REPORT OF THE THIRTY-EIGHTH MEETING OF THE SMALL-SCALE WORKING GROUP

Langer Eugen, Bonn, Germany
20–23 August 2012

Version 01.1*

RECOMMENDATIONS BY THE SSC WG TO THE CDM EXECUTIVE BOARD

A. Opening of the meeting and adoption of the agenda

1. The Chair of the Small-Scale Working Group (SSC WG), Mr. Peer Stiansen, opened the meeting and welcomed the members.

2. The agenda was adopted with the inclusion of two additional items: (a) the revision of the "General Guidelines for SSC CDM methodologies" to include past clarifications from the Board; and (b) the request for clarification SSC_646 "Clarification on AMS-II.E about determining emission reductions for projects involving improved cookstoves and heating".

B. Proposed new methodologies

3. The SSC WG considered submissions requesting the creation of new methodologies. The detailed responses provided by the SSC WG are made publicly available at: <http://cdm.unfccc.int/methodologies/SSCmethodologies/NewSSCMethodologies/index.html>.

Request for new methodologies		
Submission number	**Title**	**Recommendation**
SSC-NM082-rev	Reduction of N2O emissions from use of Nitrogen Use Efficient (NUE) seeds that require less fertilizer application	**Preliminary recommendation** (See paragraph 4)
SSC-NM084	Standardised methodology for the production of sustainable charcoal and charcoal briquettes	**Preliminary recommendation** (See paragraph 5)

4. In response to the proposed new methodology SSC-NM082-rev, the SSC WG agreed to continue considering the methodology. Under the methodology, crops grown from genetically distinct seed types utilize nitrogen more efficiently and thereby require less fertilizer than conventional seeds resulting in lower nitrous oxide emissions

The SSC WG also agreed to seek further inputs from the project proponent on a number of issues such as the appropriateness of using the IPCC default values for the calculation of the emission reductions, methods for validation of the use of DeNitrification-DeComposition (DNDC) model under the project conditions and to consider related uncertainties, possible interactive effects between N_2O and CH_4 emissions, how to account for the changed crop yields in the emission reduction calculations, the vintage of data used to determine the baseline yield and the possibility to extend the methodology to cover activities related to improved practices of fertilizer utilization.

* This version was issued to correct the description of the work conducted by the secretariat on the draft guidelines for standardized baselines on which the SSC WG provided feedback.(see paragraph 23)

5. In response to the proposed new methodology SSC-NM084 for project activities producing charcoal products from biomass residues or biomass from dedicated plantations, the SSC WG agreed to continue considering the case. Further input from the project proponents is sought on several issues including more clarity on distinct emission reduction technologies/measures included in the boundary, technical measures covering methane collection and destruction during the charcoal production and conditions under which renewable biomass from dedicated plantations are eligible. The SSC WG also noted that proposed emission reduction estimation methods consider 'net increase of carbon pools' that may be ineligible as per the guidance from the Board (see EB 20, annex 8, paragraph 3(b)). Furthermore the SSC WG noted that the end-users of the charcoal may have to be included in the boundary and the project proponents may consider the methods of AMS-I.E to estimate emission reductions from shift from non-renewable biomass.

C. Revisions of approved methodologies and tools

6. The SSC WG considered submissions requesting revisions to approved SSC methodologies. The detailed responses provided by the SSC WG are made publicly available at: <http://cdm.unfccc.int/methodologies/SSCmethodologies/clarifications>.

Requests for revisions		
Submission	**Title**	**Paragraph**
SSC_640	Revision of AMS-III.AJ to cover Polypropylene	(See paragraph 7)
SSC_641	Revision of AMS-III.AR to include a discount factor for the percentage of end users having more than 5 lamps	(See paragraph 8)
SSC_642	Revision of AMS-II.D to clarify determining baseline procedure and production capacity for projects involving batch processes	(See paragraph 9)
SSC_644	Revision of III.AV to include alternative water quality standard and expand the applicability to different household water treatment technologies	(See paragraph 10)
SSC_645	Revision of AMS-III.AV to cover treated water for handwashing	(See paragraph 11)

7. **Revision of AMS-III.AJ "**Recovery and recycling of materials from solid wastes"**:** in response to submission SSC_640 requesting a revision of AMS-III.AJ "to include project activities for recovery and recycling of Polypropylene (PP) to process them into intermediate or finished products, the SSC WG agreed to continue to consider the case and make a recommendation at its thirty-ninth meeting. In consultation with the authors of the submission, the SSC WG will also consider if it would be feasible to include energy savings from recycling paper under the methodology.

