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

Swedish Energy Agency, Stockholm, Sweden
30 June – 2 July 2008

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 welcomed the members of the working group. Vice Chair of the SSC WG, Mr. Kamel Djemouai was absent providing due justifications.

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 to, or clarifications of, approved SSC methodologies 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> and <http://cdm.unfccc.int/methodologies/SSCmethodologies/NewSSCMethodologies/index.html>. It can also be accessed by clicking the hyperlinked submission number in the table below.

Proposed new methodologies		
Submission number	**Title**	**Recommendation**
SSC_172	Emission reductions by low greenhouse gas emitting transportation media	(See paragraph 9)
SSC_184	Promotion of natural refrigerants in air-conditioning and refrigeration systems	(See paragraph 10)
SSC_192	Demand-side activities for efficient lighting technologies	(See paragraph 4)
SSC-NM003-rev	Switching from High Carbon-Intensive Energy Source (HCES) to Low Carbon-intensive Energy Source (LCES) in a facility	(See paragraph 8)
SSC-NM006-rev	Cable Cars for Public Transit	(See paragraph 12)
SSC-NM008	Increase in amount of Supplemental Cementitious Material (SCM) added during production of concrete	(See paragraph 13)
SSC-NM009	Substitution of fossil fuel in combustion engines through biofuel from degraded land	(See paragraph 14)
SSC-NM010	Decrease of coke consumption in blast furnace by installing dust/sludge recycling system in steel works	(See paragraph 15)
SSC-NM011	Hydrogen based energy systems	(See paragraph 16)

Requests for revisions		
SSC_179	Request for revision of AMS III.E to include briquetting of solid waste separated from wastewater	(See paragraph 7)

Requests for clarifications		
SSC_176	Applicability of AMS I.D for cogeneration project activity	(See paragraph 17)
SSC_177	Applicability of AMS I.A and II.C for replacement of kerosene lamps with LED solar lamps and LED rechargeable AC lamps, in rural households in weak grid locations	(See paragraph 23)
SSC_178	Applicability of AMS III.B for capacity expansion	(See paragraph 24)
SSC_180	Eligibility of spray drying under AMS III.I	(See paragraph 25)

SSC_181	Clarification on emissions from runoff water from co-composting projects using AMS.III.F version 5	(See paragraph 26)
SSC_182	Clarification on debundling criteria	(See paragraph 18)
SSC_183	Applicability of AMS III.B, version 12	(See paragraph 27)
SSC_185	Applicability of AMS III.G: Separate monitoring of LFG pressure and temperature	(See paragraph 19)
SSC_186	Applicability of AMS III.D for anaerobic digestion of solid sisal waste	(See paragraph 28)
SSC_187	Clarification about the definition of existing facilities and Q_BL, product determination in cases where no 3 years historic data is available	(See paragraph 29)
SSC_188	Applicability of AMS II.D for a energy efficiency project which installs modern kiln with a six-stage preheater instead of a five stage pre-heater	(See paragraph 30)
SSC_189	Clarification on the use of the words "methane" and "residual gas" in AMS III.H version 9	(See paragraph 20)
SSC_190	Emissions from flaring in ex-ante estimation of emission reductions	(See paragraph 21)
SSC_191	Clarification request on applicability of AMS I.C and AMS II.D when total installed capacity exceeds the maximum capacity used at any given time	(See paragraph 22)
SSC_193	Interpretation of existing facilities in paragraph 16 in AMS I.C version 13	(See paragraph 31)
SSC_194	Applicability of AMS III.F when composted waste would otherwise have been treated in a CDM landfill methane capture project	(See paragraph 32)

C. Proposed new methodologies

4. **Demand-side activities for efficient lighting technologies (SSC_192):** in response to the submission SSC_192, the SSC WG agreed to recommend a new methodology titled 'SSC II.J. Demand-side activities for efficient lighting technologies' as contained in annex 1.

