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

UNFCCC Headquarters, Bonn, Germany
01–03 September 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 and the Vice Chair, Mr. Kamel Djemouai welcomed the members of the working group.

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>. They can also be accessed by clicking the hyperlinked submission number in the table below.

Proposed new methodologies		
Submission number	**Title**	**Recommendation**
SSC-NM006-rev2	Cable Cars for Public Transit	(See paragraph 4)
SSC-NM009-rev	Substitution of fossil fuel in combustion engines through biofuel from cropland or grassland	(See paragraph 18)
SSC-NM010-rev	Decrease of coke consumption in blast furnace by installing dust/sludge recycling system in steel works	(See paragraph 5)
SSC-NM012	Integrated Refrigerator Energy Efficiency and Recovery of HFC-134a	(See paragraph 17)

Requests for revisions		
SSC_198	Revision of AMS-III.Q to provide precise definition of Waste gas	(See paragraph 22)
SSC_201	Revision of AMS-III.D to clarify Project Emissions due to Physical Leakage	(See paragraph 13)
SSC_202	Revision of AMS-II.G to include grid emission factors in the baseline	(See paragraph 14)
SSC_208	Revision of AMS-III.K to include a new approach to determine the baseline emission factor for charcoal production	(See paragraph 15)
SSC_210	Revision of AMS-I.A to include users with limited grid access	(See paragraph 7)
SSC_216	Revision of AMS-III.F to include partially decayed solid waste	(See paragraph 16)

Requests for clarifications		
SSC_195	Clarification on methane emissions from the intermediate storage of biomass	(See paragraph 19)
SSC_196	Applicability of AMS-III.Q for utilization of Waste Hydrogen Gas	(See paragraph 20)
SSC_197	Clarification on applicability of AMS-II.H	(See paragraph 21)

SSC_198	Revision of AMS-III.Q to include mutli-fuel options	(See paragraph 22)
SSC_199	Clarification on monitoring of flare temperature in AMS-III.H	(See paragraph 25)
SSC_200	Applicability of AMS-III.K ver 03 to existing kilns	(See paragraph 23)
SSC_203	Clarification on monitoring under AMS-II.B	(See paragraph 24)
SSC_204	Clarification on applicability of AMS-I.D to electricity supply to a plant instead of to a provincial grid	(See paragraph 26)
SSC_205	Clarification on suitable methodology for efficient lighting in fishing boats	(See paragraph 27)
SSC_206	Clarification on lease of digester capacity from a neighbouring farm when applying AMS-III.D	(See paragraph 28)
SSC_207	Determination of the steam emission factor from a co-generation power plant in AMS-II.D	(See paragraph 29)
SSC_209	Request for clarification regarding use of Specific Emission Factor in AMS-I.C ver13	(See paragraph 30)
SSC_211	Baseline definition for a greenfield project in AMS-I.D	(See paragraph 31)
SSC_212	Query on the use of different biomass type than stated in the PDD applying AMS-I.D and AMS-III.E	(See paragraph 32)
SSC_213	Clarification on the use of the methodology AMS-II.D for energy efficiency projects	(See paragraph 33)
SSC_214	Baseline definition for a greenfield project (Drying-Pyrolosis-Cooling) in AMS-III.K	(See paragraph 34)
SSC_215	Query on procedures and consistency of methodology AMS-III.H	(See paragraph 35)
SSC_217	Query on the requirement of direct installation in AMS-II.J	(See paragraph 36)
SSC_218	Calculation of Lamp failure rate in AMS-II.J	(See paragraph 36)
SSC_219	Application of the baseline penetration factor and consideration of cross effects in AMS-II.C	(See paragraph 37)
SSC_220	Clarification of program design requirements under AMS-II.J	(See paragraph 36)
SSC_221	$Q_{BL, product}$ determination in cases where no 3 years historic data is available in AMS-III.Q	(See paragraph 38)

C. Proposed new methodologies

4. **Cable Cars for Mass Rapid Transit:** In response to the submission SSC-NM006, the SSC WG agreed to recommend a new methodology titled **"SSC-III.U Cable Cars for Mass Rapid Transit System"** as contained in annex 1. The methodology is for public transport projects involving a new cable car line as part of a mass transit system, which will displace fossil fuel based motorized transport modes.