8. **Revision of AMS-III.AR "**Substituting fossil fuel based lighting with LED/CFL lighting systems": in response to submission SSC_641 to include a discount factor for the percentage of end users having more than 5 lamps, the SSC WG agreed not to recommend the suggested revision of the methodology AMS-III.AR , as the SSC WG is of the opinion that paragraph 8 (version 03) already allows the requested change i.e. that more than five lamps can be distributed to end users as long as no more than five functional lamps are considered for emission reduction calculations at any given point in time. The SSC WG further agreed to clarify that surveying of end users to determine the number of lamps distributed to "households with less than 5 lamps" is acceptable under Option 1 of AMS-III.AR.

9. **Revision of AMS-II.D "Demand-side energy efficiency activities for specific technologies":** in response to submission SSC_642 requesting revision of AMS-II.D to clarify the determination of the baseline procedure and the production capacity for projects involving batch processes, the SSC WG agreed not to recommend the suggested revision. The SSC WG agreed to clarify that, a "performance measurement campaign" may be carried out prior to the implementation of the project activity. The SSC WG further clarified that the project boundary shall be defined taking into account all potential external factors (upstream or downstream) associated with the baseline or project activity that may influence the energy savings from the project activity.

10. **Revision of AMS-III.AV "**Low greenhouse gas emitting safe drinking water production systems"**:** in response to submission SSC_644 to include alternative water quality standard and expand the applicability to different household water treatment technologies, the SSC WG agreed to recommend the revision of AMS-III.AV, as contained in annex 1 of this report. The proposed revision broadens the applicability to include project technologies that comply with the interim performance target on household water treatment as per WHO, or applicable national standard or guidelines. According to the opinion received from an external expert, the quality of water defined by the Interim Target is equivalent to the quality of boiled water, which is the baseline in AMS-III.AV. Several aspects of the methodology (e.g. emission factors for fossil fuel and non-renewable biomass) are clarified. But, the SSC WG agreed not to recommend the inclusion of some of the proposed technologies/measures (e.g. water kiosk, community taps), as it could not be ensured that the quality of the water from these technologies/measures would be equivalent with the quality of water boiling (baseline).

11. **Revision of AMS-III.AV "**Low greenhouse gas emitting safe drinking water production systems": **i**n response to submission SSC_645 to cover treated water for handwashing, the SSC WG agreed to not recommend the suggested revision of the methodology. The SSC WG was of the opinion that the proposal does not comply with the basic assumption of the methodology that water boiling is the means to produce purified water.

12. **Top-down revision of methane related methodologies**

The SSC WG agreed to recommend that the Board approve the top-down revisions of methane related methodologies, taking in to account inputs received in response to the call for public inputs, launched by the Board at its 67th meeting:

(a) The draft revision of AMS-III.R "Methane recovery in agricultural activities at household/small farm level", with the newly incorporated Tier 1 approach (instead of the Tier 2 approach);

(b) The draft revision of AMS-III.G "Landfill methane recovery", including its alignment with the large-scale methodology ACM0001 "Flaring or use of landfill gas" by introducing the oxidation factor and a landfill gas collection efficiency factor.

The draft revised methodologies are contained in annex 2 and annex 3 of this report.

The SSC WG agreed to continue considering the revision of AMS-III.D, in conjunction with the consideration of automatic additionality for this type of project (see paragraph 20).

13. **Revision of AMS-III.Q "Waste energy recovery (gas/heat/pressure) projects":** The SSC WG agreed to recommend that the Board approve the top-down revision of the methodology AMS-III.Q , as contained in annex 4 of this report. The revision clarifies the definition of various terms (e.g. project facility, recipient facility, existing facilities) and baseline calculation procedures as well as includes the past clarification provided by the Board to cover project activities that recover a small amount of waste energy in the baseline (EB 61, annex 20). The revision takes into account past clarifications (e.g.

SSC_531, 579 and 613) and inputs received in response to the call for public inputs, launched by the Board at its 67t[h] meeting. An assessment and responses to public comments on the revised draft methodology AMS-III.Q are contained in annex 5 of this report.

14. Further work on revision of methodologies is indicated in paragraph 22.

D. Clarifications to approved methodologies and tools

15. The SSC WG considered submissions requesting clarifications to approved SSC methodologies. The detailed responses provided by the SSC WG are made publicly available at: <http://cdm.unfccc.int/methodologies/SSCmethodologies/clarifications>.

