



Indicative simplified baseline and monitoring methodologies
for selected small-scale CDM project activity categories

Annex 12

GUIDELINES FOR DEMONSTRATING ADDITIONALITY OF RENEWABLE ENERGY PROJECTS =< 5 MW AND ENERGY EFFICIENCY PROJECTS WITH ENERGY SAVINGS <= 20 GWH PER YEAR MICROSCALE PROJECT ACTIVITIES

(Version 02)

I. Background

1. In response to request from CMP (see paragraph 24 of further guidance relating to clean development mechanism, Decision 2/CMP.5.) to establish simplified modalities for demonstrating additionality for project activities up to 5 megawatts that employ renewable energy as their primary technology and for energy efficiency project activities that aim to achieve energy savings at a scale of no more than 20 gigawatt hours per year, the CDM Executive Board at its fifty fourth meeting agreed to approve the following guidelines:

1. 3/CMP.6 (paragraph 38) welcomes the work of the CDM Executive Board (the Board) on the establishment of simplified modalities for demonstrating additionality for project activities up to five megawatts that employ renewable energy as their primary technology and for energy efficiency project activities that aim to achieve energy savings at a scale of no more than 20 gigawatt hours per year.

2. 3/CMP.6 (paragraph 39) requests the Board to continue to simplifying these modalities based on experience gained and to expand, as appropriate, their applicability to Type III projects that reduce emissions by less than 20,000 tonnes of carbon dioxide equivalent per annum and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventh session on the experience gained including the appropriateness of the threshold.

3. EB 57 (paragraph 12): with reference to the “Guidelines for demonstrating additionality of renewable energy projects =< 5 MW and energy efficiency projects with energy savings <= 20 GWh per year” (EB 54, annex 15), the Board agreed that all CDM project activities that qualify the criteria specified in the guidelines are eligible to apply the guidelines irrespective of the scale of the approved CDM methodology applied to the project. The “Guidelines on the demonstration and assessment of prior consideration of the CDM” apply to such project activities. The Board also considered the applicability of these guidelines to project activities under a programme of activities (PoAs) and requested the secretariat to prepare an information note indicating options for application of the guidelines to PoAs to be considered by the Board at a future meeting.

4. EB 59 (paragraph 37): The Board agreed to launch a call for public inputs on “Guidelines for demonstrating additionality of renewable energy projects = < 5 MW and energy efficiency projects with energy savings <= 20 GWH per year” (EB 54, annex 15) to facilitate the work on revision and broadening of these guidelines. The call ended on 8 March 2011, and received public inputs are at (<http://cdm.unfccc.int/public_inputs/index.html>).



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II. Guidelines

5. Project activities up to 5 megawatts that employ renewable energy as their primary technology¹ are additional if any one of the below conditions below is are satisfied:²
- The geographic location of the project activity is in one of the Least Developed Countries or the Small Island Countries (LDCs/SIDs) or in a special underdeveloped zone of the host country identified by the Government before 28 May 2010;
 - The project activity is an off grid activity supplying energy to households/communities (less than 12 hrs grid availability per 24 hrs day is also considered as ‘off grid’ for this assessment);
 - The project activity is designed for distributed energy generation (not connected to a national or regional grid)³ with both conditions (i) and (ii) satisfied (see below);
 - Each of the independent subsystems/measures in the project activity is smaller than or equal to 1500750 kW electrical⁴ installed capacity;
 - End users of the subsystems or measures are households/communities/SMEs.
 - The project activity employs specific renewable energy technologies/measures recommended by the host country DNA and approved by the Board to be additional in the host country (conditions apply: the total installed capacity of technology/measure contributes less than or equal to 5% to national annual electricity generation).
6. Energy efficiency project activities⁵ that aim to achieve energy savings at a scale of no more than 20 gigawatt hours per year are additional if any one of the conditions below of the below conditions is satisfied:
- The geographic location of the project activity is in LDCs/SIDs or special underdeveloped zones of the host country identified by the Government before 28 May 2010;

¹ All technologies/measures included in approved Type I Small Scale CDM methodologies are eligible to be considered. Furthermore at its fifty seventh meeting the Board clarified that all CDM project activities that meet the criteria specified in these guidelines are eligible to apply the guidelines irrespective of the scale of the approved CDM methodology applied to the project activity.

