

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

UNFCCC Headquarters, Bonn, Germany
19 - 21 September 2007

RECOMMENDATIONS BY THE SSC WG TO THE EXECUTIVE BOARD

A. Opening of the meeting and adoption of the agenda

1. The Vice-Chair of the Small Scale Working Group (SSC WG), Mr. Richard Muyungi opened the meeting. The SSC WG noted that Chair of the Working Group, Ms. Ulrika Raab was unable to attend the meeting providing ample justification for her absence.
2. The agenda was adopted as proposed.

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

3. The SSC WG considered submissions requesting revision of or clarifications on approved SSC methodologies¹ as well as requests for creation of new methodologies. The detailed responses provided by the SSC WG are made publicly available at: <<http://cdm.unfccc.int/goto/SSCclar>>.

Proposed new methodologies		
Submission number	Title	Recommendation
SSC_105	Request for a new category for demand-side GHG emission reduction through reduction in ordinary portland cement consumption during concrete mix preparation	(Recommended See paragraph 6)
SSC_109	Methane avoidance in animal waste management systems (AWMS) through separation of volatile solids	(See paragraph 18)
SSC_110	Integrated methane capture and hydrogen production from biogas	(Recommended See paragraph 4)
SSC_111	Recovery of waste gas in industry for gainful use	(Recommended, See paragraph 5)
SSC_113	Urea offset programmes for inoculant application	(See paragraph 19)
SSC_118	New category on plant oil production for transport usage	(See paragraph 20)

Requests for revisions		
SSC_107	Request for revision of AMS III.K	(Recommended, See paragraph 7)
SSC_108	Request for revision of AMS III.H	(See paragraph 8)
SSC_114	Request for revision of AMS II.C	(See paragraph 10)
SSC_116	Request for revision of AMS III.H	(See paragraph 9)
SSC_119	Request for revision of AMS III.E	(Recommended, See paragraph 15)

Requests for clarifications		
SSC_112	Clarification on the monitoring approach for a bundled project applying AMS I.C. and AMS III.D.	Clarified (see paragraph 21)

¹ The terms 'methodology' and 'category' are synonymous in this report

SSC_115	Query on AMS-I.C, II.C, II.D, II.E, II.F	Clarified (see paragraph 22)
SSC_117	Clarification on the applicability of AMS III.B	Clarified (see paragraph 23)
SSC_120	Query on AMS I.A	Clarified (see paragraph 24)
SSC_121	Request for clarification to demonstrate non debundling of projects involving railway engines	Clarified (see paragraph 25)
SSC_122	Clarification on the methodology applicable to the production of biodiesel to be used in heavy vehicles	Clarified (see paragraph 26)
SSC_123	Grupo Guimarães fossil fuel switching Project	Clarified (see paragraph 27)

C. Proposed new methodologies

4. Proposal for a new type III methodology for integrated methane capture and hydrogen production from biogas: In response to the submission SSC_110, the SSC WG agreed to recommend a new methodology titled ‘SSC III.O Hydrogen production using methane extracted from biogas’ as contained in annex 1 and a minor revision of AMS.III.H as contained in annex 2. The proposed methodology is for project activities that produce hydrogen from methane recovered from biodegradable organic matter (e.g. methane recovered from a wastewater treatment system). The recovered methane will displace LPG as both feedstock and fuel in a hydrogen production unit. The proposed revision of AMS.III.H is to broaden the applicability of the approved methodology to include project activities that produce hydrogen from the methane recovered.

5. Proposal for a new type III methodology for recovery of waste gas for gainful use: In response to SSC_111 and SSC_106 the SSC WG agreed to recommend two new methodologies titled ‘SSC III.P. Recovery and utilization of waste gas in refinery facilities’ and ‘SSC III.Q. Waste gas based energy systems’ for projects that use waste gas, waste heat or waste pressure gainfully to reduce emissions of greenhouse gases as contained in annex 3 and 4.