Requests for clarifications		
Submission	**Title**	**Paragraph**
SSC_638	Clarification on the monitoring of the baseline for biomass waste disposal under AMS-III.E	(See paragraph 16)
SSC_639	Clarification on the combination of AMS-I.J and AMS III.Q for PoAs	(See paragraph 17)
SSC_643	Clarification on applicability, project boundary, baseline calculation for project involving complex industrial process under AMS-II.D	(See paragraph 18)
SSC_646	Clarification on AMS-II.E about determining emission reductions for projects involving improved cookstoves and heating	(See paragraph 19)

16. In response to the submission SSC_638, requesting clarification on the monitoring requirements related to baseline biomass disposal under AMS-III.E (version 16), the SSC WG agreed to clarify that paragraph 28 of the methodology does not imply that the baseline scenario is to be re-evaluated annually and thus there is no need to monitor or reassess the baseline scenario which was validated at the time of registration or renewal of the crediting period. However, project activities for which a solid waste disposal site without methane recovery is the baseline for a portion of the waste, are required to monitor the percentage of the waste that would have been disposed of at such a site. The SSC WG further agreed to propose guidance to improve the clarity on this issue at the time of the next revision of AMS-III.E. The SSC WG also agreed that this clarification is applicable to project activities applying AMS-III.E any version from version 8 to version 16.

17. In response to submission SSC_639, requesting clarification on the combination of AMS-III.Q and AMS-I.J under a PoA that utilizes both waste energy and solar energy to heat water to be supplied to end users, the SSC WG agreed to clarify, that the combination of the two methodologies within the described project activity, does not have any interactive effects and can be applied, provided that the energy delivered by each component (i.e. the waste heat recovery system and the solar heating system) is monitored separately and the resultant emission reductions are determined separately following the procedures in the two respective methodologies.

18. In response to submission SSC_643, requesting clarification of issues related to: (a) applicability of the methodology and the project boundary; (b) baseline selection; and (c) baseline emission factor for a project activity that is part of an integrated flat carbon steel manufacturing facility involving iron-ore beneficiation plant and pelletization plant under AMS-II.D, the SSC WG agreed to clarify, among others, that the methodology is applicable to the described project if it can be demonstrated that there are no potential external factors (upstream or downstream) associated with the baseline or project activity that

may influence the energy savings from the project activity. The SSC WG further clarified that the baseline emissions shall be determined using the most conservative of the two following options: (i) performance of the new baseline equipment per manufacturer's specification; or (ii) a baseline measurement campaign. Alternatively, baseline emissions can be conservatively determined using the most recent three years of historical data prior to the date of the project start.

19. In response to the submission SSC_646, requesting clarification about determining emission reductions for projects involving improved cookstoves and heating, the SSC WG agreed to clarify that two "performance metric" approaches may be applied to the indicated PoAs i.e. a baseline measurement campaign or a control group. In responding to the author of the query, the SSC WG also made reference to other requests for clarifications and modifications for AMS-II.E that have been submitted by project proponents aiming to use the methodology for rural, residential housing efficiency activities. The SSC WG would welcome specific recommendations for future modifications to AMS-II.E or proposals for new methodologies that may better address residential housing efficiency projects with multiple measures and/or multiple fuels.

E. Other issues

Microscale/Small-scale additionality guidelines

20. The SSC WG considered two issues regarding micro-scale and small-scale additionality:

(a) Updating the approved positive list of technologies

In response to the request by the Board at its 68th meeting to analyse options to determine when the technologies included in the positive list will graduate to become mature technologies warranting a revision of the positive list, the SSC WG initiated work on a scoping paper for the revision of the "Guidelines on the demonstration of additionality of small-scale project activities";

(b) Additionality demonstration for manure management projects

In response to the request submitted by the Stockholm Environmental Institute via the commenting system, the SSC WG considered provisions for automatic additionality for project activities applying the methodology AMS-III.D "Methane recovery in animal manure management systems" under certain conditions (see paragraph 12 above). The SSC WG agreed to continue working on the issue to strengthen the criteria imparting automatic additionality to manure methane recovery projects in order to make a recommendation at a future meeting.

Top-down development of standardized baselines

21. In line with the priorities of the work of the Board on methodological issues and the SSC WG 2012 workplan, the SSC WG, with the assistance of an external expert, explored the possibility of developing standardized baselines in the transport sector. The SSC WG agreed that a proposed approach to develop the typical drive cycle of different vehicle categories in various countries/regions was not feasible for achieving broadly applicable default values with a sufficient level of accuracy and conservativeness. The SSC WG agreed not to continue the work of developing standardized approaches in the transport sector. The aim is to focus on improving and simplifying existing transportation methodologies, taking into account input from stakeholders. Further details on the conclusions by the SSC WG are contained in an information note in annex 6 of this report.