The methodology is applicable to project activities replacing incandescent lamps with compact fluorescent lamps (CFLs). The calculation of emission reductions is based on the actual number of lamps replaced and conservatively estimated operating hours of the lamps. The methodology includes procedures for net to gross adjustment of energy savings to account for free riders and rebound effect. It also includes procedures to account for lamp failures through field surveys.

D. Revisions & requests for revision of approved methodologies

5. **Revision of AMS II.C**: As requested by the Board at its thirty-ninth meeting the SSC WG recommended a revision to AMS II.C including additional guidance on baseline for new (Greenfield) facilities as contained in annex 2. The SSC WG also proposed revisions to the guidance for applicability of the methodology for Programme of Activities to consider the penetration of the project activity technology in the baseline and the interactive effects of lighting and heating.

6. **Revision of General Guidance to SSC methodologies**: The SSC WG agreed to recommend a revision to the general guidance, as contained in annex 3, including guidance on baseline identification and consideration of lifetime of existing equipment.

7. **Request for revision of AMS III.E:** In response to SSC_179 requesting the inclusion of technologies for briquetting of solids mechanically separated from wastewater, the SSC WG agreed not to recommend the proposed revision to AMS III.E.

E. Response to request for new methodologies

8. **New methodology for Switch from High Carbon-Intensive Energy Source (HCES) to Low Carbon-intensive Energy Source (LCES) in a facility:** SSC-NM003-rev is for project activities that use low carbon intensive fossil fuel for captive energy generation which displaces grid electricity and/or high carbon intensive fossil fuel based captive energy generation. The SSC WG agreed not to recommend the proposed methodology in view of the uncertainties in estimating the baseline emission factor for displacement of grid electricity in the proposed methodology.

9. **New methodology for emission reductions by low greenhouse gas emitting transportation media:** SSC_172 (linked to SSC_156 and SC_128) is for project activities that implement a new transportation media (e.g. shift from rail transport to a dedicated pipeline transport) to reduce emissions per unit quantity of goods transported. The SSCWG agreed not to recommend the methodology.

10. **New methodology for natural refrigerants in after market mobile air-conditioning systems:** SSC_184 is for project activities that substitute HFC refrigerants with Hydrocarbon (HC) refrigerants in a mobile air-conditioning equipment. The SSC WG agreed not to recommend the methodology, as it does not stipulate procedures for a credible verification of the switch to hydrocarbon.

11. **New methodologies for biofuels: thermal energy from plant oil for the user of cooking stoves and for use of bioethanol-diesel blends in stationary or mobile applications**: SSC-NM005 and SSC_163 are for project activities that replace fossil fuel by biofuels. SSC-NM005 replaces fossil fuels, such as kerosene, used in cooking stoves in households or small enterprises with crude plant oil or waste oil. SSC_163 is for project activities replacing fossil fuels in stationary or mobile applications. The SSC WG agreed to further consider the methodologies, taking into account the relevant ongoing work of the Meth Panel on biofuel methodologies and the guidance from the Board, before finalizing its recommendation.

12. **New methodology for Cable Car for public transit:** SSC-NM006 is for project activities that install a new cable car line as part of a mass transit system, which will displace fossil fuel based transport modes including buses, cars etc. The SSC WG agreed to seek expert inputs and additional clarifications from the author of the submission before finalizing its recommendation to the Board.

13. **New methodology for Supplemental Cementitious Material (SCM) in the production of concrete:** SSC-NM008 is for project activities that increase the percentage of supplemental cementitious material (SCM) compared to the baseline percentage in the production of concrete at a ready-mix concrete (RMC) plant. The SSCWG agreed not to recommend the methodology.

14. **New methodology for substitution of fossil fuel in combustion engines through biofuel from degraded land:** SSC-NM009 is for project activities that replace fossil fuel in transportation and stationary applications with biofuels (bioethanol and biodiesel) produced from feedstock cultivated on degraded lands. The SSC WG agreed to seek further clarification from the project participants and to further consider the methodology taking into account the relevant ongoing work of the Meth Panel on biofuel methodologies and the guidance from the Board, before finalizing its recommendation to the Board.