6. Request for a new category for demand-side GHG emission reduction through reduction in ordinary portland cement consumption during concrete mix preparation: SSC WG noted SSC_105 (linked to SSC_093 and SSC_081) requested a new category for demand-side GHG emission reduction project activities that reduce cement consumption during concrete mix preparation. The proposed category includes Ordinary Portland Cement (OPC) and other types of cement used at construction project sites where concrete mix would be prepared. In particular, the technology involves the use of alternative cementitious material(s) and/or water reducing mixtures in the concrete mix preparation, thereby reducing the requirement for OPC and other types of cement. As indicated in the SSC WG 11 report the SSC WG reconsidered the submission taking into account related guidance of the Board and an expert input on the topic. The SSC WG agreed to recommend a new methodology titled ‘SSC III.R. Demand-side GHG emission reduction through reduction in Cement consumption during concrete mix preparation’ as contained in annex 5.

D. Revisions & requests for revision of approved methodologies³

7. Request for revision of AMS III.K: The SSC WG agreed to recommend a revision of AMS III.K as contained in annex 6 in response to the submission SSC_107 to expand the applicability of the methodology to include more traditional open-ended methods to produce charcoal. The revision also includes a new approach to determine the baseline emissions.

8. Request for revision of AMS III.H: The SSC WG noted that the submission SSC_108 requested a revision of AMS III.H to broaden the applicability of the methodology to include improvement (through retrofit) of the efficiency of methane capture and/or flaring systems at existing anaerobic wastewater

treatment plants or anaerobic sludge treatment plants. The SSC WG agreed that further improvements in the proposed approach would be required before a recommendation to the Board can be made.

9. **Request for revision of AMS III.H:** The SSC WG noted that the submission SSC_116 requested a revision of AMS III.H to allow for the bottling of recovered methane and the proposed revisions only consider methane emissions avoided from wastewater treatment facility on account of bottling of biogas and do not include emission reductions from fossil fuels displaced by the bottled gas for a conservative estimation of emission reductions. Currently the methodology requires that the recovered methane is either flared or used for heat and/ or electricity generation. The SSC WG agreed that further improvements in the proposed approach would be required before a recommendation to the Board can be made.

10. **Revision of AMS II.C:** The SSC WG noted that submission SSC_114 requested a revision of AMS II.C to include technical line losses where electricity is the baseline. The SSC WG agreed to take into account the inputs in the submission in its ongoing work to propose revisions to the type II energy efficiency methodologies requested by the Board at its thirty third and thirty fourth meetings (see paragraph 25 of EB 34 and paragraph 54 of EB 33.)

11. **Revision of AMS II.E and AMS II.D:** The SSC WG noted the request from the Board at its thirty fourth meeting to consider AMS II.E with a view to provide additional guidance on the monitoring methodology (see paragraph 25 of EB 34 and paragraph 54 of EB 33).

12. The SSC WG was of the view that before recommending further guidance on monitoring it is important to restrict the applicability of these methodologies as an interim solution pending the review of the boundary, definitions, baseline and monitoring sections of the methodologies.

13. In this respect the SSC WG recommended that the following applicability conditions are immediately added to AMS II.D and AMS II.E, as contained in annex 7 and 8:

- This category is applicable to project activities where it is possible to directly measure and record the energy use within the project boundary (e.g. electricity and/or fossil fuel consumption).
- This category is applicable to project activities where the impact of the measures implemented (improvements in energy efficiency) by the project activity can be clearly distinguished from changes in energy use due to other variables not influenced by the project activity (signal to noise ratio).

14. As requested by the Board the SSC WG will continue to work on the issue in conjunction with the work being carried out by the secretariat on energy efficiency with a view to identify further guidance or revisions of approved methodologies AMS II.D and AMS II.E that may be required.

15. **Revision of AMS III.E:** The SSC WG noted that the submission SSC_119 requested a revision to AMS III.E to include thermal/mechanical treatment of biomass waste to produce refuse-derived fuel or stabilized biomass (RDF/SB) such as pellets or briquettes. The SSC WG agreed to recommend a revision to AMS III.E as contained in annex 9.

16. **Revision of AMS III.C:** SSC WG considered the submission SSC_098 and agreed to revise AMS III.C to allow for its application to situations involving commercial fleets as contained in annex 10. SSC WG agreed to carry out further work to expand the applicability to non-commercial forms of transport.