² Otherwise other means for demonstrating additionality shall be used (e.g. the tool “Tool for demonstration of additionality”, or attachment A of Appendix B of Modalities & Procedures of SSC CDM”)

³ That means that projects applying AMS.I-D are not eligible.

⁴ Multiply by 3 to derive thermal units.

⁵ All technologies/measures included in approved Type II small scale CDM methodologies are eligible to be considered. Further the Board at its fifty-seventh meeting clarified that all CDM project activities that qualify the criteria specified in the guidelines are eligible to apply the guidelines irrespective of the scale of the approved CDM methodology applied to the project.



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- (b) The project activity is an energy efficiency activity with both conditions (i) and (ii) satisfied ~~(see below)~~;
- (i) Each of the independent subsystems/measures in the project activity achieves an estimated annual energy savings of equal to or smaller than 600⁶ megawatt hours; and
- (ii) End users of the subsystems or measures are households/communities/SMEs.

7. Other project activities not included in paragraph 2 or 3 above, i.e. Type III project activities⁷ that aim to achieve emissions reductions at a scale of no more than 20 kt per year, are additional if any one of the following conditions is satisfied:

- (a) The geographic location of the project activity is a LDC/SID or special underdeveloped zone of the host country as identified by the Government before 28 May 2010;
- (b) The project activity is an emission reduction activity with both conditions (i) and (ii) satisfied (see below);
- (i) Each of the independent subsystems/measures in the project activity achieves an estimated annual emission reduction equal to or less than 600 tonnes per year; and
- (ii) End users of the subsystems or measures are households/communities/SMEs.

8. Project activities that meet the requirements specified in paragraph 5 or paragraph 6 or paragraph 7 above are termed ‘Microscale CDM project activities’.

9. ‘Project activities’ in paragraphs 5 to 7 means small scale or large scale CDM project activities or a project activity under a programme of activities (CPA of a PoA).

10. In the case of bundled projects, ‘Project activities’ in paragraphs 5-7 refers to individual projects within the bundle and these guidelines are applied in conjunction with the “Guidelines on assessment of debundling for SSC project activities” (EB 54, annex 13) excluding paragraph 3 of section A⁸ of the latter guidelines.

⁶ ~~Multiply by 3 to derive thermal units.~~

⁷ All technologies/measures included in approved Type III small scale CDM methodologies are currently eligible to be considered except for AMS-III.V “Decrease of coke consumption in blast furnace by installing dust/sludge recycling system in steel works”, AMS-III.P “Recovery and utilization of waste gas in refinery facilities”, AMS-III.Q “Waste Energy Recovery (gas/heat/pressure) Projects” and AMS-III.W “Methane capture and destruction in non-hydrocarbon mining activities”. In the latter cases further analysis is required.

⁸ That means that the following paragraph is not applicable “If a proposed small-scale project activity is deemed to be a debundled component in accordance with paragraph 2 above, but total size of such an activity combined with the previous registered small-scale CDM project activity does not exceed the limits for small-scale CDM project activities as set in paragraph 6 (c) of the decision 17/CP.7,³ the project activity can qualify to use simplified modalities and procedures for small-scale CDM project activities”.



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11. Eligibility of project activities as microscale CDM project activities will be determined in accordance with the principles laid out in paragraph 3 and paragraph 4 of the “General Guidelines to SSC CDM methodologies” (version 16 or its update), i.e.:

- (a) Project activities remain under the thresholds defined above during each year of the crediting period and in cases where *ex ante* projected emissions reductions show an increase during the crediting period, project activities that go beyond the micro-scale limits in any year of the crediting period are not eligible;
- (b) Renewable energy projects that produce electrical, thermal and mechanical energy, and cogeneration projects are covered. Definitions provided for output capacity and guidelines provided for conversion from electrical to thermal units in paragraph 4 of the “General Guidelines to SSC CDM methodologies” (version 16 or its update) shall be used. Where applicable, additional guidelines provided in relevant methodologies shall be followed, e.g. eligibility of cogeneration projects as currently defined in AMS-I C;
- (c) A project activity with more than one component, where each component meets the microscale threshold, is eligible. The sum of the size of components of a project activity belonging to the same type (capacity for Type I, energy savings for Type II and emission reductions for Type III) shall not exceed the limits for microscale project activities (e.g. the limit for the methane recovery component is 20 ktCO₂e/yr and the limit for the electricity production component is 5 MW output capacity).