15. **New methodology for decrease of coke consumption in blast furnace by installing dust/sludge-recycling system in steel works:** SSC-NM0010 is for project activities which decrease coke consumption in a blast furnace of steel works by switching to direct reduced iron (DRI) pellet. The DRI pellet is produced by dust/sludge recycling system from dust/sludge in project activity, which is not currently utilized inside the steel works but sold outside and/or land-filled (baseline scenario). The SSC WG agreed to request further clarifications e.g. potential leakage emissions due to displacement of dust/sludge consumption in alternative activities before finalizing its recommendation to the Board.

16. **New methodology for hydrogen based energy system:** SSC-NM0011 is for project activities that use hydrogen, a co-product of an industrial process, as an energy source. The SSC WG agreed not to recommend the methodology.

F. Response to request for clarification - considered prior to the meeting[1]

17. SSC_176 requested clarification on the application of AMS I.D to renewable energy cogeneration project activity such that the boundary of the project activity excludes the thermal energy generation and emission reductions are solely on account of grid connected renewable energy generation. SSC WG clarified that AMS I.D is not applicable to the biomass cogeneration project activities as the necessary guidance on baseline calculations for situation highlighted in the request is not included in the methodology.

18. SSC_182 requested clarification on the criteria for ascertaining occurrence of de-bundling as specified in paragraph 2 and 3 of Appendix C of Simplified Modalities and Procedures for small-scale CDM project activities. SSC WG clarified that the proposed small-scale project activity described in the submission is a debundled component in accordance with the guidance from the Board.

19. SSC_185 requested clarification on metering of land fill gas (LFG), whether separate monitoring of temperature and pressure would be necessary when using flow meters that automatically measure temperature and/or pressure, expressing the LFG volumes in normalised cubic meters. SSC WG clarified that measured values of both temperature and pressure would be required for the application of AMS III.G.

20. SSC_189 requested clarification of terms "recovered methane" and "recovered biogas" used in approved methodology AMS III.H version 9. SSC WG clarified that '*recovered methane'* and *'recovered biogas'* are used interchangingly in AMS III.H version 9 and in accordance with paragraph 36 continuous measurement of flow rate of biogas is required; measurement of fraction of methane in the biogas can be continuous or periodical.

21. In response to SSC_190 the SSC WG clarified that while applying AMS III.G emissions from incomplete destruction of methane in the flare should be treated as project emissions in the *ex ante* calculation of emission reductions.

22. SSC_191 requested clarification whether the installed capacity of the proposed project activity was within the SSC limits, as the total installed capacity was not used simultaneously. The SSC WG clarified that the total installed capacity should be considered for determining the limits irrespective of whether they are used simultaneously. Accordingly the proposed project activity is beyond the threshold of SSC and therefore not eligible to use simplified modalities and procedures.

G. Response to request for clarification - considered at the meeting

23. SSC_177 requested clarification on the application of AMS I.A and AMS II.C for the project activity involving replacement of kerosene lanterns (lamps) with white LED solar lamps and white LED rechargeable AC lamps in households that are connected to grid but receive electricity supply for a short period of time during the day. The SSC WG clarified in the current versions of AMS I.A and AMS II.C are not applicable to the proposed project activity and the project proponents may propose new methodologies.

24. SSC_178 requested clarification on the applicability of AMS III.B version 12 to project activities involving a fossil fuel switch from heavy oil to natural gas in existing water tube boilers producing superheated steam for processing dyeing materials and chemicals. The SSC WG clarified the baseline may refer to the characteristics (i.e., emissions) of the existing facility only to the extent that the project

[1] Considered in accordance with paragraph 8 of annex 6 of the thirty-fourth report of the Board.

activity does not increase the output or lifetime of the existing facility. Further, the SSC WG agreed to recommend a revision to AMS III.B, expanding the applicability of the methodology to new facilities and including guidance on treatment of capacity expansions. The revision to AMS III.B recommended is contained in annex 4 to this report.

