

**TOOL07**

Methodological tool

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Tool to calculate the emission factor for an  
electricity system

Version 06.0



**United Nations**  
Framework Convention on  
Climate Change

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## 1. Introduction

1. This methodological tool determines the CO<sub>2</sub> emission factor for the displacement of electricity generated by power plants in an electricity system, by calculating the “combined margin” emission factor (CM) of the electricity system.

## 2. Scope, applicability, and entry into force

### 2.1. Scope

2. The CM is the result of a weighted average of two emission factors pertaining to the electricity system: the “operating margin” (OM) and the “build margin” (BM). The operating margin is the emission factor that refers to the group of existing power plants whose current electricity generation would be affected by the proposed CDM project activity. The build margin is the emission factor that refers to the group of prospective power plants whose construction and future operation would be affected by the proposed CDM project activity.

### 2.2. Applicability

3. This tool may be applied to estimate the OM, BM and/or CM when calculating baseline emissions for a project activity that substitutes grid electricity that is where a project activity supplies electricity to a grid or a project activity that results in savings of electricity that would have been provided by the grid (e.g. demand-side energy efficiency projects).
4. Under this tool, the emission factor for the project electricity system can be calculated either for grid power plants only or, as an option, can include off-grid power plants. In the latter case, two sub-options under the step 2 of the tool are available to the project participants, i.e. option IIa and option IIb. If option IIa is chosen, the conditions specified in “Appendix 1: Procedures related to off-grid power generation” should be met. Namely, the total capacity of off-grid power plants (in MW) should be at least 10 per cent of the total capacity of grid power plants in the electricity system; or the total electricity generation by off-grid power plants (in MWh) should be at least 10 per cent of the total electricity generation by grid power plants in the electricity system; and that factors which negatively affect the reliability and stability of the grid are primarily due to constraints in generation and not to other aspects such as transmission capacity.
5. In case of CDM projects the tool is not applicable if the project electricity system is located partially or totally in an Annex I country.
6. Under this tool, the value applied to the CO<sub>2</sub> emission factor of biofuels is zero.

### 2.3. Entry into force

7. The date of entry into force is the date of the publication of the EB 97 meeting report on the 1 November 2017.

### 3. Normative references

8. This tool refers to the latest approved versions of the TOOL09: Determining the baseline efficiency of thermal or electric energy generation systems". This tool is also referred to in the TOOL05 "Baseline, project and/or leakage emissions from electricity consumption and monitoring of electricity generation" for the purpose of calculating baseline, project and leakage emissions in case where a project activity consumes electricity from the grid or results in increase of consumption of electricity from the grid outside the project boundary.

### 4. Definitions

9. The definitions contained in the Glossary of CDM terms shall apply.
10. For the purpose of this tool, the following definitions apply:
  - (a) **Power plant/unit** - a power plant/unit is a facility that generates electric power. Several power units at one site comprise one power plant, whereas a power unit is characterized by the fact that it can operate independently from other power units at the same site. Where several identical power units (i.e. with the same capacity, age and efficiency) are installed at one site, they may be considered as one single power unit;
  - (b) **Grid power plant/unit** - a power plant/unit that supplies electricity to an electricity grid and, if applicable, to specific consumers. This means that power plants supplying electricity to the grid and specific captive consumers at the project are considered as a grid power plant/unit, while power plants that serve only captive consumers and do not supply electricity to the grid are not considered as a grid power plant/unit;
  - (c) **Off-grid power plant/unit** - a power plant/unit that supplies electricity to specific consumers through a dedicated distribution network which is not used by any other power plants. For a power plant to be categorized as off-grid, the following conditions need be fulfilled:
    - (i) A contract specifying the service between the power plant and the isolated user (indicating time of service and conditions of supply);
    - (ii) A grid (or grids) capable of supplying power to the specific consumer(s) to which the off-grid facility is connected, must exist;
    - (iii) The off-grid facility is not connected to the grid(s) and cannot supply power to the grid(s), but only to the consumer(s) to which it is connected;
    - (iv) Under normal conditions, the consumer(s) are supplied their power requirements from the grid only, that is the off-grid plant(s) which is connected to the consumer(s) is a standby on-site facility(ies) that is only used when power supply from the grid fails (or in many cases, when the quality of power supply to the end-user is below acceptable quality);
    - (v) To ensure a proper shift from the grid supply to the off-grid supply, the consumer has in place a change-over-switch system (which may be manual or automatic);

- (d) **Net electricity generation** - refers to the difference between the total quantity of electricity generated by the power plant/unit and the auxiliary electricity consumption (also known as parasitic load) of the power plant/unit (e.g. for pumps, fans, controlling etc.);
- (e) **Project electricity system** - is defined by the spatial extent of the power plants that are physically connected through transmission and distribution lines to the project activity (e.g. the renewable power plant location or the consumers where electricity is being saved) and that are covered by either single or layered dispatch area;
- (f) **Isolated grid system** - is an electricity system supplying electricity to household users, and if applicable, industries and commercial areas that is not connected to any other electrical network (e.g. national/regional or interconnected power system) and meet one of the following conditions:
  - (i) Any grid located in a Least Developed Country (LDC) or small island development State (SIDS) where at least 65 per cent of the power installed capacity is based on fossil fuel sources - solid, liquid or gaseous;
  - (ii) Any grid where 65 per cent of the power installed capacity is based on liquid fossil fuel sources;
  - (iii) Any grid with a maximum power installed capacity of 1000 MW and at least 80 per cent of the power installed capacity is based on fossil fuel sources - solid, liquid or gaseous;
- (g) **Connected electricity system** - is an electricity system that is connected by transmission lines to the project electricity system;
- (h) **Dispatch centre** – is an entity responsible for keeping the electricity system synchronized within its dispatch area. The dispatch centre responsibilities include scheduling generation and dispatching electricity from power plants to customers and, where applicable, to the connected electricity system(s);
- (i) **Dispatch area** – is an electricity system or a part of the electricity system controlled by a dispatch centre. A national electricity system could be controlled by more than one dispatch centre, that are either organized into a layered dispatch area or into independent dispatch areas. An example of a layered dispatch area is where regional dispatch centres are required to comply with orders of the national dispatch centre;
- (j) **Low-cost/must-run (LCMR) resources** - are defined as power plants with low marginal generation costs or dispatched independently of the daily or seasonal load of the grid. They include hydro, geothermal, wind, low-cost biomass, nuclear and solar generation. If a fossil fuel plant is dispatched independently of the daily or seasonal load of the grid and if this can be demonstrated based on the publicly available data, it should be considered as a low-cost/must-run. Electricity imports shall be treated as one LCMR power plant;
- (k) **Load shedding program** - is a planned action that consist in the deliberate switching off of electrical supply to parts of the electricity system. Switching off is

required when there is an imbalance between electricity demand and electricity supply;

- (l) **Lowest annual system load (LASL)** – is the minimum recorded value of hourly load in MW in a grid over a calendar year;
- (m) **Highest annual system load (HASL)** – is the maximum recorded value of hourly load in MW in a grid over a calendar year.

## 5. Parameters

11. This tool provides procedures to determine the following parameters:

**Table 1. Parameters**

Parameter	SI Unit	Description
$EF_{grid,CM,y}$	t CO <sub>2</sub> /MWh	Combined margin CO <sub>2</sub> emission factor for the project electricity system in year <i>y</i>
$EF_{grid,BM,y}$	t CO <sub>2</sub> /MWh	Build margin CO <sub>2</sub> emission factor for the project electricity system in year <i>y</i>
$EF_{grid,OM,y}$	t CO <sub>2</sub> /MWh	Operating margin CO <sub>2</sub> emission factor for the project electricity system in year <i>y</i>

12. This tool provides different methods to determine OM and BM. The key data requirement for applying the methods are summarized in the table below.

**Table 2. Data requirements to determine OM and BM**

	Dispatch data OM	Simple adjusted OM	Simple OM	Average OM	Build margin
<b>Data requirements under respective options</b>					
<b>Power generation per plant</b> <i>Option A1 prescribed under the Simple OM</i>		✓	✓		✓
<b>Power generation aggregated</b> <i>Option B prescribed under the Simple OM</i>			✓	✓	
<b>Fuel consumption per plant</b> <i>Option A1 prescribed under the Simple OM</i>		✓	✓		✓
<b>Fuel type and technology</b> <i>Option A2 prescribed under the Simple OM</i>		✓	✓		✓

	Dispatch data OM	Simple adjusted OM	Simple OM	Average OM	Build margin
<b>Fuel consumption aggregated</b> <i>Option B prescribed under the Simple OM</i>			✓	✓	
<b>Hourly power generation and fuel consumption per plant</b>	✓				
<b>Hourly load of the grid</b>		✓			
<b>Date of commissioning of power plants/units</b>					✓

13. No methodology-specific parameters are required.

## 6. Baseline methodology procedure

14. Project participants shall apply the following six steps:

- (a) **Step 1:** Identify the relevant electricity systems;
- (b) **Step 2:** Choose whether to include off-grid power plants in the project electricity system (optional);
- (c) **Step 3:** Select a method to determine the operating margin (OM);
- (d) **Step 4:** Calculate the operating margin emission factor according to the selected method;
- (e) **Step 5:** Calculate the build margin (BM) emission factor;
- (f) **Step 6:** Calculate the combined margin (CM) emission factor.

### 6.1. Step 1: Identify the relevant electricity systems

15. For determining the electricity emission factors, the project participants shall identify the relevant **project electricity system**.
16. Similarly, the project participants shall identify any **connected electricity systems**. If a connected electricity system is located partially or totally in Annex I countries, then the emission factor of that connected electricity system should be considered zero.
17. Project participants may delineate the project electricity system using any of the following options:
  - (a) **Option 1.** A delineation of the project electricity system and connected electricity systems published by the DNA or the group of the DNAs of the host country(ies). In case a delineation is provided by a group of DNAs, the same delineation should be used by all the project participants applying the tool in these countries;
  - (b) **Option 2.** A delineation of the project electricity system defined by the dispatch area of the dispatch centre responsible for scheduling and dispatching electricity



generated by the project activity. Where the dispatch area is controlled by more than one dispatch centre, i.e. layered dispatch area, the higher level area shall be used as a delineation of the project electricity system (e.g. where regional dispatch centres are required to comply with dispatch orders of the national dispatch centre then area controlled by the national dispatch centre shall be used);

- (c) **Option 3.** A delineation of the project electricity system defined by more than one independent dispatch areas, e.g. multi-national power pools;
18. In case of option 3, transmission lines between dispatch areas included in the proposed delineation shall be checked for the existence or non-existence of transmission constraints<sup>1</sup> following the paragraph 19 below.
19. There are *no* transmission constraints if any one of the following criteria is met:<sup>2</sup>
- (a) In case of electricity systems with spot markets for electricity: there are differences in electricity prices (without transmission and distribution costs) of less than five per cent between the two electricity systems at least during 90 per cent of the hours of the most recent year for which information is available (at least one year data is required); or
- (b) The transmission line(s) is operated at 75<sup>3</sup> per cent or less of its rated capacity during 90 per cent or more of the hours of the most recent year for which information is available (at least one year data is required) using the algorithm below:
- (i) For every hour of the year check whether the transmission line is operated at 75 per cent or less of its rated capacity;
- (ii) Each hour of the year when the transmission line was operated at 75 per cent or less of its rated capacity should be counted as zero;
- (iii) Each hour of the year when the transmission line was operated at 75 per cent or more of its rated capacity should be counted as one;
- (iv) There is no transmission constraint if the total sum is less than ten per cent of the hours of the year (e.g. 876 for even year and 878 for leap year);

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<sup>1</sup> If it is demonstrated that there are no significant transmission constraints between the “project electricity system” and “connected electricity system”, then both the electricity systems together represent a single project electricity system and a common grid emission factor can be developed. When transmission constraints exist, no common grid emission factor can be developed and according to paragraph 23 “electricity transfers from a connected electricity system to the project electricity system are defined as **electricity imports** while electricity transfers from the project electricity system to connected electricity systems are defined as **electricity exports**.”

<sup>2</sup> As an example, if one of the criteria is met, then a project participant intending to use a multi-country project electricity system would be able to justify that choice instead of using the national electricity grid as the project electricity system. Note that project participants may propose other criteria or submit proposals for revision of these criteria for consideration by the Board.

<sup>3</sup> In case where the transmission line is operated at more than 75 per cent but below 90 per cent of its rated capacity at least during 90 per cent or less of the hours and the project proponent wishes to consider there exists no transmission constraint (e.g. due to other operation conditions), proper justification shall be provided and documented transparently in the PDD.

- (v) The algorithm can be illustrated by the following equation:

$$\sum_1^{8760} \left[ \frac{\text{Hourly power transmission (MWh)}}{[\text{Maximum line's load capacity (MW)}]} > 75 \text{ per cent} \right] < 876$$

- (vi) The maximum line's load capacity should be based on official information (e.g. from the operator of the system);
- (c) The transmission capacity of the transmission line(s) that is connecting electricity systems is more than 10 per cent of the installed capacity either of the project electricity system or of the connected electricity system, whichever is smaller.
20. In addition, in cases involving international interconnection (i.e. transmission line is between different countries and the project electricity system covers national grids of interconnected countries) it should be further verified that there are no legal restrictions<sup>4</sup> for international electricity exchange.
21. If the information required to demonstrate transmission constraints (or not) is not publicly available or where the application of these criteria does not result in a clear grid boundary, project participants shall use a regional (i.e. sub-national) grid definition in the case of large countries with layered dispatch areas (e.g. provincial/regional/national).
22. A provincial grid definition may indeed in many cases be too narrow given significant electricity trade among provinces that might be affected, directly or indirectly, by a CDM project activity. In other countries, the national (or other larger) grid definition should be used by default. The project participant shall document the geographical extent of the project electricity system transparently and identify all grid power plants/units connected to the system.
23. For the purpose of this tool, the reference system is the project electricity system. Hence electricity transfers from a connected electricity systems to the project electricity system are defined as **electricity imports** while electricity transfers from the project electricity system to connected electricity systems are defined as **electricity exports**.
24. For the purpose of determining the build margin emission factor, the spatial extent is limited to the project electricity system, except where recent or likely future additions to the transmission capacity enable significant increases in imported electricity. In such cases, the transmission capacity may be considered a build margin source.
25. For the purpose of determining the operating margin emission factor, use one of the following options to determine the CO<sub>2</sub> emission factor(s) for net electricity imports from a connected electricity system:
- (a) 0 t CO<sub>2</sub>/MWh; or
- (b) The simple operating margin emission rate of the exporting grid, determined as described in Step 4 section 6.4.1, if the conditions for this method, as described in Step 3 below, apply to the exporting grid; or

<sup>4</sup> For example, a legal agreement between the country that transmits electricity and the recipient country to reduce electricity transmission over time, while transmission capacity of the transmission line(s) remains the same should be considered as the significant transmission constraint.