17. **Revision of 'general guidance'² to small scale CDM project activity categories:** The SSC WG agreed to recommend the revised general guidance as contained in annex 11 in response to submission SSC_098 to expand the applicability of the approved methodologies for Greenfield projects.

² General guidance to methodologies can be found at :
http://cdm.unfccc.int/methodologies/SSCmethodologies/AppB_SSC_gnal_guid.pdf

E. Response to request for new methodologies³

18. **Request for a new category for methane avoidance in animal waste management systems (AWMS) through separation of volatile solids:** The SSC WG noted that the submission SSC_109 (linked to SSC_104, SSC_091 and SSC_084) was a request for a new category for project activities that separate the volatile solids from animal manure (e.g. through filtration using geotextile containers) thereby avoiding methane emissions from the manure that would be treated in a lagoon or a liquid based system in the absence of the project activity. The SSCWG considered the submission and took into account the inputs provided by an expert on the topic. It agreed not to recommend the proposed methodology to the Board due to the uncertainties associated with effectiveness of the proposed measure for GHG reductions, particularly due to the anaerobic conditions prevailing inside the geotextile bags during the separation process duration of which could be as long as one year.

19. **Proposal for a new type III methodology for urea offset program for inoculant application:** The SSC WG noted that the submission SSC_113 (linked to SSC_100) was for a project activity displacing urea fertiliser application to croplands by way of inoculant application to supply plant nutrient needs. Taking into account an expert input on the topic, the SSC WG agreed, among other things there are uncertainties related to establishing that significant quantity of urea was used as a fertiliser in the farms in the baseline situation. It agreed to request further clarifications from the project participants.

20. **Proposal for a new type III methodology for plant-oil production for transport usage:** The SSC WG noted that the submission SSC_118 (linked to SSC_099) was requesting a methodology for use of pure plant oil or partially blended plant oil in transportation applications to displace diesel fuel consumption. The SSC WG agreed that further improvements in the proposed methodology would be required before a recommendation to the Board can be made.

F. Response to request for clarification⁴

21. The SSC WG noted that submission SSC_112 requested a clarification on monitoring approach based on sampling with regard to approved methodologies AMS I.C. and AMS III.D when applying to a bundled project activity involving large number of household biogas digesters in distributed locations. The submission noted that while AMS I.C allowed sampling for the purpose of monitoring AMS III D did not provide that option. The SSC WG was of the view inclusion of sampling option alone will not render the approved methodology AMS III .D applicable to the proposed project activity, further changes would be required in the monitoring and baseline calculations that are based on tier 2 approach of 2006 IPCC Guidelines for National Greenhouse Gas Inventories. Therefore SSC WG agreed it is appropriate to propose a new methodology, which is based on approved methodology AMS III.D for application to project activities involving manure management systems in distributed locations. The recommended new methodology titled ‘AMS III.S. Methane recovery in agricultural activities at household/small farm level’ as contained in annex 12.

22. The SSC WG noted that submission SSC_115 requested a clarification on the inclusion of technical line losses where electricity is the baseline in methodology AMS I.C and AMS II.C to AMS II.F. The SSC WG agreed to take into account the inputs in the submission in its ongoing work to revise type II methodologies mandated by the Board (see paragraph 25 of EB 34 and paragraph 54 of EB 33)

³ This constitutes a summary only of the responses to project participants. Detailed responses can be found at <<http://cdm.unfccc.int/goto/SSCclar>>.

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23. The SSC WG noted that submission SSC_117 requested a clarification on the applicability of AMS III.B for projects, which involve switch from fossil-fuel to renewable biomass such as briquettes, bagasse making reference to registered project activity 0721. The SSC WG agreed to clarify that citing registration of a project activity may not be sufficient justification for proposing a revision to a approved SSC methodology and therefore further substantiation would be required. It further clarified that AMS III.B is not applicable to project activities which switch from fossil fuel to renewable biomass or renewable energy indicating that such project activities should apply type I methodologies. The working group agreed to recommend a revision of AMS III B to further clarify the applicability of the methodology as contained in annex 13.