25. SSC_180 requested clarification whether a spray drier used to dry wastewater can be considered as aerobic system and thus eligible to use AMS III.I. The SSC WG clarified that AMS III.I is applicable for cases where anaerobic treatment system is being replaced by an aerobic biological treatment system and the methodology is applicable to the situation described in SSC_180 only if the entire outflow wastewater is subjected to spray drying, resulting in dried solids.

26. SSC_181 requested clarification on the calculation of emissions due to run-off water from composting and reject water from flocculation process when applying AMS III.F. The SSC WG clarified that the emissions from run off water from the composting and the outflow reject water from flocculation process should be considered as project emissions. The SSC WG agreed to recommend a revision to AMS III.F, as contained in annex 5, clarifying the consideration of run off water and reject water.

27. SSC_183 requested clarification on the applicability of AMS III.B to fuel switch projects that also include expansion of the production capacity. The SSC WG clarified that AMS III.B version 12 is not applicable to situation where capacity expansion is implemented along with the project activity. The SSC WG agreed to recommend a revision to AMS III.B, which includes guidance on treatment of capacity expansion, as contained in annex 4.

28. SSC_186 requested clarification on the applicability of AMS III.D version 13 and AMS III.H version 9 to a project activity involving anaerobic digestion of solid sisal waste from sisal leaves processing which in the baseline situation would have been left to decay anaerobically in a waste disposal site. The SSC WG clarified that AMS III.D version 13 and AMS III.H version 9 are not applicable to the proposed project activity. The SSC WG recommended a revision to AMS III.F, as contained in annex 5 to this report. The proposed revision expands the applicability of the methodology to include controlled anaerobic digestion of solid organic waste which otherwise would have been left to decay in a waste disposal site.

29. SSC_187 requested clarifications on AMS III.Q, in particular on the definition of existing facilities and the determination of Q_{BL} (output of the process), where 3 years historic data is not available. SSC WG clarified the definition of existing facilities as provided in ACM0012 version 2 shall be used and Q_{BL} will be determined in accordance with revised ACM0012 version 3 recommended by MP33 subject to approval by the Board.

30. SSC_188 requested further clarification on an earlier response (SSC_150) providing additional information. The SSC WG after careful consideration reiterated that the manufacturers performance specification cannot be considered as the baseline.

31. SSC_193 requested a clarification on paragraph 16 of AMS I.C, which states "For project activities that seek to retrofit or modify an existing facility for renewable energy generation....". The SSC WG clarified that 'existing facilities' in the paragraph covers existing fossil fuel facilities. It also covers existing renewable energy facilities where it can be shown that the incremental renewable energy generated would have been generated using fossil fuel in the absence of the project activity.

32. SSC_194 requested clarification on the applicability of AMS III.F version 5 to a proposed project activity involving composting of municipal organic waste. In the absence of the project activity the biomass would have been disposed off in a landfill where methane capture facility is to be installed as part of a CDM project activity. The SSC WG agreed to recommend a revision to AMS III F, as contained in annex 5 to this report, which clarifies the situation described in SSC_194.

H. Schedule of meetings

33. The SSC WG agreed to schedule its seventeenth meeting from 1 - 3 September 2008 taking into account the schedule of the Board. The deadline for new methodology submissions to this meeting is 7 July 2008 and the deadline for submitting request for revisions for this meeting is 4 August 2008.

I. Desk Reviews

34. The SSC WG noted the satisfactory completion of the desk reviews undertaken for the proposed new SSC methodologies considered at the meeting.

J. Other issues

35. The SSC WG thanked the Swedish Energy Agency and the Government of Sweden for hosting the meeting, the excellent meeting facilities provided and the warm hospitality offered to the members and the secretariat staff.

External annexes to the sixteenth meeting of the SSC WG

Annex 1: SSC II.J. Demand side activities for efficient lighting technologies

Annex 2: Revision of AMS II.C

Annex 3: Revision of general guidance to SSC methodologies

Annex 4: Revision to AMS III.B

Annex 5: Revision to AMS III.F