- (c) The simple adjusted operating margin emission rate of the exporting grid, determined as described in Step 4 section 6.4.2 below; or
  - (d) The weighted average operating margin (OM) emission rate of the exporting grid, determined as described in Step 4 section 6.4.4 below.
26. For imports from connected electricity systems located in Annex I country(ies), the emission factor is 0 tons CO<sub>2</sub> per MWh.
27. Electricity exports should not be subtracted from electricity generation data used for calculating and monitoring the electricity emission factors.

## **6.2. Step 2: Choose whether to include off-grid power plants in the project electricity system (optional)**

28. Project participants may choose between the following two options to calculate the operating margin and build margin emission factor:

### **6.2.1. Option I:**

29. Only grid power plants are included in the calculation.

### **6.2.2. Option II:**

30. Both grid power plants and off-grid power plants are included in the calculation.
31. Option II provides the option to include off-grid power generation in the grid emission factor. Option II aims to reflect that in some countries off-grid power generation is significant and can partially be displaced by CDM project activities that are if off-grid power plants are operated due to an unreliable and unstable electricity grid. Option II may be selected only for determining the operating margin emission factor or for determining both the build margin and the operating margin emission factor, but not for determining the build margin emission factor only. Two alternative approaches are provided to determine the electricity generation by the off-grid power plants and CO<sub>2</sub> emission factor.

### **6.2.3. Option IIa:**

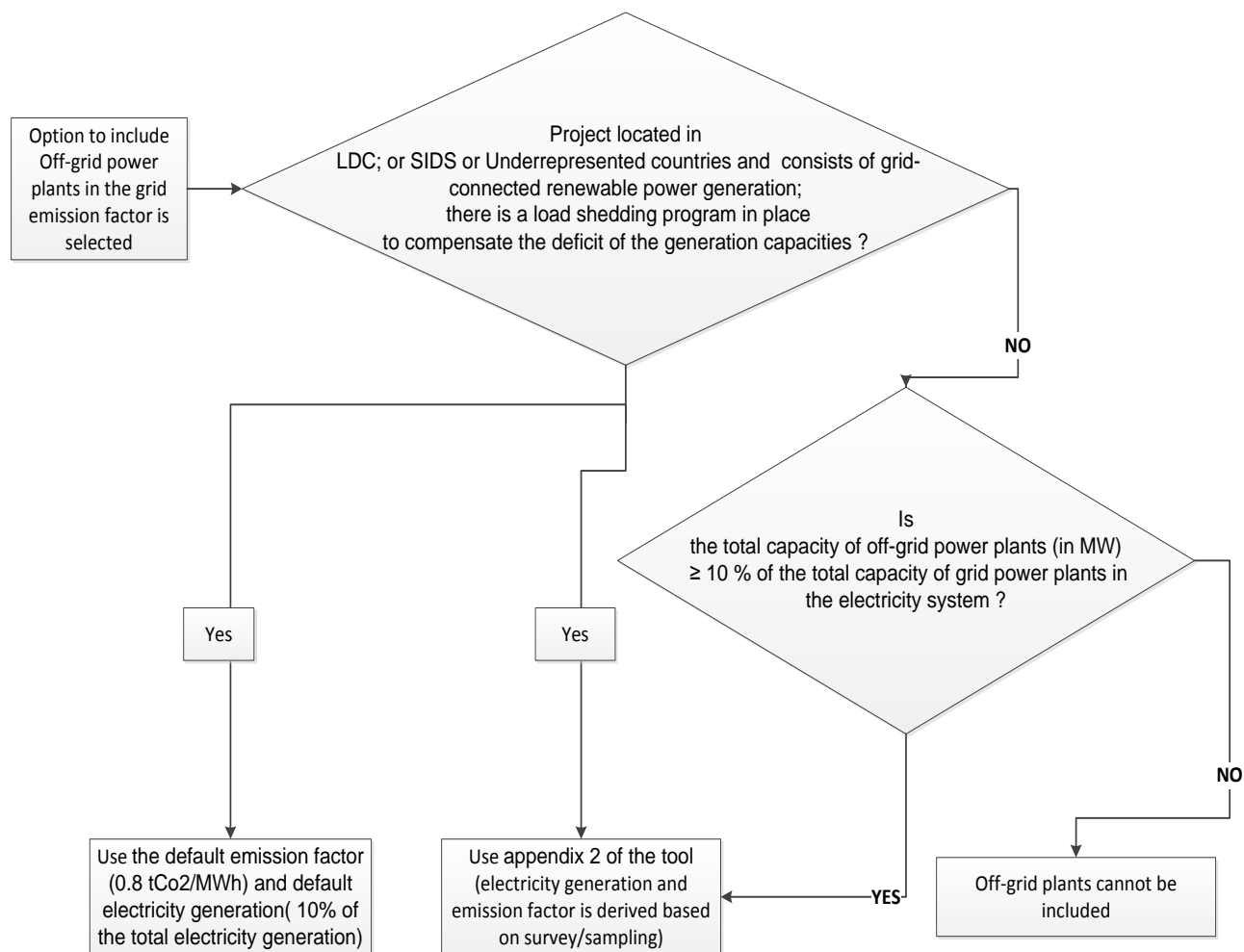
32. Option IIa requires collecting data on off-grid power generation as per appendix 1 and can only be used if the conditions outlined therein are met.
33. If Option IIa is selected, off-grid power plants should be classified as per the guidance in appendix 1, that is in different off-grid power plants classes. Each off-grid power plant class should be considered as one power plant *j*, *k*, *m* or *n*.

### **6.2.4. Option IIb:**

34. As an alternative approach, the default CO<sub>2</sub> emission factor and the default value of the electricity generated by the off-grid power plants can be applied for the first crediting period. The following conditions apply to this option:
- (a) The project activity is located in (i) a Least Developed Country (LDC); or (ii) a Small Island Developing States (SIDS) or in (iii) a country with less than 10 registered CDM projects at the starting date of validation; and

- (b) The project activities consist of grid-connected renewable power generation; and
  - (c) It can be demonstrated that there is a load shedding program in place to compensate the deficit of the generation capacities.
35. For the off-grid power plants that choose Option IIb the default value of 0.8 tCO<sub>2</sub>/MWh can be used for the CO<sub>2</sub> emission factor.
36. The following default values can be used to determine  $EG_{m,y}$  for the off-grid plants:
- (a) The value of 10 per cent of the total electricity generation by grid power plants in the electricity system for the purpose of the operating margin determination;
  - (b) The value of 10 per cent of the electricity generation by grid power plants included in the sample group as per Step 5 for the purpose of the build margin determination.
37. The following flow chart provides an overview on the requirement to include off-grid power plants in the project electricity system described under Step 2, Option II.

**Figure 1. Flow chart: Inclusion of off-grid power plants in the project electricity system**



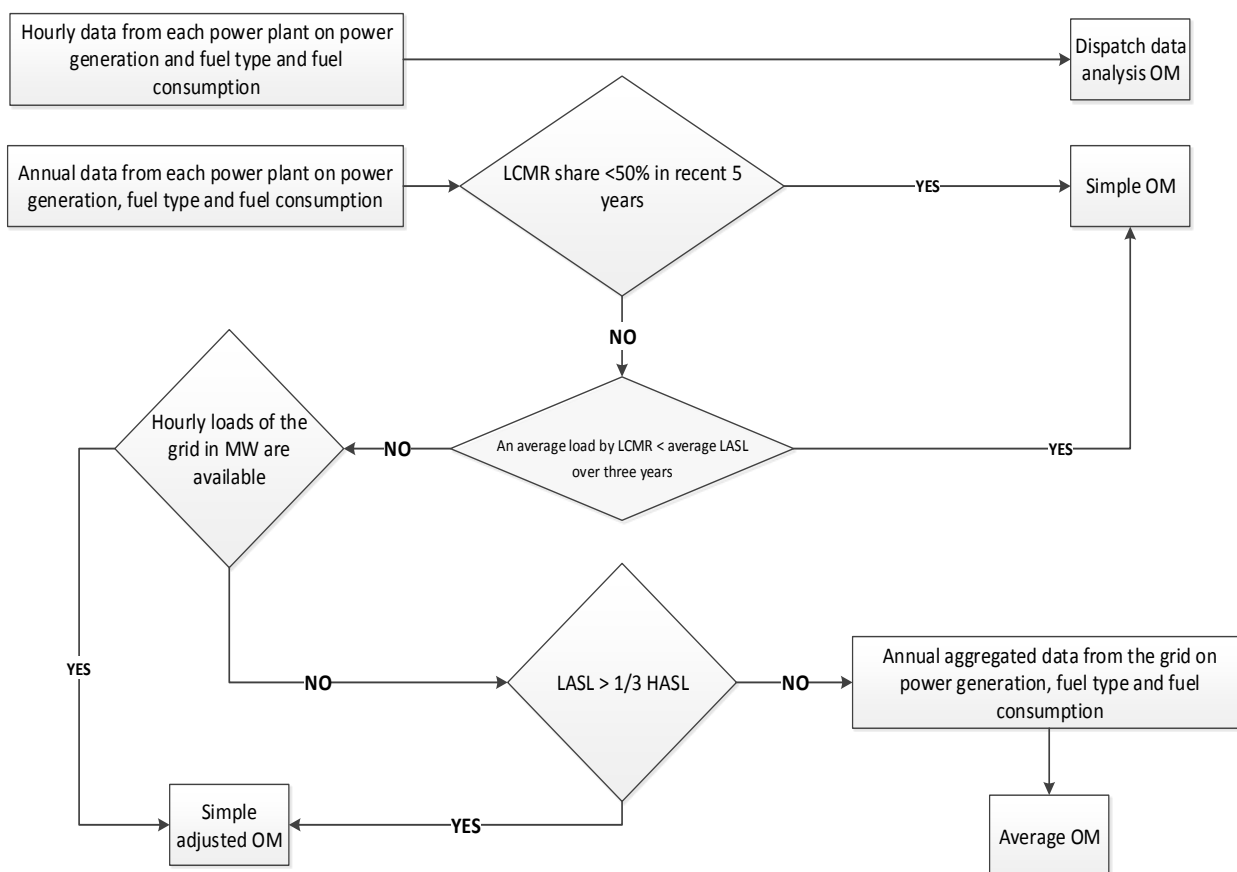
**6.3. Step 3: Select a method to determine the operating margin (OM)**

38. The calculation of the operating margin emission factor ( $EF_{grid,OM,y}$ ) is based on one of the following methods, which are described under Step 4:

- (a) Simple OM; or
- (b) Simple adjusted OM; or
- (c) Dispatch data analysis OM; or
- (d) Average OM.

39. The following flow chart provides an overview of OM methods, including data requirement for each method and important conditions that should be met to apply a specific OM method.

**Figure 2. Flow chart: Overview of the application of OM methods**



40. The simple OM method (Option a in paragraph 38) can only be used if any one of the following requirements is satisfied:

- (a) Low-cost/must-run resources constitute less than 50 per cent of total grid generation (excluding electricity generated by off-grid power plants) in: 1) average of the five most recent years, and the average of the five most recent years shall be determined by using one of the approaches described below; or 2) based on

long-term averages for hydroelectricity production (minimum time frame of 15 years).

(i) Approach 1

$$\text{Share}_{LCMR} = \text{average} \left[ \frac{EG_{LCMR_{y-4}}}{total_{y-4}}, \dots, \frac{EG_{LCMR_y}}{total_y} \right] \quad \text{Equation (1)}$$

(ii) Approach 2

$$\text{Share}_{LCMR} = \frac{\text{average} (EG_{LCMR_{y-4}}, \dots, EG_{LCMR_y})}{\text{average} (total_{y-4}, \dots, total_y)} \quad \text{Equation (2)}$$

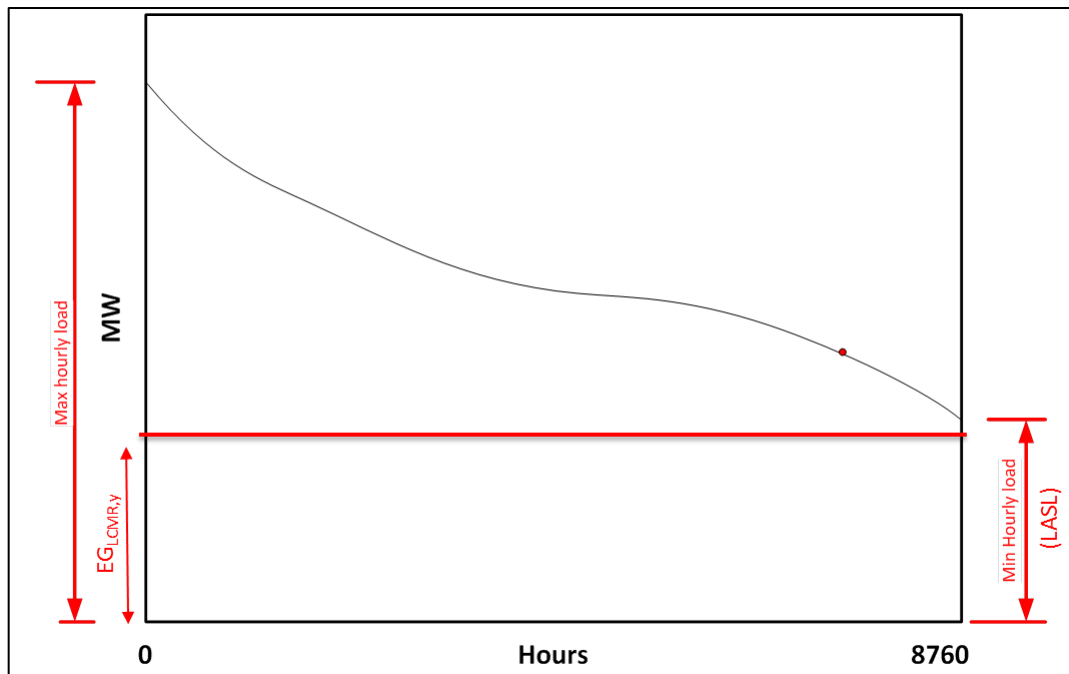
Where:

$\text{Share}_{LCMR}$	=	Share of the low cost/must run resources (per cent)
$EG_{LCMR_y}$	=	Electricity generation supplied to the project electricity system by the low cost/must run resources in year $y$ (MWh)
$total_y$	=	Total electricity generation supplied to the project electricity system in year $y$ (MWh)
$Y$	=	The most recent year for which data is available

(b) The average amount of load (MW) supplied by low-cost/must-run resources in a grid in the most recent three year (*i. e.*, average of  $\frac{EG_{LCMR_y}}{8760}, \frac{EG_{LCMR_{y-1}}}{8760}, \frac{EG_{LCMR_{y-2}}}{8760}$ )<sup>5</sup> is less than the average of the lowest annual system loads (LASL) in the grid of the same three years (*i.e.* average of  $LASL_y, LASL_{y-1}, LASL_{y-2}$ ). Please see illustrative figure below.

