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Dear Members of the CDM Executive Board,

**Request for review – 1041 Eliane Natural Gas fuel switch project**

As an early mover 'prompt start' project, the Eliane Natural Gas fuel switch project has faced some difficulties because it began operating prior to methodologies and related guidance being issued, and in the latter stages, faced pressure to meet deadlines (e.g. submission for registration ahead of methodology expiry dates), thus, some points of the PDD may not be as clear as they should be. We apologise for any misunderstandings due to poor drafting, and hope that the following points may clarify and satisfy the requests for review.

1. **The DOE has assessed the additionality of the project activity using the additionality tool rather than in strict accordance with ACM0009 v3. It is not clear whether the DOE has followed each step of the methodology to assess whether the project participant has selected the correct baseline scenario and to determine whether the project activity is additional**

The project participants believe that additionality has been presented in the PDD according to ACM0009 v3. This issue has been addressed in detail by the DOE, so please refer to their response for a full description of how additionality was assessed.

2. **It is not clear whether the baseline methodology is applicable to the project activity and whether a request for deviation may be required, i.e. can fuel burning for each of the processes be considered as "for heat generation that are located at and directly linked to an industrial process with a main output other than heat..." or if the fuel is rather combusted as feedstock energy.**

It is our belief that the methodology is fully applicable to the project activity and we apologise if this may not have been 100% clear from the PDD and validation report. In answer to the specific issue raised, in both the baseline and project scenarios, the fuel is used for heat generation only (i.e. the fuel is not combusted as a feedstock energy).

Extracted from the validation report:

> *"During the site visit DNV could verify that the dryers consist of air heaters supplying air at around 700°C to a spray of ceramic sludge. This process is limited by the velocity of*



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*water evaporation in order to form perfect micro spheres. In the same way, the oven is used to fire tiles and the process is limited by quality restrictions."*

In the production of ceramics a mixture of water and minerals (known as 'slip') is used, with the water being used to homogenise the mixture. Once it is homogenous, fuel is combusted to generate hot air (i.e. heat). The hot air is used to evaporate the water from the slip, thus drying it. The output of the industrial process is dry ceramic material.

The fuel does not undergo any chemical reaction with the mineral particles, and thus it cannot be considered as an oxidant or feedstock. In both the baseline and project scenarios the fuel is used only for energy purposes, generating heat for the water evaporation from the ceramic slip.

Please find below further clarifications to demonstrate that ACM0009 is applicable:

| *Other applicability criteria of ACM0009* | *Explanation* |
|---|---|
| "Prior to the implementation of the project activity, only coal or petroleum fuel (but not natural gas) have been used in the element processes;" | The project baseline is the use of coal and fuel oil (a petroleum fuel) in element processes. This was the practice before the implementation of the project. |
| "Regulations/programs do not constrain the facility from using the fossil fuels being used prior to fuel switching" | There was, and is, no legal or environmental constraint for using coal or fuel oil. |
| "Regulations do not require the use of natural gas or any other fuel in the element processes" | There was, and is, no legal or environmental requirement for using natural gas. |
| "The project activity does not increase the capacity of thermal output or lifetime of the element processes during the crediting period (i.e. emission reductions are only accounted up to the end of the lifetime of the relevant element process), nor is there any thermal capacity expansion planned for the project facility during the crediting period" | The project developer already used state of the art technologies for ceramic production. All the burners and equipment had strict maintenance procedures, leading to a long lifetime and high efficiency. The project activity did not lead to an increase in thermal output (i.e. there was no increase in the quantity of hot air generated or water evaporated), nor to the lifetime of equipment, nor was this an aim of the project activity. Moreover, there are no plans for expansion during the first crediting period. |
| "The proposed project activity does not result in an integrated process change" | The project activity is related to fuel switch in the element process only. It will not result in a change of technology for ceramic production. |

In conclusion, we believe that the project activity meets all the applicability criteria defined by the methodology ACM0009, version 3, and no request of deviation is needed. We apologise that this may not have been as clearly presented as it should have been.

3. **I - It is not clear from the PDD and validation report whether the monitoring methodology has been applied correctly. For example, the parameters in the**

**monitoring plan appear to refer to AM0008, and the frequency of measuring the fuel efficiency of natural gas is not stated.**

The methodology ACM0009 replaced AM0008 and is intended to be applicable to all scenarios where AM0008 could have been used. Any indirect references or similarities with AM0008 in the PDD or validation report are incidental, not deliberate, and the monitoring of the project will be carried out in accordance with the selected methodology ACM0009.

Unfortunately in the new version of the PDD form (version 3.1) we were not clear whether the tables with information about each parameter requested information on measuring frequency. Regarding all monitored parameters, the monitoring methodology requirements of ACM0009 are taken as a reference, and anything not explicitly stated in the PDD will follow the methodology requirements of ACM0009, i.e. the measuring frequency of all parameters monitored will be the same as stared in the methodology.

4. **II - In addition, the DOE has validated that "The fuel efficiency of natural gas will have to be determined at an early stage of the project in accordance ACM0009". However, the project's first crediting period started 1 January 2001.**

As an early mover 'prompt start' project, there was no methodology to follow initially. This project started operation in January 2001, and the first version of AM0008[1] was not approved until June 2004. AM0008 was later consolidated into ACM0009 in March 2006. Therefore, unfortunately the fuel efficiency of natural gas was not measured at an early stage of the project. However, in the absence of specific efficiency measurements the approach taken in the PDD was to use default efficiency values taken from the supplier, as these were deemed to be the most accurate default. We hope that the Executive Board understands that it was not a deliberate omission, but a circumstance of the project pre-dating the methodology, and the project has tried to follow the methodology as closely as possible given the circumstances.

We hope that the comments above address the issues that have been raised. However, if there is any further information required, or revisions that should be made to the project documentation, we would be very happy to provide these.

Yours sincerely

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[1] Note that the project was initially developed using AM0008, but when AM0008 was consolidated into ACM0009 the PDD was re-done using the consolidated methodology.