5. **Decrease of coke consumption in blast furnace by installing dust/sludge-recycling system in steel works:** In response to the submission SSC-NM010, the SSC WG agreed to recommend a new methodology titled **"SSC-III.V Decrease of coke consumption in Blast Furnace by installing dust/sludge recycling system in steel works"** as contained in annex 2. The methodology comprises of the project activities resulting in decrease in coke consumption in a blast furnace of steel works by feeding direct reduced iron (DRI) pellet into the blast furnace. 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.

6. **New methodology for fugitive methane capture from exploratory boreholes**: As requested by the Board at its thirty-ninth meeting and taking into account the inputs from the thirty-fourth meeting of the Methodologies Panel, the SSC WG agreed to recommend a revised draft methodology titled **"SSC-III.W Methane capture and destruction in non-hydrocarbon mining activities"** for fugitive methane recovery from exploratory boreholes for non hydrocarbon minerals as contained in annex 3.

D. Revisions & requests for revision of approved methodologies

7. **Revision of AMS-I.A**: SSC_210 requested a revision of AMS-I.A to include project activities for renewable energy based lighting (e.g. solar-lamps) to displace fossil fuel usage in lighting in rural households that are not grid connected or connected to a grid prone to blackouts/brownouts. The SSC WG agreed to recommend a revision to AMS-I.A as contained in annex 4 to cover the situation described in the submission.

8. **Revision of AMS-III.H**: The SSC WG agreed to recommend a revision to AMS-III.H, as contained in annex 5, including additional guidance on baseline determination and project emission calculations. Further, the methodology has been restructured, provisions related to methane correction factor and related uncertainties have been revised.

9. **Revision of AMS-III.I**: The SSC WG agreed to recommend a revision to AMS-III.I, as contained in annex 6, to be consistent with the methods of AMS-III.H.

10. **Revision of AMS-I.C:** As requested by the Board at its forty-first meeting, the SSC WG considered the eligibility of charcoal based biomass energy generation project activities to apply AMS-I.C and agreed to recommend the following:

Only charcoal, produced from renewable biomass sources[1], is eligible under the CDM provided:

- The charcoal is produced in kilns equipped with methane recovery and destruction facility; or
- If the charcoal is produced in kilns not equipped with a methane recovery and destruction facility, methane emissions from the production of charcoal shall be considered. These emissions shall be calculated as per the procedures defined in the approved methodology AMS-III.K. Alternatively, conservative emission factor values from peer reviewed literature or from a registered CDM project activity can be used, provided that it can be demonstrated that the parameters from these are comparable e.g. source of biomass, characteristics of biomass such as moisture, carbon content, type of kiln, operating conditions such as ambient temperature.

11. Further with regard to the request from the Board to clarify paragraph 18 C[2] of AMS-I.C, the SSC WG agreed to recommend that it is appropriate to employ survey methods to determine annually the number of systems operating in the absence of other evidence such as on-going rental/lease payments as long as the sample units for estimating the annual hours of operation are excluded from the sample units for estimating the continued operation of the units. This is also in accordance with the other approved methodologies e.g. AMS-II.C.

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[1] Refer to Annex 18, EB 23 for the definition of renewable biomass

[2] Paragraph 18.C. states "If the emissions reduction per system is less than 5 tonnes of CO_2e a year:

(i) Recording annually the number of systems operating (evidence of continuing operation, such as on-going rental/lease payments could be a substitute); and

(ii) Estimating the annual hours of operation of an average system, if necessary using survey methods. Annual hours of operation can be estimated from total output (e.g. tonnes of grain dried) and output per hour if an accurate value of output per hour is available.

12. The SSC WG agreed to include the changes to AMS-I.C indicated above together with the other ongoing revisions to the methodology (e.g. consideration of project emissions when the methodology is applied to geothermal energy projects, further guidance on cogeneration project activities) and recommend the revised methodology at the eighteenth meeting of the SSC WG.

13. **Revision of AMS-III.D**: SSC_201 requested a revision of the method to calculate the project emissions due to physical leakages from digesters under AMS-III.D. The SSC WG agreed not to recommend the proposed revision as the existing method in the methodology is appropriate for conservative estimations and it is in accordance with 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

14. **Revision of AMS-II.G**: SSC_202 requested a revision of AMS-II.G to include the possibility to use grid emission factors in the baseline calculations. The SSC WG agreed not to recommend the proposed revision to AMS-II.G.