<sup>5</sup>  $EG_{LCMR_y}, EG_{LCMR_{y-1}}, EG_{LCMR_{y-2}}$  is the total energy generation (MWh) by all LCMR sources in year  $y, y-1$  and  $y-2$  respectively.

**Figure 3. Load supplied by LCMR resources in a grid is less than a LASL**



41. The dispatch data analysis (Option c) cannot be used if off-grid power plants are included in the project electricity system as per Step 2 above.
42. For the simple OM, the simple adjusted OM and the average OM, the emissions factor can be calculated using either of the two following data vintages:
  - (a) Ex ante option: if the ex ante option is chosen, the emission factor is determined once at the validation stage, thus no monitoring and recalculation of the emissions factor during the crediting period is required. For grid power plants, use a 3-year generation-weighted average, based on the most recent data available at the time of submission of the CDM-PDD to the DOE for validation. For off-grid power plants, use a single calendar year within the five most recent calendar years prior to the time of submission of the CDM-PDD for validation;
  - (b) Ex post option: if the ex post option is chosen, the emission factor is determined for the year in which the project activity displaces grid electricity, requiring the emissions factor to be updated annually during monitoring. If the data required to calculate the emission factor for year  $y$  is usually only available later than six months after the end of year  $y$ , alternatively the emission factor of the previous year  $y-1$  may be used. If the data is usually only available 18 months after the end of year  $y$ , the emission factor of the year preceding the previous year  $y-2$  may be used. The same data vintage ( $y$ ,  $y-1$  or  $y-2$ ) should be used throughout all crediting periods.
43. For the dispatch data analysis OM, use the year in which the project activity displaces grid electricity and update the emission factor annually during monitoring.
44. The data vintage chosen should be documented in the CDM-PDD and should not be changed during the crediting period.

45. Power plants registered as CDM project activities should be included in the sample group that is used to calculate the operating margin if the criteria for including the power source in the sample group apply.

#### 6.4. Step 4: Calculate the operating margin emission factor according to the selected method

##### 6.4.1. Simple OM

46. The simple OM emission factor is calculated as the generation-weighted average CO<sub>2</sub> emissions per unit net electricity generation (t CO<sub>2</sub>/MWh) of all generating power plants serving the system, not including low-cost/must-run power plants/units.

47. The simple OM may be calculated by one of the following two options:

- (a) **Option A:** Based on the net electricity generation and a CO<sub>2</sub> emission factor of each power unit;<sup>6</sup> or
- (b) **Option B:** Based on the total net electricity generation of all power plants serving the system and the fuel types and total fuel consumption of the project electricity system.

48. Option B can only be used if:

- (a) The necessary data for Option A is not available; and
- (b) Only nuclear and renewable power generation are considered as low-cost/must-run power sources and the quantity of electricity supplied to the grid by these sources is known; and
- (c) Off-grid power plants are not included in the calculation (i.e. if Option I has been chosen in Step 2).

##### 6.4.1.1. Option A: Calculation based on average efficiency and electricity generation of each plant

49. Under this option, the simple OM emission factor is calculated based on the net electricity generation of each power unit and an emission factor for each power unit, as follows:

$$EF_{grid,OMsimple,y} = \frac{\sum_m EG_{m,y} \times EF_{EL,m,y}}{\sum_m EG_{m,y}} \quad \text{Equation (3)}$$

Where:

- $EF_{grid,OMsimple,y}$  = Simple operating margin CO<sub>2</sub> emission factor in year  $y$  (t CO<sub>2</sub>/MWh)
- $EG_{m,y}$  = Net quantity of electricity generated and delivered to the grid by power unit  $m$  in year  $y$  (MWh)

<sup>6</sup> Power units should be considered if some of the power units at the site of the power plant are low-cost/must-run units and some are not. Power plants can be considered if all power units at the site of the power plant belong to the group of low-cost/must-run units or if all power units at the site of the power plant do not belong to the group of low-cost/must-run units.



$EF_{EL,m,y}$	=	CO <sub>2</sub> emission factor of power unit $m$ in year $y$ (t CO <sub>2</sub> /MWh)
$m$	=	All power units serving the grid in year $y$ except low-cost/must-run power units
$y$	=	The relevant year as per the data vintage chosen in Step 3

#### 6.4.1.1.1. Determination of $EF_{EL,m,y}$

50. The emission factor of each power unit  $m$  should be determined as follows:

- (a) **Option A1** - If for a power unit  $m$  data on fuel consumption and electricity generation is available, the emission factor ( $EF_{EL,m,y}$ ) should be determined as follows:

$$EF_{EL,m,y} = \frac{\sum_i FC_{i,m,y} \times NCV_{i,y} \times EF_{CO_2,i,y}}{EG_{m,y}} \quad \text{Equation (4)}$$

Where:

$EF_{EL,m,y}$	=	CO <sub>2</sub> emission factor of power unit $m$ in year $y$ (t CO <sub>2</sub> /MWh)
$FC_{i,m,y}$	=	Amount of fuel type $i$ consumed by power unit $m$ in year $y$ (Mass or volume unit)
$NCV_{i,y}$	=	Net calorific value (energy content) of fuel type $i$ in year $y$ (GJ/mass or volume unit)
$EF_{CO_2,i,y}$	=	CO <sub>2</sub> emission factor of fuel type $i$ in year $y$ (t CO <sub>2</sub> /GJ)
$EG_{m,y}$	=	Net quantity of electricity generated and delivered to the grid by power unit $m$ in year $y$ (MWh)
$m$	=	All power units serving the grid in year $y$ except low-cost/must-run power units
$i$	=	All fuel types combusted in power unit $m$ in year $y$
$y$	=	The relevant year as per the data vintage chosen in Step 3

- (b) **Option A2** - If for a power unit  $m$  only data on electricity generation and the fuel types used is available, the emission factor should be determined based on the CO<sub>2</sub> emission factor of the fuel type used and the efficiency of the power unit, as follows:

$$EF_{EL,m,y} = \frac{EF_{CO_2,m,i,y} \times 3.6}{\eta_{m,y}} \quad \text{Equation (5)}$$

Where:

$EF_{EL,m,y}$	=	CO <sub>2</sub> emission factor of power unit $m$ in year $y$ (t CO <sub>2</sub> /MWh)
$EF_{CO_2,m,i,y}$	=	Average CO <sub>2</sub> emission factor of fuel type $i$ used in power unit $m$ in year $y$ (t CO <sub>2</sub> /GJ)
$\eta_{m,y}$	=	Average net energy conversion efficiency of power unit $m$ in year $y$ (ratio)
$m$	=	All power units serving the grid in year $y$ except low-cost/must-run power units

$y$  = The relevant year as per the data vintage chosen in Step 3

51. Where several fuel types are used in the power unit, use the fuel type with the lowest CO<sub>2</sub> emission factor for  $EF_{CO_2,m,i,y}$ .

- (a) **Option A3** - If for a power unit  $m$  only data on electricity generation is available, an emission factor of 0 t CO<sub>2</sub>/MWh can be assumed as a simple and conservative approach.

#### 6.4.1.1.2. Determination of $EG_{m,y}$

52. For grid power plants,  $EG_{m,y}$  should be determined as per the provisions in the monitoring tables.

53. For off-grid power plants,  $EG_{m,y}$  can be determined using one of the following options:

- (a) **Option 1** -  $EG_{m,y}$  is determined based on (sampled) data on the electricity generation of off-grid power plants, as per the guidance in appendix 1;
- (b) **Option 2** -  $EG_{m,y}$  is determined based on (sampled) data on the quantity of fuels combusted in the class of off-grid power plants  $m$ , as per the guidance in appendix 1, and the default efficiencies provided in Table 2, Appendix of TOOL09: "Determining the baseline efficiency of thermal or electric energy generation systems"<sup>7</sup>, as follows:

$$EG_{m,y} = \frac{\sum_i FC_{i,m,y} \times NCV_{i,y} \times \eta_{m,y}}{3.6} \quad \text{Equation (6)}$$

Where:

$EG_{m,y}$  = Net quantity of electricity generated and delivered to the grid by power unit  $m$  in year  $y$  (MWh)

$FC_{i,m,y}$  = Amount of fuel type  $i$  consumed by power plants included in off-grid power plant class  $m$  in year  $y$  (mass or volume unit)

$NCV_{i,y}$  = Net calorific value (energy content) of fuel type  $i$  in year  $y$  (GJ/mass or volume unit)

$\eta_{m,y}$  = Default net energy conversion efficiency of off-grid power plant class  $m$  in year  $y$  (ratio)

$m$  = Off-grid power plant class considered as one power unit (as per the provisions in appendix 1 to this tool)

$y$  = The relevant year as per the data vintage chosen in Step 3

$i$  = Fuel types used

- (c) **Option 3** -  $EG_{m,y}$  is estimated based on the capacity of off-grid electricity generation in that class and a default plant load factor, as follows:

$$EG_{m,y} = CAP_m \times PLF_{default,off-grid,y} \times 8760 \quad \text{Equation (7)}$$

<sup>7</sup> <[http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history\\_view](http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history_view)>.

Where:

$EG_{m,y}$	=	Net quantity of electricity generated and delivered to the grid by power unit $m$ in year $y$ (MWh)
$CAP_m$	=	Total capacity of off-grid power plants included in off-grid power plant class $m$ (MW)
$PLF_{default,off-grid,y}$	=	Default plant load factor for off-grid generation in year $y$ (ratio)
$m$	=	Off-grid power plant class considered as one power unit (as per the provisions in appendix 1 to this tool)
$y$	=	The relevant year as per the data vintage chosen in Step 3

54. The default plant load factor for off-grid generation ( $PLF_{default,off-grid,y}$ ) should be determined using one of the following two options:

- Use a conservative default value of 300 hours per year, assuming that the off-grid power plants would at least operate for one hour per day at six days at full capacity (i.e.  $PLF_{default,off-grid,y}=300/8760$ ); or
- Calculate the default plant load factor based on the average grid availability and a default factor of 0.5, assuming that off-grid power plants are operated at full load during approximately half of the time that the grid is not available, as follows:

$$PLF_{default,off-grid,y} = \left(1 - \frac{T_{grid,y}}{8760}\right) \times 0.5 \quad \text{Equation (8)}$$

Where:

$PLF_{default,off-grid,y}$	=	Default plant load factor for off-grid generation in year $y$ (ratio)
$T_{grid,y}$	=	Average time the grid was available to final electricity consumers in year $y$ (hours)

#### 6.4.1.2. Option B: Calculation based on total fuel consumption and electricity generation of the system

55. Under this option, the simple OM emission factor is calculated based on the net electricity supplied to the grid by all power plants serving the system, not including low-cost/must-run power plants/units, and based on the fuel type(s) and total fuel consumption of the project electricity system, as follows:

$$EF_{grid,OMsimple,y} = \frac{\sum_i FC_{i,y} \times NCV_{i,y} \times EF_{CO_2,i,y}}{EG_y} \quad \text{Equation (9)}$$

Where:

$EF_{grid,OMsimple,y}$	=	Simple operating margin CO <sub>2</sub> emission factor in year $y$ (t CO <sub>2</sub> /MWh)
$FC_{i,y}$	=	Amount of fuel type $i$ consumed in the project electricity system in year $y$ (mass or volume unit)
$NCV_{i,y}$	=	Net calorific value (energy content) of fuel type $i$ in year $y$ (GJ/mass or volume unit)

$EF_{CO_2,i,y}$	=	CO <sub>2</sub> emission factor of fuel type $i$ in year $y$ (t CO <sub>2</sub> /GJ)
$EG_y$	=	Net electricity generated and delivered to the grid by all power sources serving the system, not including low-cost/must-run power plants/units, in year $y$ (MWh)
$i$	=	All fuel types combusted in power sources in the project electricity system in year $y$
$y$	=	The relevant year as per the data vintage chosen in Step 3

56. For this approach (simple OM) to calculate the operating margin, the subscript  $m$  refers to the power plants/units delivering electricity to the grid, not including low-cost/must-run power plants/units.

#### 6.4.2. Simple adjusted OM

57. The simple adjusted OM emission factor ( $EF_{grid,OM-adj,y}$ ) is a variation of the simple OM, where the power plants/units (including imports) are separated in low-cost/must-run power sources ( $k$ ) and other power sources ( $m$ ). As under Option A of the simple OM, it is calculated based on the net electricity generation of each power unit and an emission factor for each power unit, as follows:

$$EF_{grid,OM-adj,y} = (1 - \lambda_y) \times \frac{\sum_m EG_{m,y} \times EF_{EL,m,y}}{\sum_m EG_{m,y}} + \lambda_y \times \frac{\sum_k EG_{k,y} \times EF_{EL,k,y}}{\sum_k EG_{k,y}} \quad \text{Equation (10)}$$

Where:

$EF_{grid,OM-adj,y}$	=	Simple adjusted operating margin CO <sub>2</sub> emission factor in year $y$ (t CO <sub>2</sub> /MWh)
$\lambda_y$	=	Factor expressing the percentage of time when low-cost/must-run power units are on the margin in year $y$
$EG_{m,y}$	=	Net quantity of electricity generated and delivered to the grid by power unit $m$ in year $y$ (MWh)
$EG_{k,y}$	=	Net quantity of electricity generated and delivered to the grid by power unit $k$ in year $y$ (MWh)
$EF_{EL,m,y}$	=	CO <sub>2</sub> emission factor of power unit $m$ in year $y$ (t CO <sub>2</sub> /MWh)
$EF_{EL,k,y}$	=	CO <sub>2</sub> emission factor of power unit $k$ in year $y$ (t CO <sub>2</sub> /MWh)
$m$	=	All grid power units serving the grid in year $y$ except low-cost/must-run power units
$k$	=	All low-cost/must run grid power units serving the grid in year $y$
$y$	=	The relevant year as per the data vintage chosen in Step 3

58.  $EF_{EL,m,y}$ ,  $EF_{EL,k,y}$ ,  $EG_{m,y}$  and  $EG_{k,y}$  should be determined using the same procedures as those for the parameters  $EF_{EL,m,y}$  and  $EG_{m,y}$  in Option A of the simple OM method above.
59. If off-grid power plants are included in the operating margin emission factor, off-grid power plants should be treated as other power units  $m$ , where  $EG_{m,y}$  and  $EF_{EL,m,y}$  should be determined using approach outlined under the section “Simple OM”.