Implementation and improvement of the suppressed demand guidelines

22. The SSC WG continued its work on the revisions of AMS-I.A and AMS-I.E, to account for suppressed demand in accordance with the suppressed demand guidelines, as contained in the SSC WG 2012 workplan:

(a) The SSC WG agreed to recommend to the Board to approve the draft revision of the methodology AMS-I.A "Electricity generation by the user", as contained in annex 7 of this report. Projects introducing renewable energy services to communities, baseline emissions (taking into account suppressed demand) can be determined using the provisions of AMS-I.L "Electrification of rural communities using renewable energy";

(b) The SSC WG agreed to continue working on the draft revision of AMS-I.E at a future meeting.

Standardized baselines - Consultation on draft guidelines with expanded applicability to projects in the transport sector

23. In line with the objectives of the SSC WG workplan 2012 regarding the draft guidelines for standardized baselines, the SSC WG provided feedback to the secretariat on the work conducted on the draft guidelines with expanded applicability to transport sector projects. The SSC WG agreed with the conclusion of the secretariat on the complication in developing standardized baselines in the transport sector.

Recovery/recycling - Possibilities to combine the new methodologies AMS-III.BA with AMS-III.AJ

24. In response to the request from the Board at its 67th meeting, the SSC WG considered options to combine the methodology AMS-III.BA with the methodology AMS-III.AJ. The SSC WG agreed that the different methodological approaches of the two methodologies complicates a possible combination of them. There are also considerable differences in the waste types, regarding the nature of displaced materials including whether the sources are located in an Annex I or a non-Annex I country. The SSC WG agreed to recommend to the Board that the two methodologies are kept as separate methodologies. The rationale for this recommendation is further explained in an information note contained in annex 8 of this report.

Length of the crediting period (initial discussion)

25. The SSC WG noted that in response to the request from the Board pertaining to the issue of the limitations included in some of the large-scale methodologies to a one-time 10 year crediting period (EB 67, para 107), the Meth Panel, at its 57th meeting, has prepared an information note proposing approaches on how to remove these limitations in large-scale methodologies. The SSC WG agreed to bring to the attention of the Board the fact that some SSC methodologies include similar limitations that restrict the methodology to one crediting period (e.g. AMS-II.J "Demand-side activities for efficient lighting technologies", AMS-II.N "Demand-side energy efficiency activities for installation of energy efficient lighting and/or controls in buildings", AMS-III.AR "Substituting fossil fuel based lighting with LED/CFL lighting systems") The SSC WG agreed to request guidance from the Board whether these methodologies should be revised.

Revision of the "General guidelines for SSC CDM methodologies"

26. The SSC WG agreed to recommend a revision of the "General guidelines to SSC CDM methodologies", as contained in annex 9 of this report to include past clarifications from the Board on a number of issues pertaining to SSC projects, for example the combination of methodologies eligible for a

PoA, leakage due to transfer of equipment and requirements of biogas project. The SSC WG initially discussed possible guidance to be provided where no monitoring survey requirement exists in the methodology.

F. Schedule of meetings and rounds of submissions

27. The SSC WG agreed to tentatively schedule its thirty-ninth meeting from 9 to 12 October 2012 taking into account the schedule of the Board. The deadline for new methodology submissions to this meeting is 14 August 2012 and the deadline for submitting requests for clarifications/revisions for the SSC WG 39 meeting is 11 September 2012.

G. Desk reviews

28. The SSC WG noted the satisfactory completion of the desk review SSC-NM084 undertaken for the proposed new SSC methodologies considered at the meeting.

External annexes to the thirty-eighth meeting of the SSC WG

Annex 1 - Draft revision of AMS-III.AV "Low greenhouse gas emitting safe drinking water production systems"

Annex 2 - Draft revision of AMS-III.R "Methane recovery in agricultural activities at household/small farm level"

Annex 3 - Draft revision of AMS-III.G "Landfill methane recovery"

Annex 4 - Draft revision of AMS-III.Q "Waste energy recovery (gas/heat/pressure) projects"

Annex 5 - Assessment of comments received on the revised draft methodology AMS-III.Q "Waste energy recovery (gas/heat/pressure) projects" through the call for public input

Annex 6 - Information note on the task of top-down development of small-scale methodologies using standardized approaches for transport

Annex 7 - Draft revision of AMS-I.A "Electricity generation by the user"

Annex 8 – Information note on options to combine AMS-III.BA and AMS-III.AJ

Annex 9 - Draft revision of the "General guidelines to SSC CDM methodologies"