CLEAN DEVELOPMENT MECHANISM

CDM-SSCWG39-A12

Draft Information note

Small-scale methodologies that specify a fixed crediting period

Version 01.0

United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The SSC WG prepared this information note on the review of existing SSC methodologies that include limitations that restrict the methodology to a fixed 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 system*", and "*AMS-II.L: Demand-side activities for efficient outdoor and street lighting technologies*"), as requested by the Board at its sixty-ninth meeting.

2. Purpose

2. The information note covers the background of this task, the rationale behind this requirement in methodologies, projects using the methodologies having this requirement and a suggested approach to be introduced in these methodologies.

3. Key issues and proposed solutions

3. Not applicable.

4. Impacts

4. Depending on the suggested approach to be introduced in these methodologies (having this requirement) the SSC WG will continue to review and possibly revise existing SSC methodologies that include limitations that restrict the methodology to a fixed crediting.

5. Proposed work and timelines

5. Not applicable.

6. Recommendations to the Board

6. The SSC WG recommends that the Board may wish to consider two options and provide guidance to the SSC WG.

1. Introduction

1. At its sixty-ninth meeting, the Executive Board of the Clean Development Mechanism (CDM) (hereinafter referred to as the Board) requested small-scale working group (SSC WG) to review existing small-scale (SSC) methodologies that include limitations that restrict the methodology to a fixed 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*") and make a recommendation to the Board at a future meeting.

2. Paragraph 29 of the "*Simplified modalities and procedures for small-scale clean development mechanism project activities*" (decision 4/CMP.1) allows project participants to select a crediting period (CP) from two alternative approaches mentioned therein that is 10 year fixed CP or 7 x 3 year renewable CP.

2. Scope, applicability, and entry into force

2.1. Scope

3. The objective of this information note is to present to the Board the issues that prompted the SSC WG to limit the length of crediting period for some specific small number of SSC methodologies and to recommend options to address the issue going forward.

3. Methodologies limiting the length of the crediting period

4. The small-scale methodologies which limit the length of crediting period are;

   (a) *"AMS-II.J: Demand-side activities for efficient lighting technologies"* Version 4.0;

   (b) *"AMS-II.L: Demand-side activities for efficient outdoor and street lighting technologies"* Version 1.0;

   (c) *"AMS-II.M: Demand-side energy efficiency activities for installation of low-flow hot water savings devices"* Version 1.0;

   (d) *"AMS-II.N: Demand-side energy efficiency activities for installation of energy efficient lighting and/or controls in buildings"* Version 1.0;

   (e) *"AMS-III.AR: Substituting fossil fuel based lighting with LED/CFL lighting systems"* Version 3.0.

5. The table in Appendix 1 provides information on the number of CDM projects and programme of activities (PoAs) under validation and registered using these methodologies. In general these methodologies cover demand side energy efficiency activities including lighting and appliance efficiency activities.

6. Rationale with which fixed CP was recommended include the below:

   (a) Limited life of the measures - The average life of project compact fluorescent lights (CFLs)/light emitting diodes (LEDs)/and other balance of systems such as electronic ballast is found to be less than 10 years in many cases. For example,

CFLs have a typical life on the order of 10,000 hours and at a usage rate of 3.5 to 5 hours per day would therefore last about eight years. Also, outdoor and street lighting system average less than 10 years lifetime. Thus the choice was to include rigorous procedures to ensure verified replacement of equipment during the crediting period in numerous dispersed locations or to limit the CP to equipment lifetime and fixed period thereby maintaining simplified requirements of SSC methodologies;

(b) Fast pace of improvements in 'baseline' technologies - Considering the fast pace of technological improvement in lighting and appliance industry it is like likely that there will be a high penetration of project-level efficient lighting systems and other appliances in few years' time;

(c) Conservativeness - In the case of use of low-flow water saving devices, the limitation was introduced to address uncertainties such as potential removal or manipulation of devices by consumers or free ridership installation rates.

4. Suggested approaches

7. As a result of this analysis the SSC WG recommends that the Board may wish to consider two options:

(a) Maintain the current limitation related to fixed crediting periods in the respective methodologies; or

(b) Instruct the SSC WG and the secretariat to propose rigorous procedures in the methodology to track the market transformation for example penetration rates of the technology, procedures for equipment replacement. The Board may wish to note that this option may result in introduction of some level of complexity in the respective methodologies.

Appendix 1. Methodologies limiting the length of the crediting period

Table 1: Use of the small-scale methodologies limiting length of crediting period in CDM

Sr. No.	Methodology	Number of projects		Number of PoAs	
		Under validation	Registered	Under validation	Registered
1	*AMS-II.J "Demand-side activities for efficient lighting technologies"* Version 4.0	32	19	21	3
2	*AMS-II.L "Demand-side activities for efficient outdoor and street lighting technologies*" Version 1.0"	1	0	1	0
3	*AMS-II.M "Demand-side energy efficiency activities for installation of low-flow hot water savings devices*" Version 1.0	0	0	1	0
4	*AMS-II.N "Demand-side energy efficiency activities for installation of energy efficient lighting and/or controls in buildings*" Version 1.0	0	0	0	0
5	*AMS-III.AR "Substituting fossil fuel based lighting with LED/CFL lighting systems*" Version 3.0	1	0	13	0

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Document information

Version	*Date*	*Description*
01.0	25 October 2012	SSCWG39, Annex 12 To be considered at EB70. Information note on the rationale behind the requirement in methodologies, projects using the methodologies having this requirement and a suggested approach to be introduced in these methodologies.

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