15. **Revision of AMS-III.K**: SSC_208 requested a revision of AMS-III.K to include a new approach involving helium tracing to determine the baseline methane emission factor for brick based charcoal making process. The SSC WG agreed to continue to consider the issue and make a recommendation at the next meeting.

16. **Revision of AMS-III.F**: SSC_216 requested a revision of AMS-III.F to include in situ stabilization of organic matter through aeration of landfills. The SSC WG noted that there are many uncertainties in the proposed methods for baseline determination and monitoring and agreed not to recommend a revision.

E. Response to request for new methodologies

17. **Integrated Refrigerator Energy Efficiency and Recovery of HFC-134a:** SSC-NM012 is for project activities involving replacement of existing refrigerators with highly energy efficient, climate- and ozone-friendly models including recovery of CFC and HFC refrigerants. The SSC WG noted that the proposed methodology is in an important area for implementing domestic energy efficiency activities with significant potential for emission reductions. While the methodology is well conceived, further improvements would be required (e.g. appropriate reference to relevant standards, guidance for ensuring comparable level of service in the baseline and project and further guidance on sampling) before a recommendation can be made.

18. **Substitution of fossil fuel in combustion engines through biofuel from cropland or grassland**: SSC-NM009-rev is for replacing fossil fuel in transportation and stationary applications with biofuels (bioethanol and biodiesel) produced from feedstock cultivated on cropland or grassland. The SSC WG agreed to seek further clarifications from the project proponents (e.g. compliance with the modalities and procedures and guidance from the Board). Further, it agreed to continue to 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.

F. Response to request for clarification - considered prior to the meeting[3]

19. In response to SSC_195, the SSC WG clarified that when applying AMS-III.H, emissions from anaerobic decay of any stored biomass that does not take place in the baseline situation shall be considered as project emission and calculated in accordance with the procedures specified in the "Tool to determine methane emissions avoided from dumping waste at a solid waste disposal site".

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

20. In response to SSC_196, the SSC WG clarified that hydrogen, a co-product of caustic soda manufacturing process, which has many alternative uses not only in the caustic soda manufacturing facility but also in other industries and hence a market value (opportunity cost), does not fulfil the definition of waste gas as provided in AMS-III.Q.

21. In response to SSC_197, SSC WG clarified that the sectoral scope 4, Manufacturing industries assigned to AMS-II.H, does not prevent the application of the methodology to a cogeneration or a trigeneration activity in a commercial building complex as long as all the applicability conditions of the methodology are met.

22. In response to SSC_198, the SSC WG agreed to recommend a revision of AMS-III.Q as contained in annex 7 to broaden the applicability of the methodology by including an option to use other fuels to supplement the use of waste energy to meet the balance energy needed for electricity and/or steam generation. Revisions also include a precise definition of waste gas and further guidance on baseline emission calculations.

23. In response to SSC_200, the SSC WG clarified that the methodology can be potentially extended, through a revision, to cover installation of methane recovery and flaring equipment on exiting units. The project proponents however may consider monitoring through direct measurement of methane content of the residual gas of the charcoaling process (at least on a periodical basis).

24. In response to SSC_203, the SSC WG clarified that the project proponents may submit a request for deviation providing additional information to show how the default conversion values used to estimate the energy content of the steam are conservative. It also recommended that a revised monitoring plan be submitted to comply with the monitoring requirements of the methodology AMS-II.B in accordance with the procedures.

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

25. In response to SSC_199, the SSC WG clarified that under AMS-III.H the procedures to determine the flaring efficiency of open flares described in the "Tool to determine project emission from flaring gases containing methane" can be followed.

26. In response to SSC_204, the SSC WG clarified that electricity supplied from hydro power plants (that qualify the type I limits) to a third party consumer through a dedicated distribution system not physically connected to the grid is eligible to apply AMS-I.D if it can be shown that the third party would have purchased electricity from the grid in the absence of project activity.

27. In response to SSC_205, the SSC WG clarified that the described project activity is applicable under AMS-II.C, whereby it may need to be demonstrated that LED lamps provide similar level of service. SSC WG also clarified that specific fuel consumption value based on certified manufacturer's data can be used to determine fuel usage based on monitored value of electricity consumption of the project case lights.