60. The parameter  $\lambda_y$  is defined as follows:

$$\lambda_y (\text{per cent}) = \frac{\text{Number of hours low – cost/must – run are on the margin in year } y}{8760 \text{ hours per year}} \quad \text{Equation (11)}$$

61. There are two approaches to determine lambda ( $\lambda_y$ ):
62. Approach 1. Use default values of lambda from Table 1 appendix 2 based on the share of electricity generation from low-cost/must-run in total generation derived using 1) average of the five most recent years, or 2) based on long-term averages for hydroelectricity production. Approach 1 can only be applied if the LASL is not less than one-third of the HASL in a project electricity/ grid system demonstrated based on the yearly data for the years used to determine the OM emission factor.
63. Approach 2. Lambda ( $\lambda_y$ ) should be determined by applying the step wise procedure provided in appendix 3.

#### 6.4.3. Dispatch data analysis OM

64. The dispatch data analysis OM emission factor ( $EF_{grid,OM-DD,y}$ ) is determined based on the grid power units that are actually dispatched at the margin during each hour  $h$  where the project is displacing grid electricity. This approach is not applicable to historical data and, thus, requires annual monitoring of  $EF_{grid,OM-DD,y}$ .
65. The emission factor is calculated as follows:

$$EF_{grid,OM-DD,y} = \frac{\sum_h EG_{PJ,h} \times EF_{EL,DD,h}}{EG_{PJ,y}} \quad \text{Equation (12)}$$

Where:

$EF_{grid,OM-DD,y}$	=	Dispatch data analysis operating margin CO <sub>2</sub> emission factor in year $y$ (t CO <sub>2</sub> /MWh)
$EG_{PJ,h}$	=	Electricity displaced by the project activity in hour $h$ of year $y$ (MWh)
$EF_{EL,DD,h}$	=	CO <sub>2</sub> emission factor for grid power units in the top of the dispatch order in hour $h$ in year $y$ (t CO <sub>2</sub> /MWh)
$EG_{PJ,y}$	=	Total electricity displaced by the project activity in year $y$ (MWh)
$h$	=	Hours in year $y$ in which the project activity is displacing grid electricity
$y$	=	Year in which the project activity is displacing grid electricity

66. If hourly fuel consumption data is available, then the hourly emissions factor is determined as:

$$EF_{EL,DD,h} = \frac{\sum_{i,n} FC_{i,n,h} \times NCV_{i,y} \times EF_{CO2,i,y}}{\sum_n EG_{n,h}} \quad \text{Equation (13)}$$

Where:

$EF_{EL,DD,h}$	=	CO <sub>2</sub> emission factor for grid power units in the top of the dispatch order in hour $h$ in year $y$ (t CO <sub>2</sub> /MWh)
$FC_{i,n,h}$	=	Amount of fuel type $i$ consumed by grid power unit $n$ in hour $h$ (Mass or volume unit)
$NCV_{i,y}$	=	Net calorific value (energy content) of fuel type $i$ in year $y$ (GJ/mass or volume unit)
$EF_{CO_2,i,y}$	=	CO <sub>2</sub> emission factor of fuel type $i$ in year $y$ (t CO <sub>2</sub> /GJ)
$EG_{n,h}$	=	Electricity generated and delivered to the grid by grid power unit $n$ in hour $h$ (MWh)
$n$	=	Grid power units in the top of the dispatch (as defined below)
$i$	=	Fuel types combusted in grid power unit $n$ in year $y$
$h$	=	Hours in year $y$ in which the project activity is displacing grid electricity
$y$	=	Year in which the project activity is displacing grid electricity

67. Otherwise, the hourly emission factor is calculated based on the energy efficiency of the grid power unit and the fuel type used, as follows:

$$EF_{EL,DD,h} = \frac{\sum_n EG_{n,h} \times EF_{EL,n,y}}{\sum_n EG_{n,h}} \quad \text{Equation (14)}$$

Where:

$EF_{EL,DD,h}$	=	CO <sub>2</sub> emission factor for grid power units in the top of the dispatch order in hour $h$ in year $y$ (t CO <sub>2</sub> /MWh)
$EG_{n,h}$	=	Net quantity of electricity generated and delivered to the grid by grid power unit $n$ in hour $h$ (MWh)
$EF_{EL,n,y}$	=	CO <sub>2</sub> emission factor of grid power unit $n$ in year $y$ (t CO <sub>2</sub> /MWh)
$n$	=	Grid power units in the top of the dispatch (as defined below)
$h$	=	Hours in year $y$ in which the project activity is displacing grid electricity

68. The CO<sub>2</sub> emission factor of the grid power units  $n$  ( $EF_{EL,n,y}$ ) should be determined as per the guidance for the simple OM, using the Options A1, A2 or A3.
69. To determine the set of grid power units  $n$  that are in the top of the dispatch, obtain from a national dispatch centre:
- The grid system dispatch order of operation for each grid power unit of the system including power units from which electricity is imported; and
  - The amount of power (MWh) that is dispatched from all grid power units in the system during each hour  $h$  that the project activity is displacing electricity.
70. At each hour  $h$ , stack each grid power unit's electricity generation using the merit order. The group of grid power units  $n$  in the dispatch margin includes the units in the top  $x$  per

cent of total electricity dispatched in the hour  $h$ , where  $x$  per cent is equal to the greater of either:

- (a) 10 per cent (if 10 per cent falls on part of the generation of a unit, the generation of that unit is fully included in the calculation); or
- (b) The quantity of electricity displaced by the project activity during hour  $h$  divided by the total electricity generation by grid power plants during that hour  $h$ .

#### 6.4.4. Average OM

- 71. The average OM emission factor ( $EF_{grid,OM-ave,y}$ ) is calculated as the average emission rate of all power plants serving the grid, using the methodological guidance as described under Step 4 (section 6.4.1) above for the simple OM, but also including the low-cost/must-run power plants in all equations.
- 72. When following the guidance of calculation of the simple OM, Option B should only be used if the necessary data for Option A is not available.

#### 6.5. Step 5: Calculate the build margin (BM) emission factor

- 73. In terms of vintage of data, project participants can choose between one of the following two options:
  - (a) **Option 1** - for the first crediting period, calculate the build margin emission factor ex ante based on the most recent information available on units already built for sample group  $m$  at the time of CDM-PDD submission to the DOE for validation. For the second crediting period, the build margin emission factor should be updated based on the most recent information available on units already built at the time of submission of the request for renewal of the crediting period to the DOE. For the third crediting period, the build margin emission factor calculated for the second crediting period should be used. This option does not require monitoring the emission factor during the crediting period;
  - (b) **Option 2** - For the first crediting period, the build margin emission factor shall be updated annually, ex post, including those units built up to the year of registration of the project activity or, if information up to the year of registration is not yet available, including those units built up to the latest year for which information is available. For the second crediting period, the build margin emissions factor shall be calculated ex ante, as described in Option 1 above. For the third crediting period, the build margin emission factor calculated for the second crediting period should be used.
- 74. The option chosen should be documented in the CDM-PDD.
- 75. Capacity additions from retrofits of power plants should not be included in the calculation of the build margin emission factor.

76. The sample group of power units  $m$  used to calculate the build margin should be determined as per the following procedure, consistent with the data vintage selected above:

- (a) Identify the set of five power units, excluding power units registered as CDM project activities, that started to supply electricity to the grid most recently ( $SET_{5\text{ units}}$ ) and determine their annual electricity generation ( $AEG_{SET-5\text{ units}}$ , in MWh);
- (b) Determine the annual electricity generation of the project electricity system, excluding power units registered as CDM project activities ( $AEG_{total}$ , in MWh). Identify the set of power units, excluding power units registered as CDM project activities, that started to supply electricity to the grid most recently and that comprise 20 per cent of  $AEG_{total}$  (if 20 per cent falls on part of the generation of a unit, the generation of that unit is fully included in the calculation) ( $SET_{\geq 20\text{ per cent}}$ ) and determine their annual electricity generation ( $AEG_{SET \geq 20\text{ per cent}}$ , in MWh);
- (c) From  $SET_{5\text{ units}}$  and  $SET_{\geq 20\text{ per cent}}$  select the set of power units that comprises the larger annual electricity generation ( $SET_{sample}$ );

Identify the date when the power units in  $SET_{sample}$  started to supply electricity to the grid. If none of the power units in  $SET_{sample}$  started to supply electricity to the grid more than 10 years ago, then use  $SET_{sample}$  to calculate the build margin. In this case ignore Steps (d), (e) and (f).

Otherwise:

- (d) Exclude from  $SET_{sample}$  the power units which started to supply electricity to the grid more than 10 years ago. Include in that set the power units registered as CDM project activities, starting with power units that started to supply electricity to the grid most recently, until the electricity generation of the new set comprises 20 per cent of the annual electricity generation of the project electricity system (if 20 per cent falls on part of the generation of a unit, the generation of that unit is fully included in the calculation) to the extent is possible. Determine for the resulting set ( $SET_{sample-CDM}$ ) the annual electricity generation ( $AEG_{SET-sample-CDM}$ , in MWh);

If the annual electricity generation of that set is comprises at least 20 per cent of the annual electricity generation of the project electricity system (i.e.  $AEG_{SET-sample-CDM} \geq 0.2 \times AEG_{total}$ ), then use the sample group  $SET_{sample-CDM}$  to calculate the build margin. Ignore Steps (e) and (f).

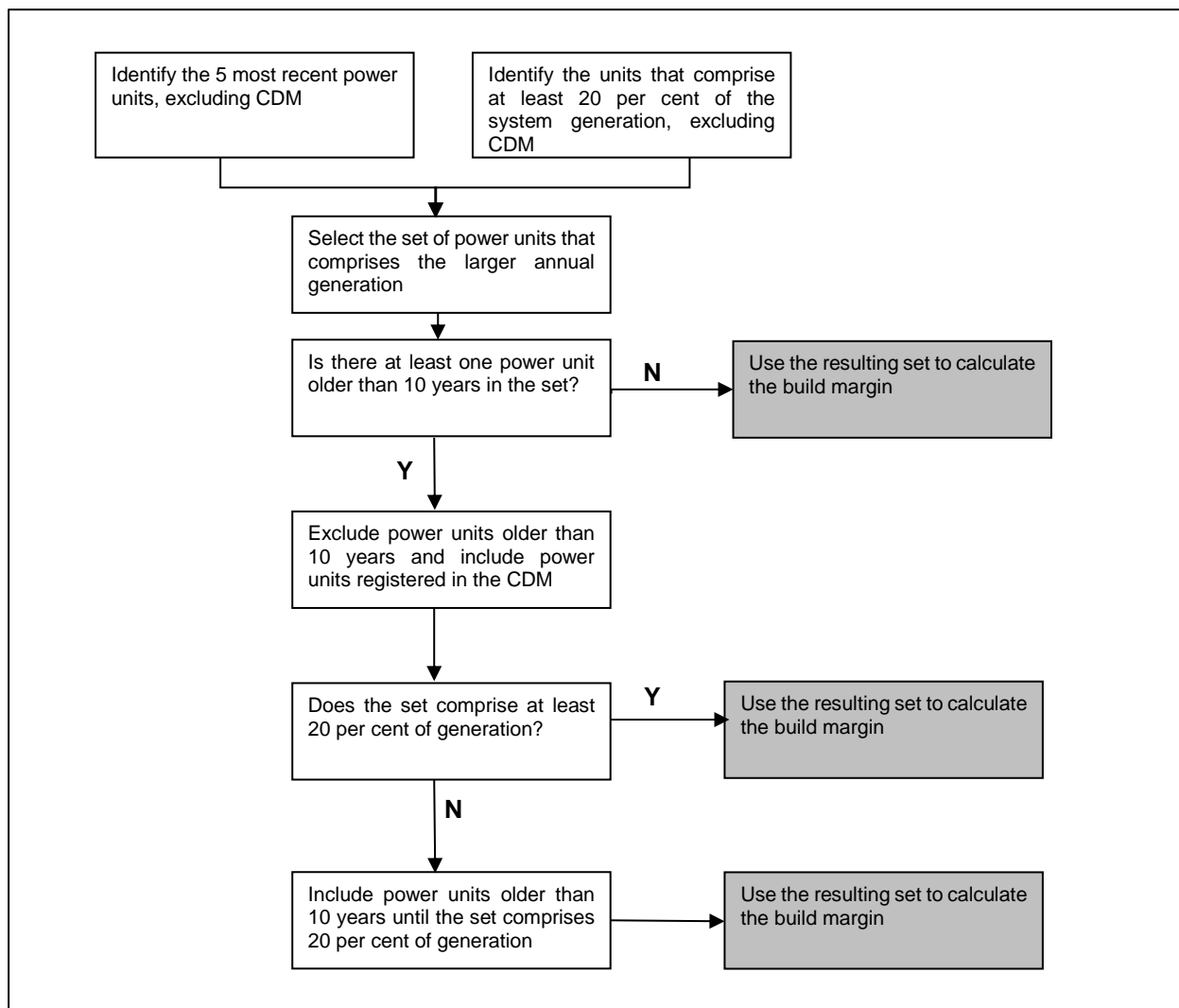
Otherwise:

- (e) Include in the sample group  $SET_{sample-CDM}$  the power units that started to supply electricity to the grid more than 10 years ago until the electricity generation of the new set comprises 20 per cent of the annual electricity generation of the project electricity system (if 20 per cent falls on part of the generation of a unit, the generation of that unit is fully included in the calculation);
- (f) The sample *group of power units*  $m$  used to calculate the build margin is the resulting set ( $SET_{sample-CDM \rightarrow 10\text{ yrs}}$ ).