24. The SSC WG noted that submission SSC_120 requested a clarification on application of AMS I.A to a bundled project activity that proposes to install a large number of solar lighting systems (SHS) between the years 2007-2015, whether it would be required to provide an ex-ante list of every single household that will install a SHS under the project activity. The SSC WG agreed to clarify that the project proponent may not add solar home systems to the bundle during the crediting period and details of physical location including information allowing the unique identification of small-scale project activities included in the bundle would be required at the time of registration. The SSC WG noted that project activity might be suitable for developing as a programme of activity (PoA)⁵.

25. The SSC WG noted that submission SSC_121 requested a clarification on the de-bundling check for a project activity in the transport sector involving improvements in the efficiency of railway engines. In this regard, prior to finalizing its recommendation, the SSC WG agreed to request further guidance from the Board, for transport sector project activities, on the requirement that the project boundary is within 1 km of the project boundary of the proposed small-scale activity at the closest point, as contained in the Appendix C of the Simplified Modalities and Procedures for Small-Scale CDM project activities.⁶

26. The SSC WG noted that submission SSC_122 requested a clarification on the applicability of AMS I.D to a proposed biodiesel project activity involving the use of biodiesel in heavy vehicles. The SSC WG agreed to clarify that AMS I.D is not applicable to biodiesel project activities as issues related to double counting, leakage and upstream emissions from the production of biodiesel that need to be taken into account in the proposed project activities are not addressed in AMS I.D.

27. The SSC WG noted that submission SSC_123 requested a clarification on the applicability of AMS III.B to a biodiesel project activity that proposes to use biodiesel in vehicles and farm machinery replacing diesel. The SSC WG agreed to clarify that AMS III.B is applicable to project activities switching fossil fuels only. The proposed project activity belongs to type I renewable energy generation activities as the emission reduction produced by the project activity comes from the renewable condition of the fuel⁷. As there is currently no approved small-scale methodology that is applicable to biodiesel project activities project proponents may consider submitting a new category under type 1, taking into account guidance on double counting, project emissions from cultivation of biomass and leakages due to shift in pre project activities and competing uses of biomass.

G. Non binding best practice examples of demonstration of additionality

28. The SSC WG as requested by the Board (see paragraph 57 of EB 32) recommended examples of non-binding best practice for the demonstration of additionality to assist the development of project design documents for small-scale project activities as contained in annex 14. The SSC WG took into

⁵ See paragraphs 56-60 of EB 33 (<http://cdm.unfccc.int/EB/033/eb33rep.pdf>)

⁶ <http://cdm.unfccc.int/Projects/pac/howto/SmallScalePA/sscdebund.pdf>

⁷ See also response to SSC_047

account expert inputs and the inputs received from the public in response to a call for public input from the Board⁸.

H. Schedule of meetings

29. The SSC WG agreed to schedule its thirteenth meeting from 07 - 09 November 2007 taking into account the schedule of the Board and depending on the small-scale methodology submissions received.

⁸ See http://cdm.unfccc.int/public_inputs/dev_PDDs/index.html

External annexes to the twelfth meeting of the SSC WG

- Annex 1: SSC III.O Hydrogen production using methane extracted from biogas
- Annex 2: Revision of AMS III.H
- Annex 3: SSC III.P Recovery and utilization of waste gas in refinery facilities
- Annex 4: SSC III.Q Waste gas based energy systems
- Annex 5: SSC III.R Demand-side GHG emission reduction project activities through reduction in Cement consumption during concrete mix preparation
- Annex 6: Revision of AMS III.K
- Annex 7: Revision of AMS II.D
- Annex 8: Revision of AMS II.E
- Annex 9: Revision of AMS III.E
- Annex 10: Revision of AMS III.C
- Annex 11: Revision of 'General Guidance to Small Scale CDM project Activities'
- Annex 12: SSC III.S Methane recovery in agricultural activities at household/small farm level
- Annex 13: Revision of AMS III.B
- Annex 14: Non-binding best practice examples of demonstration of additionality