12. The Board at its fifty-seventh meeting clarified that “Guidelines on the demonstration and assessment of prior consideration of the CDM” apply to micro scale project activities.



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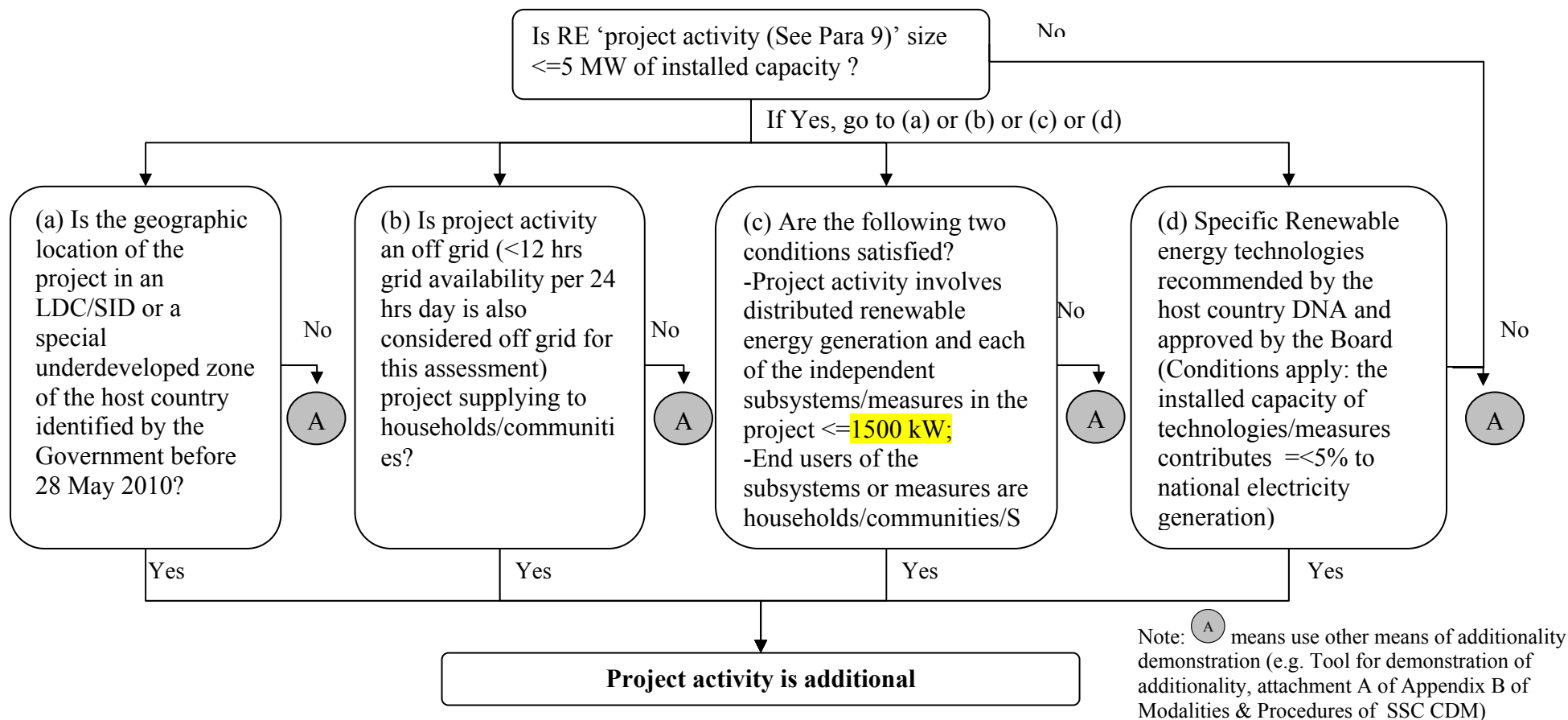