77. The following diagram summarizes the procedure above:

**Figure 4. Procedure to determine the sample group of power units  $m$  used to calculate the build margin**



78. The build margin emissions factor is the generation-weighted average emission factor (t CO<sub>2</sub>/MWh) of all power units  $m$  during the most recent year  $y$  for which electricity generation data is available, calculated as follows:

$$EF_{grid,BM,y} = \frac{\sum_m EG_{m,y} \times EF_{EL,m,y}}{\sum_m EG_{m,y}} \quad \text{Equation (15)}$$

Where:

- $EF_{grid,BM,y}$  = Build margin CO<sub>2</sub> emission factor in year  $y$  (t CO<sub>2</sub>/MWh)
- $EG_{m,y}$  = Net quantity of electricity generated and delivered to the grid by power unit  $m$  in year  $y$  (MWh)

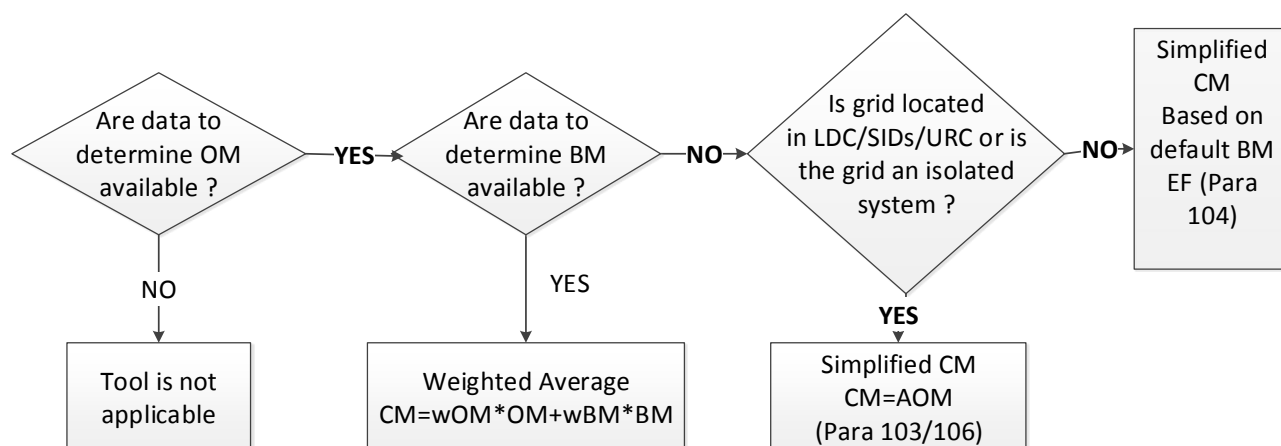
- $EF_{EL,m,y}$  = CO<sub>2</sub> emission factor of power unit  $m$  in year  $y$  (t CO<sub>2</sub>/MWh)
- $m$  = Power units included in the build margin
- $y$  = Most recent historical year for which electricity generation data is available

79. The CO<sub>2</sub> emission factor of each power unit  $m$  ( $EF_{EL,m,y}$ ) should be determined as per the guidance in Step 4 section 6.4.1 for the simple OM, using Options A1, A2 or A3, using for  $y$  the most recent historical year for which electricity generation data is available, and using for  $m$  the power units included in the build margin.
80. If the power units included in the build margin  $m$  correspond to the sample group  $SET_{sample-CDM->10yrs}$ , then, as a conservative approach, only Option A2 from guidance in Step 4 section 6.4.1 can be used and the default values provided in Table 2, Appendix of TOOL09: "Determining the baseline efficiency of thermal or electric energy generation systems" shall be used to determine the parameter  $\eta_{m,y}$  for the power units that started to supply electricity to the grid more than 10 years ago.
81. For off-grid power plants,  $EG_{m,y}$  should be determined as per the guidance in Step 4.

**6.6. Step 6: Calculate the combined margin emissions factor**

82. The calculation of the combined margin (CM) emission factor ( $EF_{grid,CM,y}$ ) is based on one of the following methods:
  - (a) Weighted average CM; or
  - (b) Simplified CM.
83. The flow chart below provides an overview of options available to determine the CM emission factor.

**Figure 5. Flow chart: Determination of CM emission factor**



84. The weighted average CM method (Option a) should be used as the preferred option.
85. The simplified CM method (Option b, as described under 6.6.2 below) can only be used if the data requirements for the application of Step 5 above cannot be met.

### 6.6.1. Weighted average CM

86. The combined margin emissions factor is calculated as follows:

$$EF_{grid,CM,y} = EF_{grid,OM,y} \times w_{OM} + EF_{grid,BM,y} \times w_{BM} \quad \text{Equation (16)}$$

Where:

$EF_{grid,BM,y}$	=	Build margin CO <sub>2</sub> emission factor in year $y$ (t CO <sub>2</sub> /MWh)
$EF_{grid,OM,y}$	=	Operating margin CO <sub>2</sub> emission factor in year $y$ (t CO <sub>2</sub> /MWh)
$w_{OM}$	=	Weighting of operating margin emissions factor (per cent)
$w_{BM}$	=	Weighting of build margin emissions factor (per cent)

87. The following default values should be used for  $w_{OM}$  and  $w_{BM}$ :

- (a) Wind and solar power generation project activities:  $w_{OM} = 0.75$  and  $w_{BM} = 0.25$  (owing to their intermittent and non-dispatchable nature) for the first crediting period and for subsequent crediting periods;
- (b) All other projects:  $w_{OM} = 0.5$  and  $w_{BM} = 0.5$  for the first crediting period, and  $w_{OM} = 0.25$  and  $w_{BM} = 0.75$  for the second and third crediting period,<sup>8</sup> unless otherwise specified in the approved methodology which refers to this tool.

88. Alternative weights can be proposed, as long as  $w_{OM} + w_{BM} = 1$ , for consideration by the Board, taking into account the guidance as described below. The values for  $w_{OM} + w_{BM}$  applied by project participants should be fixed for a crediting period and may be revised at the renewal of the crediting period.

#### 6.6.1.1. Guidance on selecting alternative weights

89. The following guidance provides a number of project-specific and context-specific factors for developing alternative operating and build margin weights to the above defaults. It does not, however, provide specific algorithms to translate these factors into quantified weights, nor does it address all factors that might conceivably affect these weights. In this case, project participants are suggested to propose specific quantification methods with justifications that are consistent with the guidance provided below.

90. Given that it is unlikely that a project will impact either the OM or BM exclusively during the first crediting period, it is suggested that neither weight exceed 75 per cent during the first crediting period.

<sup>8</sup> Project participants can submit alternative proposal, for revision of tool or the methodology or deviation from its use, if the weightage does not reflect their situation with an explanation for the alternative weights.

**Table 3. Guidance on selecting alternative weights**

<b>Factor</b>	<b>Summary – Impact on weights</b>	<b>Further explanation</b>
Project size (absolute or relative to the grid size of the system or the size of other system capacity additions)	No change in weight on basis of absolute or relative size alone	Alternative weights on the basis of absolute or relative project size alone do not appear to be justified
Timing of project output	Can increase OM weight for highly off-peak projects; increase BM for highly on-peak projects	Projects with mainly off-peak output can have a greater OM weight (e.g. solar PV projects in evening peak regions, seasonal biomass generation during off-peak seasons), whereas projects with disproportionately high output during on-peak periods (e.g. air conditioning efficiency projects in some grids) can have greater BM weight
Predictability of project output	Can increase OM for intermittent resources in some contexts	Projects with output of an intermittent nature (e.g. wind or solar projects) may have limited capacity value, depending on the nature of the (wind/solar) resource and the grid in question, and to the extent that a project's capacity value is lower than that of a typical grid resource its BM weight can be reduced. Potential adjustments to the OM/BM margin should take into account available methods (in technical literature) for estimating capacity value <sup>9</sup>

<sup>9</sup> Capacity value refers to the impact of a capacity addition on the capacity requirements of a grid system, expressed as fraction of contribution to meeting peak demands relative to a conventional, dispatchable capacity addition or to a theoretical perfectly reliable one.

Factor	Summary – Impact on weights	Further explanation
Suppressed demand	Can increase BM weight for the 1st crediting period	Under conditions of suppressed demand that are expected to persist through over half of the first crediting period across a significant number of hours per year, available power plants are likely to be operated fully regardless of the CDM project, and thus the OM weight can be reduced <sup>10</sup>
For system management (nature of local electricity markets, planning, and actors) and other considerations no guidance is available at present		

### 6.6.2. Simplified CM

91. If the project activity is located in: (i) a Least Developed Country (LDC); or in (ii) a country with less than 10 registered CDM projects at the starting date of validation; or (iii) a Small Island Developing States (SIDS), the combined margin calculated using equation (16) above with the following conditions:

(a)  $w_{BM} = 0$ ;

(b)  $w_{OM} = 1$ ;

92. If the project activity is located in a country other than those mentioned in paragraph 91, the combined margin may be calculated using equation (16) above with the following provisions:

(a) **Case 1:** If the share of renewable energy in total installed capacity in a grid/project electricity system is less than or equal to 20 per cent take the default values of:

$$EF_{grid,BM,y} = 0.326 \text{ tCO}_2/\text{MWh} \text{ (NG-fired CCGT, based on best available technology) - if natural gas has been used for electricity production in country/region in which project is implemented; or}$$

$$EF_{grid,BM,y} = 0.568 \text{ tCO}_2/\text{MWh} \text{ (oil-fired CCGT based on best available technology) - if natural gas has not been used for electricity production in country/region in which project is implemented.}$$

(b) **Case 2:** If the share of renewable energy in total installed capacity in a grid/project electricity system is more than or equal to 20 per cent, take the default values for BM emission factor as zero.

<sup>10</sup> In other words, if, consistent with paragraph 46 of the CDM modalities and procedures, one assumes that electricity could otherwise be supplied to meet suppressed demand, this electricity would need to be provided by the construction and operation of new power plants, which is embodied in the build margin. In some cases, the reason for suppressed demand may be the inability to operate existing power plants, due, for example, to lack of spare parts or lack of availability or ability to pay for fuel. In such circumstances, the baseline scenario could represent the operation of these power plants, in which case the baseline emission factor should reflect their characteristics. This situation would likely require a new methodology.

93. Under the simplified CM, the operating margin emission factor ( $EF_{grid,OM,y}$ ) must be calculated using the average OM (Option (d) in Step 3).

### 6.6.3. Simplified combined margin emission factor approach for isolated grid system

94. The following options are applicable only if the total fuel consumption and/or the commissioning dates of the plants in isolated grids are not available. If total generation and total fuel consumption data are available, these should be used to calculate the emission factor (i.e. Simplified CM = Average OM, calculated using Simple OM, Option B).

#### 6.6.3.1. Isolated grid system with a single diesel/fuel oil generator power plant

95. For system with the single diesel/fuel oil generator plant, the options are as follows
- (a) **Option 1:** The simplified CM emission factor is the average emissions factor corresponding to most recently built plant (less than 10 years old) with similar technology in the country. This can be calculated using simple OM method;
  - (b) **Option 2:** Use 0.79 tCO<sub>2</sub>/MWh as OM emission factor, 0.58 tCO<sub>2</sub>/MWh as BM emission factor and estimate weighted average CM following procedure provided under section 6.6.1.

#### 6.6.3.2. Isolated grid system with multiple power plants

##### 6.6.3.2.1. Case 1: Isolated grid system with only liquid fuel power plant

96. For systems with only liquid fuel power plants, the options to calculate the simplified CM are as follows:
- (a) **Option 1:** Weighted average emission factor calculated using the procedure contained in appendix 4;
  - (b) **Option 2:** Use 0.79 tCO<sub>2</sub>/MWh as OM emission factor, 0.58 tCO<sub>2</sub>/MWh as BM emission factor and estimate weighted average CM following procedure provided under section 6.6.1.

##### 6.6.3.2.2. Case 2: Isolated grid systems with multiple fuel and technology types without combined cycle power plants

97. The options below to calculate the simplified CM only apply for isolated systems with multiple fuel and technology types without combined cycle power plants:
- (a) **Option 1:** Weighted average emission factor calculated using the procedure contained in appendix 4;
  - (b) **Option 2:** Use 0.40 tCO<sub>2</sub>/MWh if there are no gaseous fuel power plants, otherwise use 0.32 tCO<sub>2</sub>/MWh.<sup>11</sup>

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<sup>11</sup> The emission factors are calculated based on efficiency values of latest power plants prescribed under Table 2 of Appendix in TOOL09: Determining the baseline efficiency of thermal or electric energy generation systems with 65% and 35% weights applied to fossil fuel and renewables respectively.

### 6.6.3.2.3. Case 3: Isolated grid systems with multiple fuel and technology types with combined cycle power plants

98. The options below to calculate the simplified CM only apply for isolated systems with multiple fuel and technology types and with at least one combined cycle power plants:
- (a) **Option 01:** Weighted average emission factor calculated using the procedure contained in appendix 4;
  - (b) **Option 02:** Use 0.27 tCO<sub>2</sub>/MWh if there are no gaseous fuel-based combined cycle power plants, otherwise use 0.20 tCO<sub>2</sub>/MWh.<sup>12</sup>

## 6.7. Data and parameters not monitored

99. Included in the monitoring methodology.

## 6.8. Project activity under a programme of activities

100. When applying this tool for a programme of activities (PoA), the steps defined above shall be applied to each component project activity (CPA) of the PoA for determining the CO<sub>2</sub> emission factor for an electricity system.
101. The CME shall describe in the CDM-PoA-DD the following information:
- (a) Electricity system(s) covered by the PoA (e.g. the name of the grid(s) connected to the CPAs); and
  - (b) Sources of data used to determine the emission factor(s) for all electricity system(s) to be covered in the PoA (e.g. the yearbook of the electricity/energy sector); and
  - (c) Equations and options used to calculate the emission factor (e.g. ex-ante or ex-post, various options used for determining the OM and BM).
102. The choice of which option to use (i.e. ex ante or ex post, options used for determining the OM and BM) shall be determined and documented in the CDM-PoA-DD, and the selected options shall be consistently applied to all CPAs connected to a given electricity system. The CME may however select different options for different electricity systems in the case of a PoA covering more than one electricity systems.

# 7. Monitoring methodology

103. All data collected as part of monitoring should be archived electronically and be kept for at least two years after the end of the last crediting period. One hundred per cent of the data should be monitored if not indicated otherwise in the tables below. All measurements should be conducted with calibrated measurement equipment according to relevant industry standards.
104. Some parameters listed below under “data and parameters” either need to be monitored continuously during the crediting period or need to be calculated only once for the crediting period, depending on the data vintage chosen, following the provisions in the baseline

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<sup>12</sup> See footnote 11 on how these emission factors are derived.

methodology procedure outlined above and the guidance on “monitoring frequency” for the parameter.

