

Mr. S.K. Sethi
Chair, CDM Executive Board
UNFCCC Secretariat
CDMinfo@unfccc.int

25th February 2008

Re Request for review of the request for issuance for the CDM project activity "Nueva Aldea Biomass Power Plant Phase 1" (Ref. no. 0258)

Dear Mr. Sethi and members of the Board,

SGS has been informed that the request for issuance for the CDM project activity "Nueva Aldea Biomass Power Plant Phase 1" (Ref. no. 0258) is under consideration for review because three requests for review have been received from members of the Board.

By means of this combined letter, SGS and the Project Participant would like to reply to the issue raised and provide additional information.

The concern of all three requests states:

The baseline emission (due to uncontrolled burning of biomass) has been calculated using "additional biomass" rather than from the quantity of biomass used as fuel in the project plant and net quantity of heat generated in the plant and boiler efficiency as prescribed by Equation 24 of ACM0006 (Version 01) for Scenario 3 applied by the project activity. Further, the project emission (methane emissions from combustion of biomass) also considers only the quantity of the "additional biomass". Clarification is required on how the DOE has verified that the calculations of emission reductions, including the used of biomass power generation factor fixed for the entire crediting period, have been conducted in accordance with the methodology.

Combined response:

The project activity comprises a renewable energy project that involved the installation of a new cogeneration plant using wood residues at a site where no power generation would have occurred. The project was validated using ACM0006 ver.1 scenario 3. Under this scenario, the industrial complex consumes a large part of the electricity generated by the project plant, and the surplus is supplied to the grid. In the absence of the project activity, part of the biomass would have been used for heat generation only and the remainder would have been dumped or burned in an uncontrolled manner. As a result, without any power generation, the industrial facility would have had to consume power from the grid and there would have been no surplus power available for the grid.

The "additional biomass" is the biomass related to the implementation of the CDM project activity. It is the amount of biomass combusted in the Nueva Aldea Phase 1 power plant to produce electricity. In the baseline scenario, this amount of biomass would have been burned as described in the last paragraph on page 6 of the validation report and page 47 of the registered PDD.

The amount of biomass for the Nueva Aldea Phase 1 project activity was calculated using a “biomass power generation factor”. This factor was calculated from the energy / mass balances of the project and reference power plant. It is described on pages 41 and 42 of the registered PDD and explicitly calculated in Annex 3 of the registered PDD.

ADDITIONAL BIOMASS CALCULATION DETAIL FOR NUEVA ALDEA PHASE 1

From the energy / mass balance in page 11 of the Nueva Aldea P1 PDD, the following information can be drawn:

Gross electric power generation capacity	(MW)	27.3
Biomass consumption with CDM project	(BDt/day)	933

From the energy / mass balance in page 10 of the Nueva Aldea P1 PDD, the following information can be drawn:

Gross electric power generation capacity	(MW)	0.0
Biomass consumption with CDM project	(BDt/day)	559

1. Electric power generation factor calculation for Nueva Aldea P 1

Gross electric power generation capacity	(MW)	27.3
Biomass consumption with CDM project	(BDt/h)	38.9
Biomass consumption with CDM project	(mt ³ stereo/h)	240.3
Biomass consumption without CDM project	(BDt/h)	23.3
Biomass consumption without CDM project	(mt ³ stereo/h)	144.0

Conversion factor	(BDt/m ³ stereo)	0.1618	Calculation based on 2004 Nueva Aldea data.
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Electric power generation factor for Nueva Aldea P1	(MWh/m³ stereo)	0.283
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The “biomass power generation factor” is the total amount of electric power (in MWh) that can be generated in the Nueva Aldea Phase 1 project plant per unit of additional biomass consumed by the project plant compared to the biomass consumed in the reference plant in (m³ st).

According to explanation provided in footnote 18 in page 41 of the registered PDD, this method of calculating the additional biomass is conservative because the energy / mass balances from which the power generation factor was calculated, were made under the assumptions of full capacity generation and new equipment efficiencies. High plant load factor and high equipment efficiency translates into efficient use of the additional biomass resources related to the project activity. This results in a lower amount of net emission reductions associated to the use of the biomass fuel:

$$E.R._{Biomass\ use} = GWP_{CH_4} * Additional\ biomass * (EF_{CH_4\ uncontrolled\ burning} - EF_{CH_4\ controlled\ burning})$$

=> The lower the “Additional biomass” term, the lower the “E.R._{Biomass use}” term.

Furthermore, since the biomass power generation factor remains fixed for the entire crediting period of the Nueva Aldea Phase 1 project activity, this method for determining the additional biomass becomes even more conservative as the Nueva Aldea Phase 1 power plant ages and becomes less energy-efficient.

According to the above, the additional amount of biomass associated to the project activity was calculated by multiplying the net electric power generation of the Nueva Aldea Phase 1 power plant (a directly monitored variable) by the biomass power generation factor calculated in Annex 3 of the registered PDD and shown in the tables above.

The conversion of the additional volume of wet biomass to the additional weight of dry biomass was done using the “Biomass conversion factor” (BDT/m³stereo). This BDT factor was calculated monthly from the following on-site measured data: volume, weight and moisture content of the biomass entering the plant. The calculation of the biomass conversion factor was verified during the site visit.

During the on-site visit, SGS verified that both the baseline and project emissions due to the alternative use of biomass were calculated using “additional biomass” associated to the project activity multiplied by the corresponding net calorific values of the biomass, the global warming potential of CH₄ and the corresponding methane emission factors for controlled and uncontrolled burning of biomass.

SGS is of the opinion that this calculation of the amount of biomass is robust, verifiable and conservative and results in real, measurable and long-term CERs.

To further support the arguments presented in the answer above, a recalculation of the emission reductions for the monitoring period using equation N°24 and heat generation data from the energy / mass balances of the Nueva Aldea Phase 1 power plant at full load generation capacity (from pages 10 and 11 of the registered PDD) has been undertaken and is attached as Annex 1 to this response. It must be noted that a heat generation estimate based on full load figures combined with the actual total biomass consumption monitored at the plant leads to a conservative (smaller) biomass amount associated to power generation. This translates into lower emissions due to the alternative use of the additional biomass related to the project activity. Still, the results showed that the net emission reduction calculation using equation N°24 were 12,000 tCO₂e higher (8.7% higher) than using the biomass power factor method. By using equation N°24, the total emission reductions claimed would have been 143,753 tCO₂e, whilst the original emission reductions claimed are 132,227 tCO₂e.

We hope that the above clarification and attached information addresses the concern of the Board. Irma Lubrecht (+31651851777) will be the main contact for the review process and is available to address questions, if needed by the Board.

Yours sincerely,

Carolina Campos
Lead Assessor
Carolina.campos@sgs.com
T : +5625558478

Irma Lubrecht
Technical Reviewer
Irma.Lubrecht@sgs.com
T: +31 651851777

Annex :

1. Recalculation of emission reductions using equation N°24