CDM Executive Board
c/o UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D-53153 Bonn
Germany

December 22, 2006

Reference: "India-FaL-G Brick and Blocks Project No.1" (0707)

Dear CDM Executive Board Members,

Referring to the recent requests for review, below we systematically address the issues raised by three EB members regarding the India-FaL-G Brick and Blocks Project No. 1 (0707). Our responses address all the issue raised by the EB members and we can provide additional information and explanations as needed.

1. The following reason for request is shared by the three EB members:

Comment #1:

> "*The project activity refers to AMS II D which is a generic methodology for energy efficiency and which is vague in terms of equations to be used to calculate emissions reductions. What is done here is the switch from one brick manufacturing process to a less energy intensive one. This seems to go beyond what was assumed in the context of AMS II D. Therefore the detailed methodology that is provided should be assessed by the SS working group before being accepted by the EB.*"

World Bank Response to Comment #1:

The project participants developed in fact a new methodology for the FaL-G project. This methodology was submitted to the SS Working Group as a new small-scale methodology in September 2005. However, the SS WG concluded that a new methodology was not necessary because the project was extensively covered by AMS II D. (Please confer PDD Annex 5). The project participants followed the advice of the SS WG, which was confirmed by the CDM EB at its 23rd meeting, and the PDD therefore uses AMS II D.

Correspondence with the SSC WG on this issue is appended.

2. The following reason for request is put forward by one EB member:

Comment #2:

> *"Neither the PDD or the validation report provide references proving that CDM was an important factor when the investment decision was taken. Since the project will request retroactive credits, strong evidences that CDM was considered from project inception are necessary. Moreover, it is stated that "the PDD for the project was prepared and offered for validation after 31st December 2005", and the Validation Report says that "It was verified that the project proponent was in the process of having a discussion with the Small Scale working group of UNFCCC regarding a new methodology for the project and was recommended to use the AMS II D methodology." However, the COP/MOP decision regarding retroactive credits states that these can be requested by "project activities that started in the period between 1 January 2000 and 18 November 2004 and have not yet requested registration but have either submitted a new methodology or have requested validation by a designated operational entity by 31 December 2005 (...)". Therefore, the project does not comply with the requirements for prompt start project activities."*

World Bank Response to Comment #2:

CDM as a Factor when Investment Decision was Taken

The earliest discussion on record between the project developer, the Institute for Solid Waste Research & Ecological Balance (INSWAREB) and the World Bank Carbon Funds concerning this projects was on September 7, 2000 (email record), and the first Project Idea Note (PIN) submitted, albeit in the wrong format, was in November 2002, even before the Community Development Carbon Fund (CDCF) was operational. In September 2003, INSWAREB officially submitted a PIN to the CDCF, which was eventually accepted in the portfolio. Hence, there is ample evidence that the project developer indeed took into account carbon finance in the decision to go ahead with the project, well in advance of any investment decisions on behalf of the technology provider and end users. Correspondence with the Participants to the CDCF from September 2003 onwards can be provided if that is helpful.

Project Qualification as a Prompt Start Project

It is evident from the PDD that the fourteen eligible project activities included in the bundle had started before November 2004. Moreover, a new baseline and monitoring methodology developed by the Project Participants were submitted to the SSC WG on 24 April 2005, and the SSC WG is on record as having provided a response as far back as September 2005, so the activity does qualify for prompt start.

3. The following reason for request is put forward by one EB member:

Comment #3:

> *"The product produced in this project (FaL-G bricks) utilizes cement/lime and other industrial products that caused GHG emission (sic) during their production process. These emissions should be included in the project emissions."*

World Bank Response:

In accordance with AMSII.D, leakage should only be considered if existing equipment is transferred from or to another activity, which is not the case here. As already explained, the project participants were advised by the SS WG to use AMS II. As above, please confer PDD Annex 5. This methodology does not include GHG emissions from inputs into the energy savings measure within its boundary, nor does it provide a method for calculation of these emissions if these were included within the boundary. Emissions from inputs into the energy savings are therefore ignored in the PDD.

We sincerely hope that the explanations and information provided above address the concerns raised by the CDM EB. Please note that ENVCF staff of the World Bank will be available to respond to any questions that the Executive Board may have on this important issue at its next meeting.

With kind regards,

Lasse Ringius,
Senior Environmental Specialist
Carbon Finance Unit
World Bank

CDM: Recommendation Form for Small Scale Methodologies (version 01)

(To be used for presenting questions/proposals/amendments to the simplified methodologies for small-scale CDM project activity categories)

Date of SSC WG meeting:	12 - 13 September 2005
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	"Avoidance of thermal energy input in small-scale industrial processes"
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	New category
Name of the authors of the query:	World Bank - PCF

Summary of the query:

Please use the space below to summarize the query related to SSC methodologies/categories SSC Modalities and Procedures provide recommendation/analysis of the SSC WG.