105. The calculation of the operating margin and build margin emission factors should be documented electronically in a spread sheet that should be attached to the CDM-PDD. This should include all data used to calculate the emission factors, including:
- (a) The following information for each grid-connected power plant/unit:
    - (i) Information to clearly identify the plant;
    - (ii) The date of commissioning;
    - (iii) The capacity (MW);
    - (iv) The fuel type(s) used;
    - (v) The quantity of net electricity generation in the relevant year(s);<sup>13</sup>
    - (vi) If applicable: the fuel consumption of each fuel type in the relevant year(s);
    - (vii) In cases where the simple OM or the simple adjusted operating margin is used: Information whether the plant/unit is a low-cost/must-run plant/unit;
  - (b) Net calorific values used;
  - (c) CO<sub>2</sub> emission factors used;
  - (d) Plant efficiencies used;
  - (e) Identification of the plants included in the build margin and the operating margin during the relevant time year(s);
  - (f) In case the simple adjusted operating margin is used: load data (typically in MW) for each hour of the year *y*;
  - (g) In case the dispatch data operating margin is used: for each hour *h* where the project plant is displacing grid electricity:
    - (i) The dispatch order of all grid-connected power plants;
    - (ii) The total grid electricity demand;
    - (iii) The quantity of electricity displaced by the project activity;
    - (iv) Identification of the plants that are in the top of the dispatch and for each plant information on electricity generation and, where hourly fuel consumption data is available, data on the types and quantities of fuels consumed during that hour.
106. In case off-grid power plants are included, the guidance for monitoring data and parameters related to off-grid plants provided in appendix 1 should also be followed.

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<sup>13</sup> In case of the simple adjusted OM, this includes the five most recent years or long-term averages for hydroelectricity production.



107. The data should be presented in a manner that enables reproducing of the calculation of the build margin and operating margin grid emission factor.

**Data / Parameter table 1.**

<b>Data / Parameter:</b>	<b>FC<sub>i,m,y</sub>, FC<sub>i,y</sub>, FC<sub>i,k,y</sub>, FC<sub>i,n,y</sub> and FC<sub>i,n,h</sub></b>
Data unit:	Mass or volume unit
Description:	Amount of fuel type <i>i</i> consumed by power plant/unit <i>m</i> , <i>k</i> or <i>n</i> (or in the project electricity system in case of <i>FC<sub>i,y</sub></i> ) in year <i>y</i> or hour <i>h</i>
Source of data:	Utility or government records or official publications
Measurement procedures (if any):	-
Monitoring frequency:	<p>(a) Simple OM, simple adjusted OM, average OM: Either <u>once</u> for each crediting period using the most recent three historical years for which data is available at the time of submission of the CDM-PDD to the DOE for validation (ex ante option) or <u>annually</u> during the crediting period for the relevant year, following the guidance in Step 3 above;</p> <p>(b) Dispatch data OM: If available, <u>hourly</u> (as per Step 3 above), otherwise <u>annually</u> for the year <i>y</i> in which the project activity is displacing grid electricity. Further guidance can be found in Step 3 above;</p> <p>(c) BM: For the first crediting period, either once ex ante or annually ex post, following the guidance included in Step 5. For the second and third crediting period, only once ex ante at the start of the second crediting period</p>
QA/QC procedures:	-
Any comment:	-

**Data / Parameter table 2.**

<b>Data / Parameter:</b>	<b>NCV<sub>i,y</sub></b>
Data unit:	GJ/mass or volume unit
Description:	Net calorific value (energy content) of fuel type <i>i</i> in year <i>y</i>

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<p>Source of data:</p>	<p>The following data sources may be used if the relevant conditions apply:</p> <table border="1" data-bbox="647 405 1406 965"> <thead> <tr> <th data-bbox="647 405 1027 483">Data source</th> <th data-bbox="1027 405 1406 483">Conditions for using the data source</th> </tr> </thead> <tbody> <tr> <td data-bbox="647 483 1027 584">Values provided by the fuel supplier of the power plants in invoices</td> <td data-bbox="1027 483 1406 584">If data is collected from power plant operators (e.g. utilities)</td> </tr> <tr> <td data-bbox="647 584 1027 714">Regional or national average default values</td> <td data-bbox="1027 584 1406 714">If values are reliable and documented in regional or national energy statistics/energy balances</td> </tr> <tr> <td data-bbox="647 714 1027 965">IPCC default values at the lower limit of the uncertainty at a 95 per cent confidence interval as provided in Table 1.2 of Chapter 1 of Vol. 2 (Energy) of the 2006 IPCC Guidelines on National GHG Inventories</td> <td data-bbox="1027 714 1406 965"></td> </tr> </tbody> </table>	Data source	Conditions for using the data source	Values provided by the fuel supplier of the power plants in invoices	If data is collected from power plant operators (e.g. utilities)	Regional or national average default values	If values are reliable and documented in regional or national energy statistics/energy balances	IPCC default values at the lower limit of the uncertainty at a 95 per cent confidence interval as provided in Table 1.2 of Chapter 1 of Vol. 2 (Energy) of the 2006 IPCC Guidelines on National GHG Inventories	
Data source	Conditions for using the data source								
Values provided by the fuel supplier of the power plants in invoices	If data is collected from power plant operators (e.g. utilities)								
Regional or national average default values	If values are reliable and documented in regional or national energy statistics/energy balances								
IPCC default values at the lower limit of the uncertainty at a 95 per cent confidence interval as provided in Table 1.2 of Chapter 1 of Vol. 2 (Energy) of the 2006 IPCC Guidelines on National GHG Inventories									
<p>Measurement procedures (if any):</p>	<p>-</p>								
<p>Monitoring frequency:</p>	<p>(a) Simple OM, simple adjusted OM, average OM: Either once for each crediting period using the most recent three historical years for which data is available at the time of submission of the CDM-PDD to the DOE for validation (ex ante option) or annually during the crediting period for the relevant year, following the guidance in Step 3 above;</p> <p>(b) Dispatch data OM: Annually for the year <i>y</i> in which the project activity is displacing grid electricity or, if available, hourly. Further guidance can be found in Step 3 above;</p> <p>(c) BM: For the first crediting period, either once ex ante or annually ex post, following the guidance included in Step 5. For the second and third crediting period, only once ex ante at the start of the second crediting period</p>								
<p>QA/QC procedures:</p>	<p>-</p>								
<p>Any comment:</p>	<p>The gross calorific value (GCV) of the fuel can be used, if gross calorific values are provided by the data sources used. Make sure that in such cases also a gross calorific value basis is used for CO<sub>2</sub> emission factor</p>								

**Data / Parameter table 3.**

<b>Data / Parameter:</b>	<b>EF<sub>CO<sub>2</sub>,i,y</sub> and EF<sub>CO<sub>2</sub>,m,i,y</sub></b>								
Data unit:	t CO <sub>2</sub> /GJ								
Description:	CO <sub>2</sub> emission factor of fuel type <i>i</i> used in power unit <i>m</i> in year <i>y</i>								
Source of data:	<p>The following data sources may be used if the relevant conditions apply:</p> <table border="1"> <thead> <tr> <th>Data source</th> <th>Conditions for using the data source</th> </tr> </thead> <tbody> <tr> <td>Values provided by the fuel supplier of the power plants in invoices</td> <td>If data is collected from power plant operators (e.g. utilities)</td> </tr> <tr> <td>Regional or national average default values</td> <td>If values are reliable and documented in regional or national energy statistics/energy balances</td> </tr> <tr> <td>IPCC default values at the lower limit of the uncertainty at a 95 per cent confidence interval as provided in table 1.4 of Chapter 1 of Vol. 2 (Energy) of the 2006 IPCC Guidelines on National GHG Inventories</td> <td></td> </tr> </tbody> </table>	Data source	Conditions for using the data source	Values provided by the fuel supplier of the power plants in invoices	If data is collected from power plant operators (e.g. utilities)	Regional or national average default values	If values are reliable and documented in regional or national energy statistics/energy balances	IPCC default values at the lower limit of the uncertainty at a 95 per cent confidence interval as provided in table 1.4 of Chapter 1 of Vol. 2 (Energy) of the 2006 IPCC Guidelines on National GHG Inventories	
Data source	Conditions for using the data source								
Values provided by the fuel supplier of the power plants in invoices	If data is collected from power plant operators (e.g. utilities)								
Regional or national average default values	If values are reliable and documented in regional or national energy statistics/energy balances								
IPCC default values at the lower limit of the uncertainty at a 95 per cent confidence interval as provided in table 1.4 of Chapter 1 of Vol. 2 (Energy) of the 2006 IPCC Guidelines on National GHG Inventories									
Measurement procedures (if any):	-								
Monitoring frequency:	<p>(a) Simple OM, simple adjusted OM, average OM: Either once for each crediting period using the most recent three historical years for which data is available at the time of submission of the CDM-PDD to the DOE for validation (ex ante option) or annually during the crediting period for the relevant year, following the guidance in Step 3 above;</p> <p>(b) Dispatch data OM: Annually for the year <i>y</i> in which the project activity is displacing grid electricity or, if available, hourly. Further guidance can be found in Step 3 above;</p> <p>(c) BM: For the first crediting period, either once ex ante or annually ex post, following the guidance included in Step 5. For the second and third crediting period, only once ex ante at the start of the second crediting period</p>								
QA/QC procedures:	-								
Any comment:	For biofuels the value applied to the CO <sub>2</sub> emission factor is zero								

**Data / Parameter table 4.**

<b>Data / Parameter:</b>	<b>EG<sub>m,y</sub>, EG<sub>y</sub>, EG<sub>k,y</sub> and EG<sub>n,h</sub></b>
Data unit:	MWh
Description:	Net electricity generated by power plant/unit <i>m</i> , <i>k</i> or <i>n</i> (or in the project electricity system in case of EG <sub>y</sub> ) in year <i>y</i> or hour <i>h</i>
Source of data:	Utility or government records or official publications
Measurement procedures (if any):	-

Monitoring frequency:	(a) Simple OM, simple adjusted OM, average OM: Either once for each crediting period using the most recent three historical years for which data is available at the time of submission of the CDM-PDD to the DOE for validation (ex ante option); or annually during the crediting period for the relevant year, following the guidance in Step 3 above; (b) Dispatch data OM: Hourly. Further guidance can be found in Step 3 above; (c) BM: For the first crediting period, either once ex ante or annually ex post, following the guidance included in Step 5. For the second and third crediting period, only once ex ante at the start of the second crediting period
QA/QC procedures:	-
Any comment:	-

**Data / Parameter table 5.**

<b>Data / Parameter:</b>	<b><math>EG_{PJ,h}</math> and <math>EG_{PJ,y}</math></b>
Data unit:	MWh
Description:	Electricity displaced by the project activity in hour $h$ of year $y$ , or in year $y$
Source of data:	As specified by the underlying methodology
Measurement procedures (if any):	As specified by the underlying methodology
Monitoring frequency:	Hourly or yearly, as applicable
QA/QC procedures:	As specified by the underlying methodology
Any comment:	-

**Data / Parameter table 6.**

<b>Data / Parameter:</b>	<b><math>\eta_{m,y}</math> and <math>\eta_{k,y}</math></b>
Data unit:	-
Description:	Average net energy conversion efficiency of power unit $m$ or $k$ in year $y$
Source of data:	Use either: (a) Documented manufacturer's specifications (if the efficiency of the plant is not significantly increased through retrofits or rehabilitations); or (b) For grid power plants: data from the utility, the dispatch center or official records if it can be deemed reliable; or (c) The default values provided in in Table 2, Appendix of TOOL09: "Determining the baseline efficiency of thermal or electric energy generation systems" (if available for the type of power plant)
Measurement procedures (if any):	-
Monitoring frequency:	Once for the crediting period

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QA/QC procedures:	If the data obtained from the manufacturer, the utility, the dispatch center of official records is significantly lower than the default value provided in Table 2, Appendix of TOOL09: "Determining the baseline efficiency of thermal or electric energy generation systems" <sup>14</sup> for the applicable technology, project proponents should assess the reliability of the values, and provide appropriate justification if deemed reliable. Otherwise, the default values provided in Appendix of TOOL09 shall be used
Any comment:	-

**Data / Parameter table 7.**

<b>Data / Parameter:</b>	<b>CAP<sub>m</sub></b>
Data unit:	MW
Description:	Total capacity of off-grid power plants included in off-grid power plant class <i>m</i>
Source of data:	Survey on off grid-power plants, as per appendix 1
Measurement procedures (if any):	As per appendix 1
Monitoring frequency:	As per the provisions in Step 3 of this tool
QA/QC procedures:	-
Any comment:	Only applicable if Option II is chosen in Step 2 of this tool

**Data / Parameter table 8.**

<b>Data / Parameter:</b>	<b>PLF<sub>default,off-grid,y</sub></b>
Data unit:	Dimensionless
Description:	Plant load factor for off-grid generation in year <i>y</i>
Source of data:	Default value of 300 hours per year, or calculate on the basis of equation (7)
Measurement procedures (if any):	-
Monitoring frequency:	As per the provisions in Step 3 of this tool
QA/QC procedures:	-
Any comment:	Only applicable if Option II is chosen in Step 2 of this tool and if Option 3 is chosen to determine <i>EG<sub>m,y</sub></i> in Step 4 of this tool

**Data / Parameter table 9.**

<b>Data / Parameter:</b>	<b>T<sub>grid,y</sub></b>
Data unit:	hours
Description:	Average time the grid was available to final electricity consumers in year <i>y</i>
Source of data:	Utility or government records or official publications

<sup>14</sup> <[http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history\\_view](http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history_view)>.

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Measurement procedures (if any):	-
Monitoring frequency:	-
QA/QC procedures:	-
Any comment:	Only applicable if Option II is chosen in Step 2 of this tool and if Option 3 is chosen to determine $EG_{m,y}$ in Step 4 of this tool and if equation (7) is applied

**Data / Parameter table 10.**

<b>Data / Parameter:</b>	Other parameters related to off-grid power plants
Data unit:	As per appendix 1
Description:	As per appendix 1
Source of data:	As per appendix 1
Measurement procedures (if any):	As per appendix 1
Monitoring frequency:	As per appendix 1
QA/QC procedures:	As per appendix 1
Any comment:	-

## Appendix 1. Procedures related to off-grid power generation

1. The procedures in this annex serve to: (a) identify those off-grid power plants that are eligible for inclusion in the grid emission factor and to (b) collect the necessary data to include them in the calculations of the operating and build margin emission factors of this tool.

