participants has been received.

16. **Request for a new category for demand-side GHG emission reduction through reduction in Ordinary Portland Cement consumption during concrete mix preparation:** The SSC WG noted that submission SSC_093 requested a new category for project activities that reduce the use of Ordinary Portland Cement (OPC) at construction project sites where concrete mix would be prepared. In

⁴ This is only a summary of the response. Detailed response can be found at <http://cdm.unfccc.int/goto/SSCclar>

particular, the technology involves use of alternative cementitious material(s) and/or water reducing admixtures in the concrete mix preparation thereby reducing the requirement for OPC in the concrete mix. The SSC WG noted an improvement in the submission received from the proponent since its last meeting, however noted some of the parameters need to be more clearly defined. The SSC WG also suggested improvements in the way in which the emission reductions are calculated.

17. **Request for a new category for recovery and utilisation of waste gases for heating:** The SSC WG noted that the submission SSC_094 requested a new category for project activities in industrial facilities that entail recovery and utilization of process generated waste gas as a thermal energy source for industrial processes. As proposed, the thermal energy provided by waste gas will replace an equivalent quantity of fossil fuel used as thermal energy source in the industrial processes in the baseline scenario and results in emission reductions. The SSC WG agreed to seek further clarifications from the project participants including suggestions for improvements such as the following:

(a) Calculation of baseline emissions shall be based on energy output and not on energy input. Efficiency of utilization of waste gas can be conservatively estimated on the output side.

(b) Measurement of energy produced by the waste gas recovered is suggested. Additional specifications should be included in the monitoring section. Additional analysis is required for the potential inflated baseline scenario.

18. **Request for a new type III methodology for avoidance of fluorinated gas fugitive emissions in the refrigeration and air conditioning sector:** The SSC WG noted that the submission SSC_095 was for project activities that shift from the use of HFC refrigerants (e.g. HFC 134a) to alternate refrigerants such as hydrocarbons with negligible GWP (global warming potential) and ODP (ozone depletion potential) in refrigeration and air conditioning sector such as mobile air conditioning, domestic refrigeration, industrial and commercial refrigeration activities. The SSC WG considered the earlier versions of the methodology submitted to it in previous meetings (SSC_052, SSC_057, SSC_066 and SSC_087) and provided responses to the project participants. The SSC WG agreed that unless complete destruction of the refrigerant recovered is clearly demonstrated in the methodology further consideration of the submission is not possible.

F. Application of AMS II.D to project activities 0859 and 0954

19. As requested by the Board the SSC WG reviewed the approach and concepts of monitoring energy efficiency originally proposed in NM0101 and NM0154 and used in project activities 0859 and 0954 applying AMSII.D. The SSC WG noted that the projected average annual reductions of these projects were comparable, for example reductions of the underlying project of 0154 were 24,617 per year and those of 0954 were 27,393 per year. The SSC WG noted that further simplifications were made to the monitoring methods of NM0154 used in project activities 0859 and 0954 e.g. some key parameters are now monitored on weekly instead of daily basis. Further the procedures used to estimate the baseline emissions were not clearly described in the PDDs of 0859 and 0954. In addition the SSC WG noted that there are a number of exogenous upstream and downstream factors that may affect heat inputs or outputs in the project and baseline case, which may significantly impact emission reductions. The project documentation of 859 and 954 do not account for these factors sufficiently in applying AMS II.D. Therefore the SSC WG agreed that the application of AMS II.D to project activities 0859 and 0954, which is primarily based on estimated parameters, may result in the propagation of systematic and random errors in emission reduction calculations, and therefore is not appropriate.

G. Clarifications on project activities with more than one component

20. The SSC WG noted that under certain situations a new proposal for a small-scale methodology may be for a project activity that would include both large-scale and small scale components⁵. The SSC WG agreed to request clarification from the Board, that under such situations for the purpose of making a submission requesting the creation of new small-scale methodology, a PDD that includes both the large-scale activity component and small-scale activity component should be submitted.

H. Schedule of meetings

21. The SSC WG agreed to schedule its eleventh meeting from 4 - 6 July 2007 taking into account the schedule of the Board and depending on the small-scale methodology submissions received.

⁵ Analogous situation to a project activity submitted with a single PDD that includes a component applying ACM0001 and another component applying AMS I.D

List of Annexes:

- Annex 1. SSC I.E. Switch from Non-Renewable Biomass for Thermal Applications by the User
- Annex 2. SSC II.G. Energy Efficiency Measures in Thermal Applications of Non-Renewable Biomass
- Annex 3. SSC III.N. Avoidance of HFC emissions in rigid Poly Urethane Foam (PUF) manufacturing
- Annex 4. Revision of AMS I.A
- Annex 5. Revision of AMS I.B
- Annex 6. Revision of AMS I.C
- Annex 7. Revision of AMS I.D
- Annex 8. Revision of AMS II.A
- Annex 9. Revision of AMS II.B
- Annex 10. Revision of AMS II.C
- Annex 11. Revision of AMS II.D
- Annex 12. Revision of AMS II.E
- Annex 13. Revision of AMS II.F
- Annex 14. Revision of AMS III.B
- Annex 15. Revision of AMS III.C
- Annex 16. Revision of AMS III.D
- Annex 17. Revision of AMS III.E
- Annex 18. Revision of AMS III.F
- Annex 19. Revision of AMS III.G
- Annex 20. Revision of AMS III.H
- Annex 21. Revision of AMS III.I
- Annex 22. Revision of AMS III.J
- Annex 23. Revision of AMS III.K
- Annex 24. Revision of AMS III.L
- Annex 25. Revision of AMS III.M