The World Bank - PCF proposed the following new category: "Avoidance of thermal energy input in small-scale industrial processes":

Technology/measure:

- This project category comprises measures that would avoid the use of thermal energy from fossil fuels, and possibly from non-renewable/renewable biomass, in an industrial process by implementing a process change at many sites/locations. The technology may replace technologies at existing sites or be installed at new sites. Measures may be implemented in small-scale brick manufacturing plants, etc. Measures shall both reduce anthropogenic emissions by sources, and directly emit less than 15 kilotonnes of carbon dioxide equivalent annually.

Boundary:

- The physical, geographical site of the equipment and the generation unit employed by the industrial process delineates the project boundary.

Baseline:

- The baseline scenario is the situation where, in the absence of the project activity, the existing technology/practice would have delivered the amount of output produced by the project activity.
- The fuel mix (fossil fuels and non-renewable/renewable biomass) and fuel consumption in the baseline scenario should be documented.
- The emissions baseline is the project output (in kg, or in volume) multiplied by an emission factor (in kg CO2e/kg output, or kg CO2e/volume) for the product activity displaced by the project activity.
- If available, host country specific data and information may be used. IPCC default values for calorific values and carbon emission factors for fuels may alternatively be used.

Leakage:

- No leakage calculation is required.
- In case the project activity consumes grid-based electricity, it should be assumed that diesel generators would have provided a similar amount of electric power. The emission coefficient (in kgCO2e/kWh) should be calculated as described in paragraphs 28 and 29 for category I.D.

Monitoring:

- Billing and other sales information should be used to document the output of the proposed project activity. Random sampling, carried out at a statistically significant level, would be sufficient.

Information on the amount of input material used in the project activity may be used as supportive information.

Recommendation by the SSC WG :

Please use the space below to provide amendments /changes (in your expert view, if necessary).

Reference is made to your query dated of 24 April 2005. The small scale working group (SSC-WG) of the CDM Executive Board would like to thank you for the submission and proposal of an additional category and the draft indicative methodology for the purpose.

The SSC-WG has had detailed discussions on your proposal and is of the opinion that we will need further information to better understand the nature and scope of the proposal. We would therefore seek further information on the following uncertainties that have not been addressed in your current proposal in an adequate manner.

- Definitions of "industrial process" and "replacing technology";
- Explanation of "how to reduce GHG emissions specifically by avoidance of thermal energy input";
- Justification of "how to estimate the fuel mix and fuel composition as well as emission factors (in kg CO_2/kg output, or kg CO_2/volume) in the baseline scenario in practical steps";
- Justification of the statement that "no leakage calculation is required".

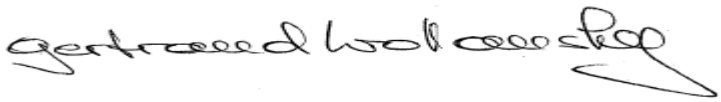
In addition to the above clarifications, focusing on small-scale brick manufacturing plants, there is a need to provide more elaboration on the baseline, if the methodology is to be widely applicable. The following should be incorporated:

- The possible baseline scenarios e.g. in the absence of the project. The following are possible:
  - Cement bricks;
  - Fired clay bricks;
  - Opened air-dried clay or ordinary soil bricks.
- Depending on the baseline, CO_2 emissions are reduced (or completely eliminated) from fuel combustion, and/or calcination of limestone.

Answer to authors of query by the SSC WG :

Please use the space below to provide an answer to the authors of the above query

You are welcome to provide the working group with further clarifications. Clarifications, if any, would need to be submitted by latest 28 November 2005.



Signature of SSC WG Chair ……..
Date: 16 / 09 /2005 *(Gertraud Wollansky)*

Signature of SSC WG Vice-Chair…….
Date: 16 / 09 /2005 *(name)*

Information to be completed by the secretariat	
SSC-Submission number	SSC_014
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CDM: Recommendation Form for Small Scale Methodologies (version 01)

(To be used for presenting questions/proposals/amendments to the simplified methodologies for small-scale CDM project activity categories)

Date of SSC WG meeting:	26 - 27 January 2006
Title/Subject (give a small title or specify the subject of your submission, maximum 200 characters):	Avoidance of thermal energy input in the production of alternative building materials
Indicative methodology to which your submission relates (refer the items of Appendix B of the Simplified Modalities and Procedures), if applicable.	New category
Name of the authors of the query:	Mr. Lasse Ringius, Mr. Kirtan Chandra Sahoo

Summary of the query:

Please use the space below to summarize the query related to SSC methodologies/categories SSC Modalities and Procedures provide recommendation/analysis of the SSC WG.