Figure 1: Microscale additionality test for RE project activities



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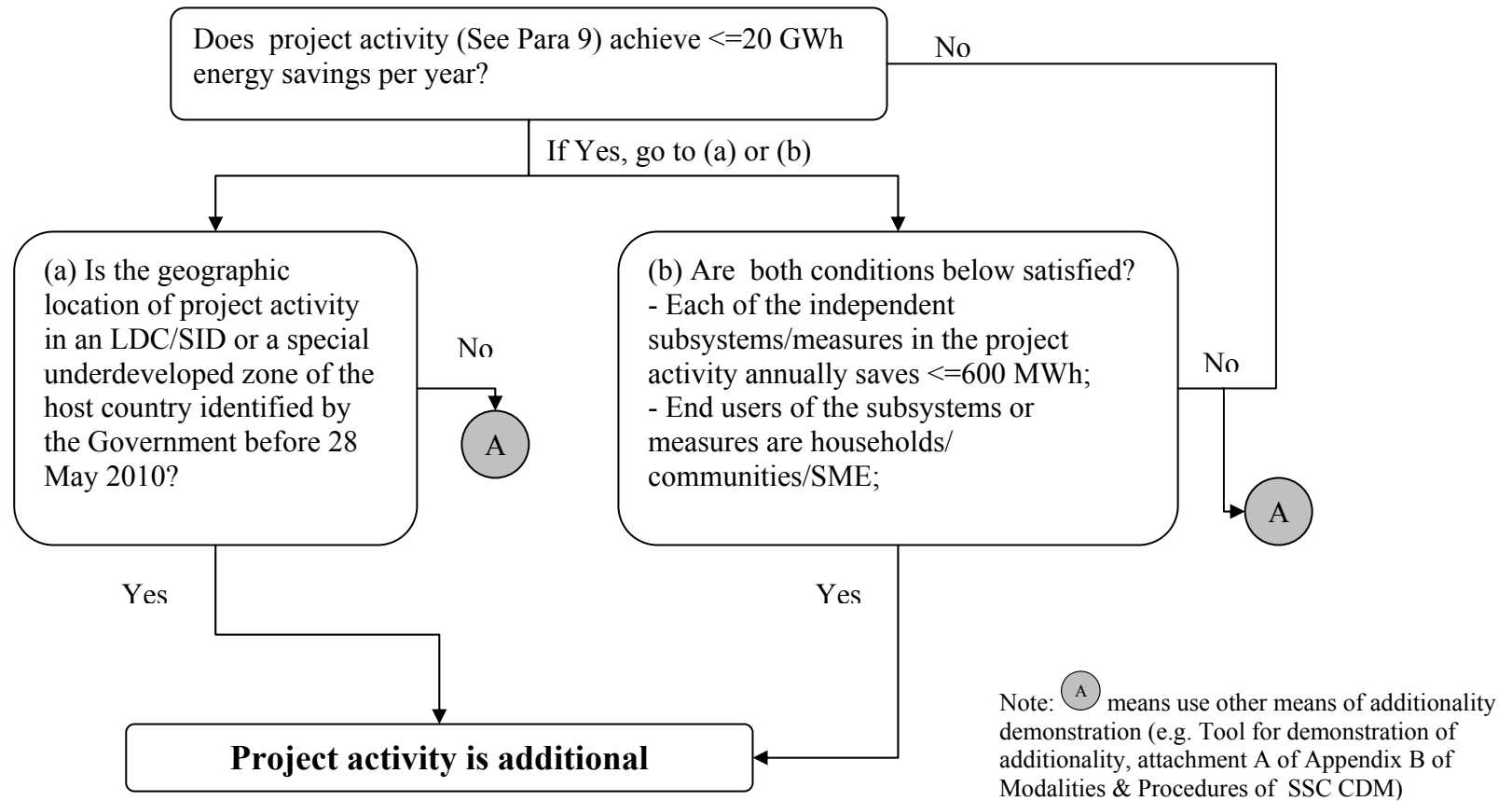