28. In response to SSC_206, the SSC WG clarified that under AMS-III.D version 13, the project boundary encompasses the entire anaerobic digester equipped with methane recovery equipment and not only part of the digester capacity which is leased. Further, it noted additional information is required to show that no methane recovery takes place in the baseline situation.

29. In response to SSC_207, the SSC WG agreed that indirect method of measuring energy use within the project boundary is not allowed under the approved methodology AMS-II.D.

30. In response to SSC_209, the SSC WG agreed that it is more appropriate to use the specific energy consumption instead of specific fuel consumption in applying AMS-I.C. It agreed to incorporate this change when recommending a revision to AMS-I.C.

31. In response to SSC_211, the SSC WG agreed to clarify that the baseline for the Greenfield renewable biomass boiler under the proposed AMS-I.C project would be a fuel oil boiler, however, the efficiency of a modern fossil fuel boiler shall be considered for conservative estimation of reductions.

32. SSC_212 requested a clarification on the possibilities to use bagasse purchased from the market sources (source not included in the boundary), in the place of sawmill residue that would have decayed in the solid waste disposal site within the project boundary in the absence of the project activity. The question was in the context of a project activity with more than one component applying AMS-III.E and AMS-I.D. The SSC WG clarified that only type I component may be eligible if the additionality of the project is demonstrated and it is shown that biomass used is renewable. Regarding the applicable procedures, project participants shall await further guidance from the Board.

33. SSC_213 requested a clarification on a proposed energy efficiency project using alternative non-calcined lime and additives to reduce energy consumption per unit of lime produced. The SSC WG noted that the described project may or may not qualify as an energy efficiency project depending on the extent to which all the energy utilised in the project scenario is completely considered. Furthermore, the SSC WG agreed to clarify that AMS-II.D is not applicable to the project activity, as the methodology does not address issues such as upstream emissions of alternative materials (e.g., non-calcined material and additives). The project proponents may propose a new methodology.

34. SSC_214 was in the context of Greenfield efficient charcoal producing facilities equipped with methane recovery such as the drying-pyrolysis-cooling (DPC) technology. The SSC WG clarified that to be eligible to apply AMS-III.K, one of the methods to experimentally determine the project specific methane emission factor specified in the methodology shall be followed. A revision of the methodology may be requested to include an alternative option.

35. In response to SSC_215 requesting clarifications on the procedures of AMS-III.H version 9, the SSC WG clarified the methods for project emission and emission reduction calculations. Further, a revision of AMS-III.H as contained in annex 5 was recommended.

36. In response to submission SSC_217, SSC_218 and SSC_220, the SSC WG provided clarifications on the application of AMS-II.J. It further agreed to continue to consider the revision of project design requirements under AMS-II.J as defined in paragraph 8 of the methodology, to clarify the intention of the design requirements[4] and provide further examples versus what is currently indicated. This may involve eliminating certain indicated project design elements such as requiring "charging at least a minimal price for efficient lighting equipment".

37. In response to SSC_219, the SSC WG agreed not to recommend a revision to AMS-II.C.

38. In response to SSC_221, the SSC WG clarified the definition of parameter related to production associated with the relevant waste energy generation as it occurs in the baseline scenario ($Q_{BL, product}$). Further, the SSC WG recommended a revision of AMS-III.Q as contained in annex 7 following a consistency check with ACM0012 (version 03).

[4] The intent includes ensuring that the CFLs installed are tracked in a manner that allows for selection of a truly random and representative sample for *ex post* monitoring requirements as indicated in paragraph 15 of the methodology, limiting undesired secondary market effects and limiting free riders.

H. Schedule of meetings

39. The SSC WG agreed to schedule its eighteenth meeting from 10–12 November 2008 taking into account the schedule of the Board. The deadline for new methodology submissions to this meeting is 15 September 2008 and the deadline for submitting request for revisions for this meeting is 13 October 2008.

I. Desk Reviews

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

External annexes to the seventeenth meeting of the SSC WG

Annex 1: SSC III.U Cable Cars for Mass Rapid Transit System

Annex 2: SSC III.V Decrease of coke consumption in Blast Furnace by installing dust/sludge recycling system in steel works

Annex 3: SSC III.W Methane capture and destruction in non-hydrocarbon mining activities

Annex 4: Revision of AMS-I.A

Annex 5: Revision of AMS-III.H

Annex 6: Revision of AMS-III.I

Annex 7: Revision of AMS-III.Q