Mr. Lasse Ringius and Mr. Kirtan Chandra Sahoo submitted the following answers and further clarifications required by the SSC WG in its recommendation dated 16/09/2005:

Discussion of proposed baseline alternatives.

The SSC WG suggests expanding the set of baselines to cement bricks, fired clay bricks, and opened air-dried clay or ordinary soil bricks. We have considered this recommendation in detail but for the reasons given below these building materials do not constitute actual alternatives to the project activity. For that reason, the proposed methodology has not been modified to include these scenarios. However, fired clay bricks constitute the baseline for the proposed methodology.

Cement Concrete blocks

The cement concrete block market is a separate market and thus not a plausible alternative to fly-ash bricks. Fly-ash bricks/blocks are not penetrating this market, and consumers who need cement bricks generally do not switch to fly ash bricks. Fly-ash bricks do not penetrate the market for cement concrete bricks, but the fired clay bricks market.

Fired Clay Bricks

The baseline for the proposed methodology is fired clay bricks, which are also called sintered clay bricks.

Opened Air-Dried Clay or Ordinary Soil Bricks

Application of air-dried clay brick is in Economically Weaker Section (EWS) housing, mostly in a rural scenario, for thatched-roof houses and other semi-pucca or kutcha (raw) houses. Those who depend on these products cannot afford even sintered clay brick. Those who cannot afford sintered clay bricks cannot afford to purchase fly-ash bricks. Hence opened air-dried clay or ordinary soil bricks do not constitute a plausible baseline alternative to fly-ash bricks.

Recommendation by the SSC WG :

Please use the space below to provide amendments /change (in your expert view, if necessary).

Answer to authors of query by the SSC WG :

Please use the space below to provide an answer to the authors of the above query

The reference is made to your query dated 28 November 2005. The small scale working group (SSC-WG) of the CDM Executive Board would like to thank you for submitting further clarifications on proposed baseline alternatives in response to the recommendation of the SSC WG dated 16/09/2005.

As a result of the discussion of related submissions including your query, the SSC-WG agreed on the following matters:

- According to the *Technology/measure* section as below (Para A), the proposed methodology is applicable to projects which introduce equipments at facilities manufacturing building materials including bricks, and reduce or eliminate completely the use of thermal energy from fossil fuels, and possibly from renewable biomass. The targeted projects are apparently energy efficiency improvement projects. So the proposed methodology must belong to Type II and not to other types.

A. Technology/measure in the proposed new methodology

This project category comprises equipment that would reduce or eliminate completely the use of thermal energy from fossil fuels, and possibly from renewable biomass, by implementing the equipment at many facilities manufacturing building materials. The equipment may replace equipment at existing facilities or be installed at new facilities. Equipment may be implemented in small-scale brick manufacturing plants, etc. The project activity shall both reduce anthropogenic emissions by sources, and directly emit less than 15 kilotonnes of carbon dioxide equivalent annually.

- For the energy efficiency improvement projects in factories, category II.D. "Energy efficiency and fuel switching measures for industrial facilities" of the Appendix B of the simplified modalities and procedures for small-scale CDM project activities is applicable. It covers not only the energy efficiency improvement in electricity but also thermal energy. So project participants do not need to propose a new methodology.

B. Technology/measure: category II. D.

This category comprises any energy efficiency and fuel switching measure implemented at a single industrial facility. This category covers project activities aimed primarily at energy efficiency; a project activity that involves primarily fuel switching falls into category III.B[1]. Examples include energy efficiency measures (such as efficient motors), fuel switching measures (such as switching from steam or compressed air to electricity) and efficiency measures for specific industrial processes (such as steel furnaces, paper drying, tobacco curing, etc.). The measures may replace existing equipment or be installed in a new facility. The aggregate energy savings of a single project may not exceed the equivalent of 15 GWhe per year. A total saving of 15 GWhe per year is equivalent to a maximal saving of 45 GWhth per year in fuel input.

The activity replacing the equipment at many facilities manufacturing building materials would also reduce or eliminate the use of thermal energy from renewable biomass. However, this component of the activity may not result in emission reductions. .

[1] *Thus fuel switching measures that are part of a package of energy efficiency measures at a single location may be a part of a project activity included in this project category*

Signature of SSC WG Chair ……..
Date: 27 / 01 /06 *(Gertraud Wollanksy)*

Signature of SSC WG Vice-Chair ……..
Date: / / *(name)*

Information to be completed by the secretariat	
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