

Final Ruling Regarding the Request for Issuance of CERs

“N₂O decomposition project of PetroChina Company Limited Liaoyang Petrochemical Company” (1238)

The CDM-Executive Board decided to reject the request for issuance for the above project activity on 23rd February 2011, for the monitoring period 01 December 2009 - 13 March 2010 under “*Procedures for review of requests for issuance of CERs*”, version 1.3, EB 55 Annex 41, paragraph 24.

In accordance with paragraph 31 of the above mentioned procedures, the final ruling was agreed at the sixty-first meeting of the Board (paragraph 86) and the rationale for the decision to reject issuance is as follows:

1. The reasons and rationale for the Board’s decision to reject issuance in this case are as follows:
 - overestimation of emission reductions because the capped emission factor (N₂O_/AdOH ratio) was used in the estimation of project emissions, instead of the actual emissions from N₂O that by-passed the decomposition facility.
2. The request for issuance of CERs is rejected because the verification report is not in compliance with the requirements of
 - a. Equation 5 of the applied methodology AM00021 version 1 (page 4), which states that the emissions due to the by-pass of the decomposition facility (Q_N₂O_by-passing) is to be calculated from the quantity of N₂O emitted (Q_N₂O) and the percentage (%_on-line); and
 - b. Paragraph 59 of the modalities and procedures of CDM (Decision3/CMP1, which stipulates that CERs resulting from a CDM project activity during a specified time period shall be calculated, applying the registered methodology, by subtracting the actual anthropogenic emissions by sources from baseline emissions and adjusting for leakage.
3. The DOE failed to verify the calculation of project emissions as follows:
 - a. The project participant applied the *same* emission rate value (of N₂O_/AdOH ratio) in calculating the quantity of emissions (Q_N₂O) for both baseline emissions and project emissions. The value applied is 0.27 tonne N₂O per tonne of adipic acid produced which was the capped lowest emission factor as per the methodology. Consequently, the quantity of Q_N₂O used for calculating project emission is based on the capped emission rate value, and not the actual emission rate for this monitoring period (0.30 tonne N₂O per tonne of adipic acid). This resulted in lower project emissions thereby higher emission reductions.
 - b. The quantity of N₂O that bypasses the de-N₂O facility is emitted to atmosphere without conversion to N₂ and O₂, therefore, the *actual* quantity Q_N₂O_by-pass must be considered for calculating project emissions, i.e, the *actual* value of the emissions rate (N₂O_/AdOH ratio) for the current monitoring period shall be applied to calculate project emissions for this monitoring period. The DOE did not raise a corrective action request to correct the calculation of project emission based on the actual value of the emissions rate (N₂O_/AdOH ratio) for this monitoring period (0.30 tonne N₂O per tonne adipic acid) .



4. Please note, in accordance with paragraph 96 of the Report of the 28th EB Meeting, in cases where the reasons for rejection can be addressed by means of a revised verification report based on a revised monitoring report, the DOE may request permission (including explanation of reasons) to submit a revised request for issuance for the same monitoring period covered by the rejection. The Board will consider such a request at the subsequent EB meeting following that request in accordance with the procedures and decide on a case-by-case basis. In these cases the Board will provide further guidance, as appropriate. In cases where such a revised request for issuance is also rejected it shall not be possible to resubmit for a third time.

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History of the document

Project 1238	Related to EB 61 Paragraph 86	Decision Class: Ruling Document Type: Information Note Business Function: Issuance
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