### 1. Step 1: Obtain data on off-grid power generation

2. Data on off-grid power generation is usually not readily available and has to be collected in order to include off-grid power generation in the grid emission factor. The collection of data on off-grid power generation has two purposes: data is required to determine whether an identified power plant qualifies as “off-grid power plant”, as defined in the definitions section; and data is required to calculate the emissions and electricity generation from off-grid power plants.
3. For this purpose, project proponents can conduct their own survey, or use existing data (if such data provides the necessary information as outlined further below and if the existing data has the vintage as required per this tool).
4. The collected data can be used in the following two options:
  - (a) **Direct use of data on a plant-by-plant basis:** include in the emission factor only those off-grid power plants for which the necessary data is available or is collected. Ensure that the plants selected for inclusion in the grid emission factor are reasonably representative for the overall off-grid power generation in the electricity system;<sup>1</sup>
  - (b) **Statistical evaluation of the data based on sampling:** collect the necessary data for a representative and appropriately stratified sample of off-grid power plants and infer the data to the entire electricity system.
5. Document in the CDM-PDD which approach is followed.

#### 1.1. Step 1.1: Choose the data to be collected

6. Document which data is collected for each (sampled) off-grid power plant. Table 1 provides the minimum data that must be collected for each (sampled) off-grid power plant *p*.

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<sup>1</sup> For example, information on off-grid power generation could only be available for some sectors of the economy. In this case, only the plants from these sectors may be included in the grid emission factor. However, in including selected plants, no systematic bias should be introduced (e.g. by including only coal fired plants).

**Table 1. Minimum data/information to be collected on each off-grid power plant  $p$** 

<b>Data</b>	<b>Description</b>
$CAP_p$ :	Nominal electric capacity of the off-grid power plant $p$ (MW)
$TECH_p$ :	The type of technology of the off-grid power plant $p$ . This should include, inter alia, the following types of technologies: (a) Reciprocating engines; (b) Steam turbine; (c) Gas turbine; (d) Combined cycle power generation; (e) Hydro, solar wind or geothermal power generation
$FUEL_p$ :	The fuel type(s) used in the off-grid power plant $p$ . This should include at least the following fuel types: (a) Diesel; (b) Gasoline; (c) Kerosene; (d) Natural gas; (e) Coal; (f) Biomass/biofuels; (g) Any relevant blends or other fuels
$GRID_p$	Are the consumers supplied by the off-grid power plant also connected to an electricity grid which is capable of supplying their power demand entirely during time intervals where grid electricity is available, reliable and stable? (True/false)
$SWITCH_p$	Can the consumers supplied by the off-grid power plant easily switch between electricity supply from the grid and off-grid power plants? This applies, for example, if the consumers have a manual or automatic change-over-switch system in place. (True/false)

7. In addition, other data may be collected, depending on how the requirements of this annex for inclusion of an off-grid power plant  $p$  in the grid emission factor are assessed and on which options are used in Step 3 of the tool to calculate the emission factor for a class of off-grid power plants  $m$  (Option A1, A2 or A3) and the electricity generation by a class of off-grid power plants  $m$  (Option 1, 2 or 3). This may include the following data:

**Table 2. Additional data that may be collected on off-grid power generation**

<b>Data</b>	<b>Description</b>	<b>Explanation</b>
$DATE_{start,p}$	Year of first commissioning of the off-grid power plant $p$ (year)	This data is required for inclusion of off-grid power in the BM emission factor
$EG_{p,y}$	Electricity generation of off-grid power plant $p$ in year $y$ (MWh)	This data is required if Option 1 is used to determine $EG_{m,y}$ in Step 4 of the tool
$FC_{p,i,y}$ :	Amount of fuel type $i$ consumed by off-grid power plant $p$ in year $y$ (mass or energy unit)	This data is required if Option A1 in Step 4 of this tool is applied or if Option 2 is used to determine $EG_{m,y}$ in Step 4 of the tool



Data	Description	Explanation
$NCV_{p,i,y}$ :	Net calorific value of fuel type $i$ consumed by off-grid power plant $p$ in year $y$ (GJ/mass or energy unit)	This data is required if Option A1 or Option 2 in Step 4 of this tool is applied and if the IPCC default values are not used
$OMC_{p,y}$ :	Variable operation and maintenance costs of off-grid power plant $p$ in year $y$ (currency/MWh)	This data is required if in Step 2 the third condition is demonstrated by using Option (a)
$T_{EL,p,y}$ :	Tariff of purchasing grid electricity for consumers supplied by off-grid power plant $p$ in year $y$	This data is required if in Step 2 the third condition is demonstrated by using Option (a)

8. Note that the same data collection approach should be applied to all off-grid plants in one sector (e.g. industrial, commercial and residential sector).

### 1.2. Step 1.2: Define the classification of off-grid power plants

9. To facilitate data collection and calculations, off-grid power plants should be classified in different classes of off-grid power plants. All off-grid power plants included in one class are considered as one single power unit for the calculations in this tool.
10. Off-grid power plants should be classified according to their capacity ( $CAP_p$ ), fuel type ( $FUEL_p$ ) and type of technology ( $TECH_p$ ). If off-grid power plants are also included in the build margin, their vintage needs to be determined based on the start date of operation ( $DATE_{start,p}$ ). In this case, the classes have to be differentiated into three data vintages: plants with up to five years of operation, plants with up to 10 years of operation and plants with more than 10 years of operation.
11. If default efficiencies, as provided in Table 2, Appendix of TOOL09: "Determining the baseline efficiency of thermal or electric energy generation systems"<sup>2</sup> of this tool, are used to determine the emission factor for a power plant (see Option A2 in Step 4 of this tool), the power plant classification provided in Table 2, Appendix of TOOL09: "Determining the baseline efficiency of thermal or electric energy generation systems"<sup>3</sup> should be used. If the Options A1 and/or A3 in Step 4 of this tool are applied to determine the emission factors for off-grid power plant classes, project participants may also use their own classification.

### 1.3. Step 1.3: Define the sectors for which data is collected

12. Define for which sectors (e.g. households, commercial sector) or industries data on off-grid electricity generation is collected or whether data is collected for the whole economy. The project participants may deliberately choose the sectors for which data is collected; however, the sectors should be clearly and unambiguously defined (e.g. which size of companies or households, the geographical area covered, etc.) and the selection should include any systematic bias (e.g. by including only a sub-sector which uses only coal as fuel while less carbon intensive fuels are used in other sub-sectors).

<sup>2</sup> <[http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history\\_view](http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history_view)>.

<sup>3</sup> <[http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history\\_view](http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history_view)>.

**1.4. Step 1.4: Establish the survey design and management scheme (applicable if a survey is used)**

13. Document transparently the design and methodology of the survey, following best practices in survey design and statistics. In doing so, the following guidance shall be applied:
  - (a) The institution conducting the survey should have relevant experience with undertaking surveys;
  - (b) Ensure a proper stratification within the geographical area of the electricity system and within the different users of off-grid power generation (e.g. considering relevant differences between sectors, household income, etc.). To this end, it may be necessary to conduct a pre-survey to collect information which sectors, companies or households typically use off-grid power plants;
  - (c) The results of the survey should be used to derive global estimates adjusted for their uncertainty at a 95 per cent confidence level in a conservative manner (using the upper or lower uncertainty bound whatever is conservative);
  - (d) The methods used to collect data should strive to avoid any bias and should ensure random sampling in the various strata;
  - (e) Provide objective and transparent methods for data collection;
  - (f) Ensure that appropriate procedures for data verification are in place, including relevant quality assurance and quality control methods.
14. The DOE should carefully evaluate and confirm that the survey was conducted in accordance with these principles and best practices for conducting and evaluating surveys.

**1.5. Step 1.5: Collect the data or use existing data sources**

15. Collect the data or use relevant existing data sources. Exclude all plants for the sample for which not all necessary data (as identified in Step 1.1 of this appendix) could be collected.

**2. Step 2: Exclude plants that do not qualify as off-grid power plants**

16. This step aims to exclude those power plants from the sample or other data source which cannot be considered as off-grid power plants according to the definition provided above. To this end, exclude those plants from the sample or other source of information for which one of the three following conditions is not met:
  - (a)  $GRID_p = \text{true}$ ;
  - (b)  $SWITCH_p = \text{true}$ ;
  - (c) Whenever the grid is reliable and stable, the consumers purchase electricity only from the grid and the off-grid power plant is not operating. This can be demonstrated in one of the following ways:
    - (i)  $OMC_{p,y} > T_{EL,p,y}$ ; or

- (ii) Log book data on the hours of operation of the off-grid power plant  $p$  and the quality and availability of grid supply clearly shows that the plant only operated when the grid was not reliable and stable; or
- (iii) Demonstrate that  $OMC > T_{EL}$  once for all off-grid power plants included in a class of off-grid power plants and a sector by showing that this condition generally applies to all plants in the class and sector, that is using the fuel costs (e.g. official statistics or projections on fuel prices), the efficiency of the plants in that class (e.g. using typical the default efficiencies provided in Table 2, Appendix of TOOL09: "Determining the baseline efficiency of thermal or electric energy generation systems"<sup>4</sup>) and relevant information on electricity purchase costs in the sector (e.g. statistics on electricity prices).

### 3. Step 3: Aggregate data according to classes of off-grid power plants

- 17. In the case of direct use of the data on a plant-by-plant basis (Option A in the introduction to Step 1), allocate the collected data to the classes of off-grid power plants.
- 18. In the case of a statistical evaluation of the data based on sampling (Option b in the introduction to Step 1), allocate the collected data to the applicable stratum. Use the results of the survey to derive global estimates for the total population, for each class of off-grid power plants  $m$ , adjusting conservatively for the uncertainty at a 95 per cent confidence level.<sup>5</sup>

### 4. Step 4: Assess the extent of off-grid power

- 19. The effects of feeding additional electricity to the grid or saving electricity demand on off-grid power plants connected to the system are associated with significant uncertainty. For this reason, a significant amount of off-grid power should exist to include these plants in the grid emission factor.
- 20. The inclusion of off-grid power plants in the grid emission factor is only allowed if one of the following two conditions are met:
  - (a) The total capacity of off-grid power plants (in MW) is at least 10 per cent of the total capacity of grid power plants in the electricity system; or
  - (b) The total electricity generation by off-grid power plants (in MWh) is at least 10 per cent of the total electricity generation by grid power plants in the electricity system.
- 21. If none of these conditions are met, then off-grid power plants cannot be included in the calculation of the grid emission factor of the electricity system. Otherwise, proceed to next the step.

<sup>4</sup> <[http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history\\_view](http://cdm.unfccc.int/methodologies/PAMethodologies/tools/am-tool-09-v2.0.pdf/history_view)>.

<sup>5</sup> Note that this should not include power plants which did not qualify as off-grid following the procedures in Step 2.

**5. Step 5: Assess the reliability and stability of the grid and that this is primarily due to constraints in generation, and not to other aspects such as transmission capacity**

22. It has to be demonstrated that the grid to which project participants have access is not reliable and not stable and that this is primarily due to constraints in generation and not due to other issues, such as limited transmission capacity. To this end, it needs to be demonstrated that:

- (a) Shortages, blinks, black-outs, load shedding and/or large variations in frequency and voltage ranges are common practice in the grid operation. Supporting evidence describing the number, duration and extent of events related to instability and unreliability of the grid has to be provided based on project participants or third parties statistics or surveys; and
- (b) This situation is primarily due to constraints in generation, and not to other aspects such as transmission capacity.

## Appendix 2. Default lambda values

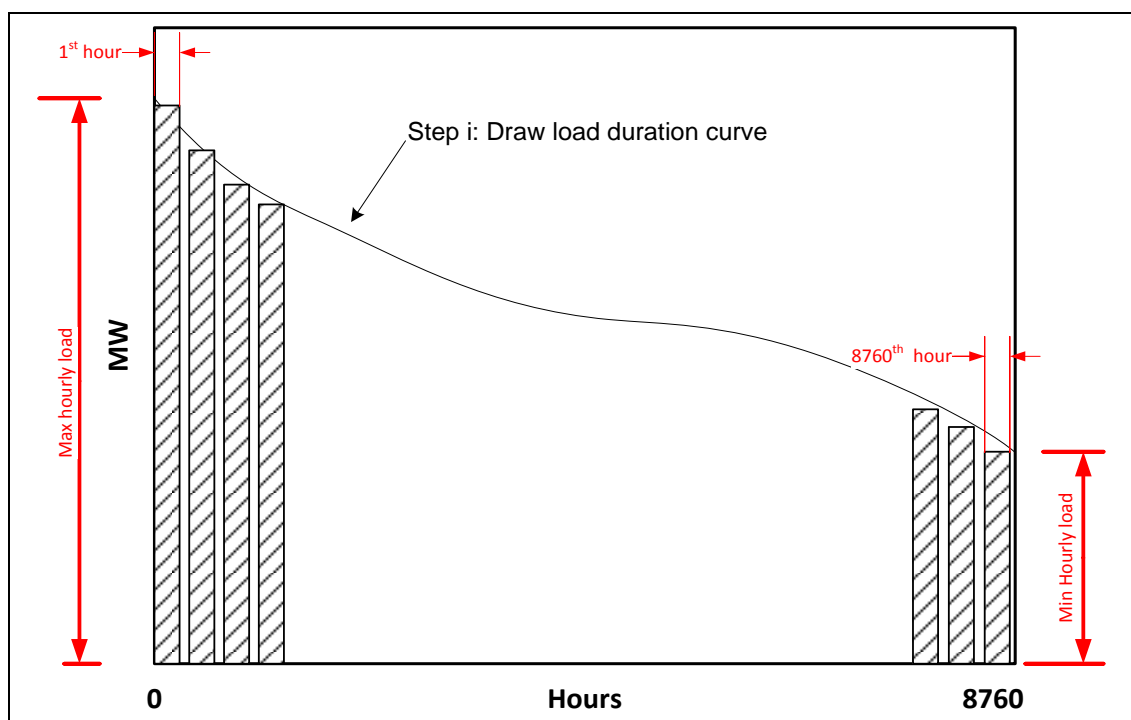
Table 1. Default lambda ( $\lambda_y$ ) values for the range of LCMR shares

Share of LCMR	Lambda
99.87per cent to 100.00per cent	1
99.50per cent to 99.87per cent	0.95
98.87per cent to 99.50per cent	0.9
97.98per cent to 98.87per cent	0.85
96.85per cent to 97.98per cent	0.8
95.47per cent to 96.85per cent	0.75
93.83per cent to 95.47per cent	0.7
91.94per cent to 93.83per cent	0.65
89.80per cent to 91.94per cent	0.6
87.41per cent to 89.80per cent	0.55
84.76per cent to 87.41per cent	0.5
81.86per cent to 84.76per cent	0.45
78.72per cent to 81.86per cent	0.4
75.32per cent to 78.72per cent	0.35
71.66per cent to 75.32per cent	0.3
67.76per cent to 71.66per cent	0.25
63.60per cent to 67.76per cent	0.2
59.20per cent to 63.60per cent	0.15
54.54per cent to 59.20per cent	0.1
50per cent to 54.54per cent	0.05
0per cent to 50per cent	0

## Appendix 3. Step wise procedure to determine the lambda of a year ( $\lambda_y$ )

1. **Step (i)** - Plot a **load duration curve**. Collect load data (typically in MW) for each hour of the year  $y$ , and sort and plot the load data from the highest to the lowest annual system load (see also the figure below).