Figure 2: Microscale additionality test for EE project activities



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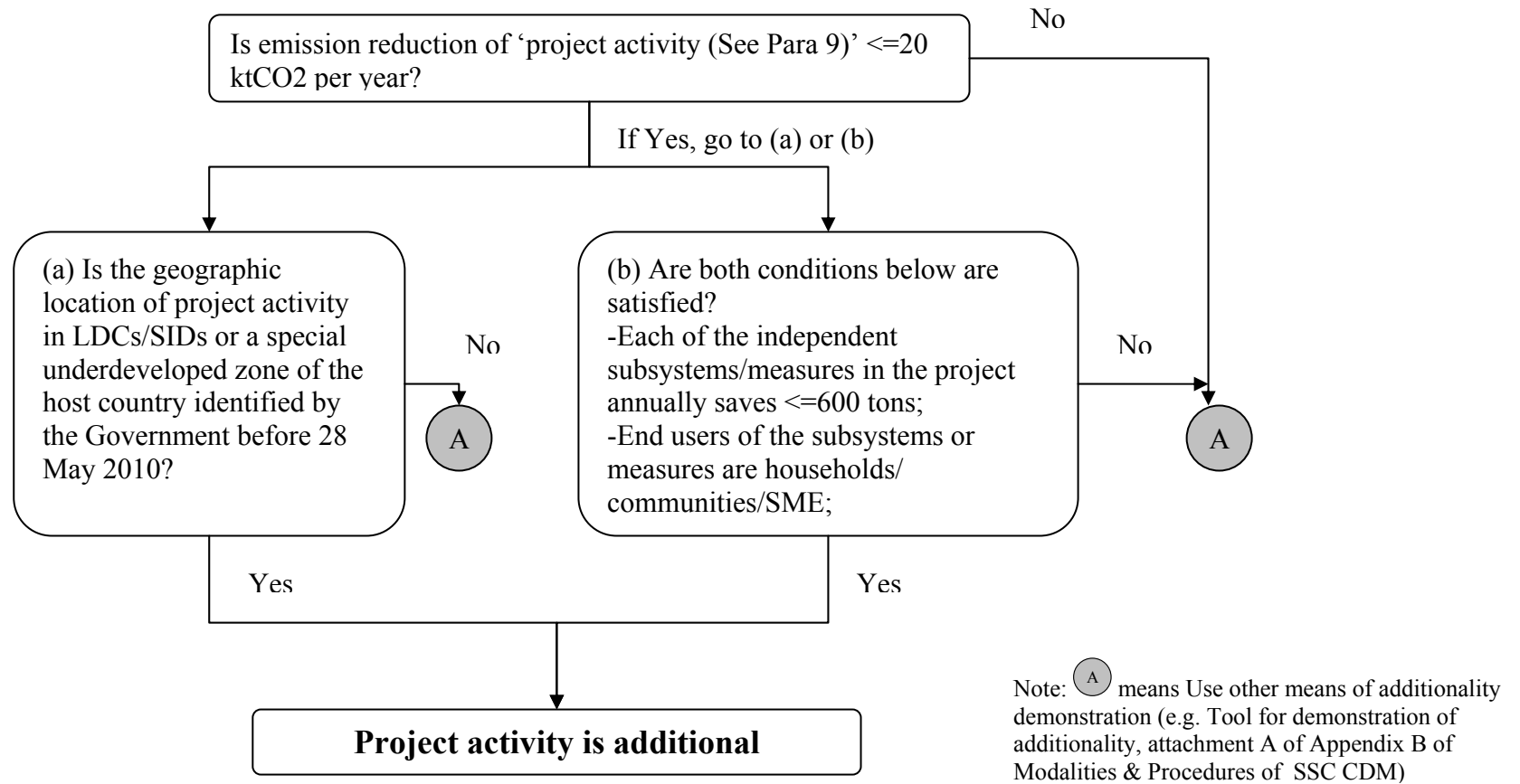


Figure 3: Microscale additionality test for project activities <= 20 CO₂/y emission reductions



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History of the document

| Version | Date | Nature of revision |
|---|---------------------------------|--|
| 02 | EB 60, Annex # 15 April 2011 | Inclusion of Type III projects, CPAs, project activities with more than one component. |
| 01 | EB 54, Annex 15 28 May 2010 | Initial adoption. |
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