Figure 1. Step (i)



2. **Step (ii)** - Collect the electricity generation data from each low-cost/must-run power plant/unit. Calculate the total annual generation (in MWh) from low-cost/must-run power plants/units (i.e.  $\sum_k EG_{k,y}$ ).
3. **Step (iii)** – Find out the intersection on the load duration curve in order to determine a period LCMR sources are on the margin. To find the intersection, fill the area under the load duration curve by the total generation (in MWh) from LCMR power plants/units. To fill the area, plot a horizontal line across the load duration curve such that the area under horizontal line and the curve right from the intersection point (MW times hours) equals the total generation (in MWh) from low-cost/must-run power plants/units (i.e.  $\sum_k EG_{k,y}$ ); The following sub steps can be used to find the intersection point:
  - (a) As the load changes every hour from highest load to lowest load in a year; the intersection can be defined by adding incremental areas in MW times hour in every hour over the area corresponding to lowest annual system load i.e. the first area. For the first area from the sorted load data, take the lowest MW level and multiply it by hours in a year (e.g. 8760) ( see figure below);

Equation (1)

$$EG_Z = EL_Z \times Z$$

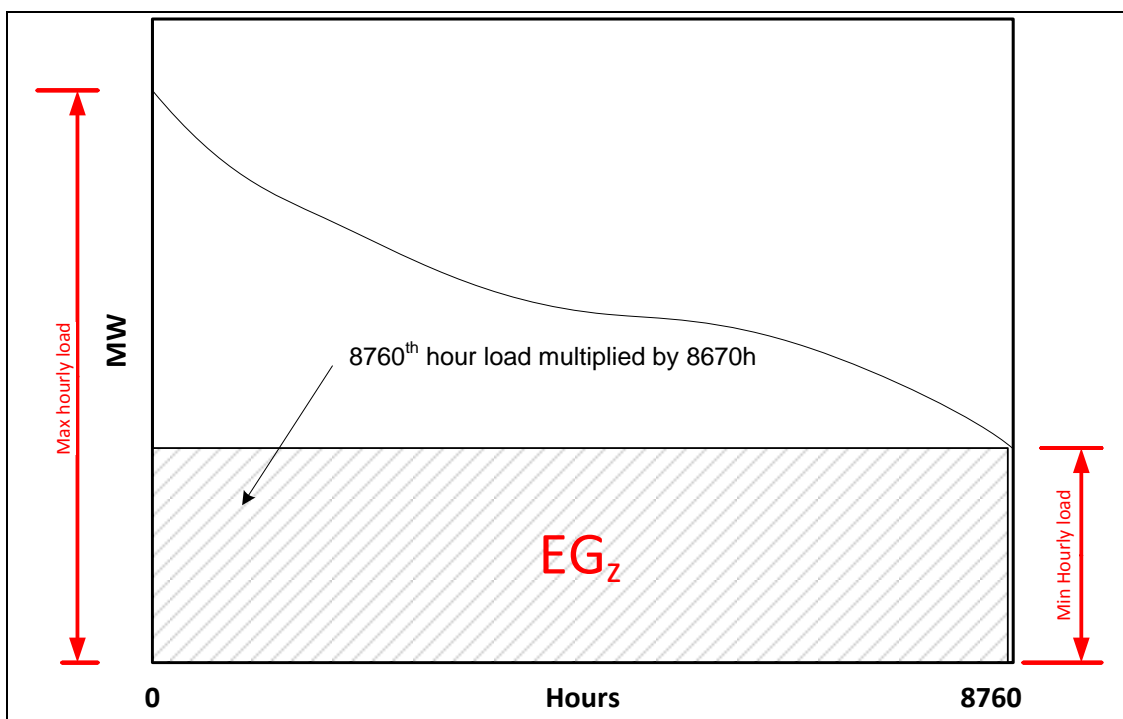
Where:

$EG_Z$  = The assumed electricity generation supplied to the grid at the lowest annual system load over the year (MWh)

$EL_Z$  = The lowest annual system load (MW)

$Z$  = Number of hours in year (h)

**Figure 2. Step (iii) (a)**



(b) For the following areas from the sorted load data take the level next to the one from the previous step, subtract the load from the previous level and multiply the result by number of hours that corresponds to this level (see also the figure below):

$$EG_{Z-L} = (EL_{Z-L} - EL_Z) \times (Z - L)$$

Equation (2)

Where:

$EG_{Z-L}$  = The assumed electricity generation supplied to the grid at the load Z-L (MWh)

$EL_{Z-L}$  = Load of the grid at the level of Z-L load (MW)

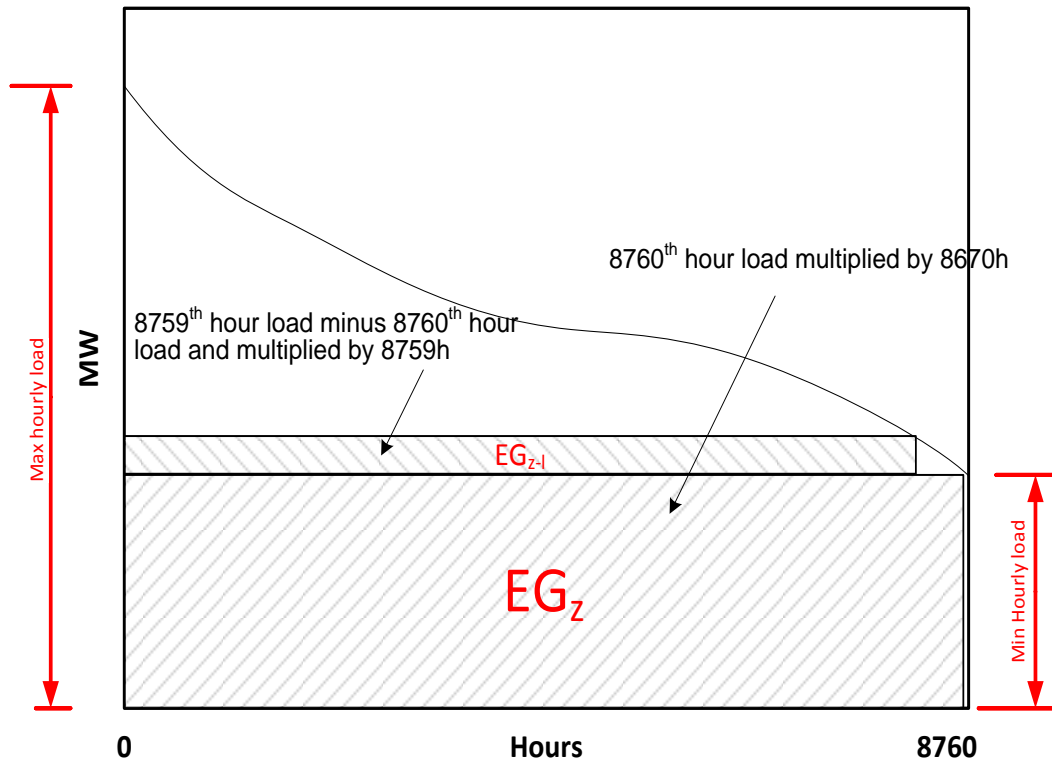
$EG_Z$  = The assumed electricity generation supplied to the grid at the at the lowest annual system load over the year (MWh)

$EL_Z$  = The lowest annual system load (MW)

$Z$  = Number of hours in year y (h);

L = Rank of the recorded load in the sorted list of loads starting from the lowest. For the first step L=0.

Figure 3. Step (iii) (b)



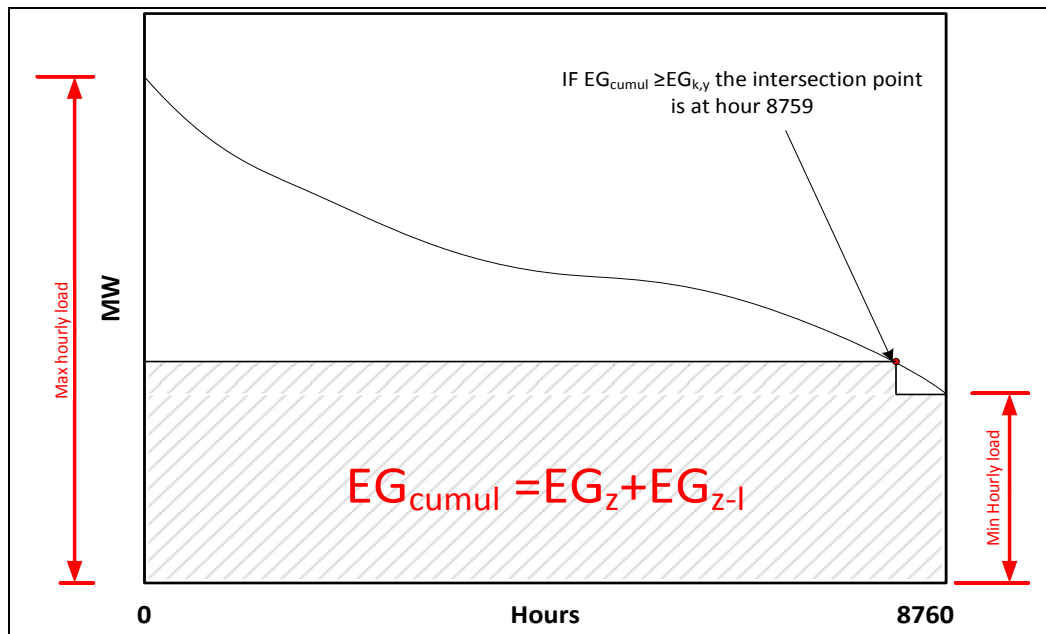
(c) Calculate the cumulative electricity generation:

$$EG_{cumul} = \sum_{L+1}^Z EG_{Z-L} + EG_{Z,L} \tag{Equation (3)}$$

(d) Check the cumulative electricity generation against the total generation (in MWh) from low-cost/must-run power plants/units (i.e.  $\sum_k EG_{k,y}$ ) till  $EG_{cumul} \geq \sum_k EG_{k,y}$  (See also the figure below).

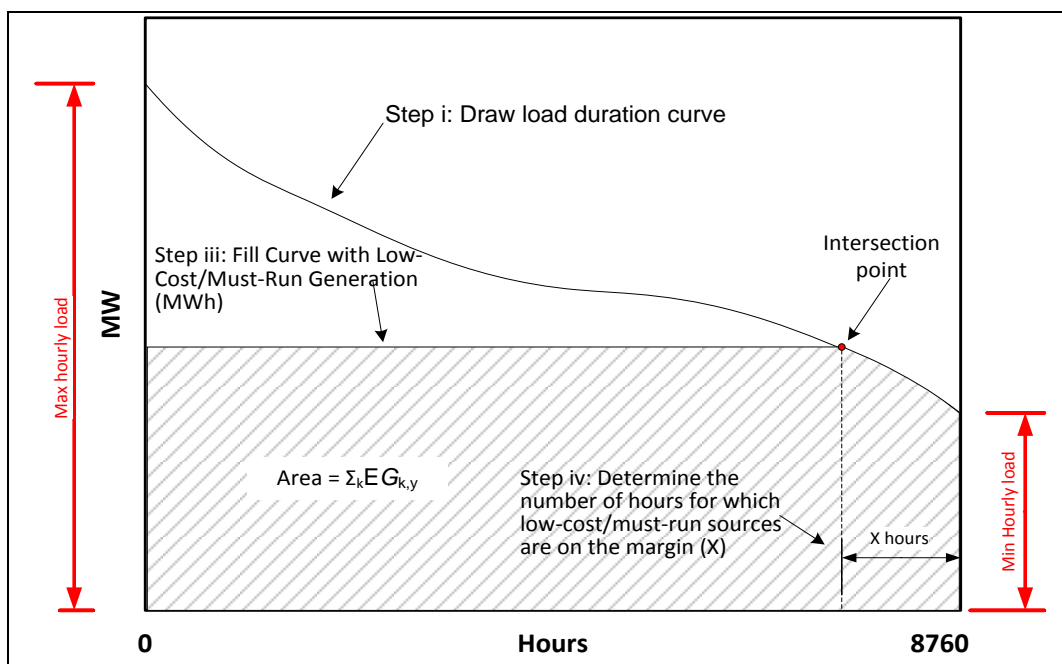


**Figure 4. Step iii (d)**



- Step (iv)** - Determine the “Number of hours for which low-cost/must-run sources are on the margin in year  $y$ . At the step where cumulative electricity generation reaches the level of the total generation (in MWh) from low-cost/must-run power plants/units, i.e.  $EG_{cumul} \geq \sum_k EG_{k,y}$  determine the value of  $Z-L$ . This is the number of hours for which low-cost/must-run sources are on the margin in year  $y$  (see also the figure below).

**Figure 5. Step (iv)**



## Appendix 4. Equation for calculating weighted average emission factor for an isolated grid

1. Weighted average emission factor (tCO<sub>2</sub>/MWh) based on average electricity production (the most recent one year data) from each type of plant can be calculated as the below:

Equation (1)

$$EF_{isolated\_grid,y} = \frac{EF_{LS\_FF} * EG_{LS\_FF,y} + EF_{LCC\_FF} * EG_{LCC\_FF,y} + EF_{G\_FF} * EG_{G\_FF,y} + EF_{GCC\_FF} * EG_{GCC\_FF,y}}{EG_{LS\_FF,y} + EG_{LCC\_FF,y} + EG_{G\_FF,y} + EG_{GCC\_FF,y} + EG_{RE,y}}$$

and

$$EG_{LS\_FF,y} = \sum_{n=1}^N EG_{LS\_FF,n,y} \quad \text{Equation (2)}$$

$$EG_{LCC\_FF,y} = \sum_{q=1}^Q EG_{LCC\_FF,q,y} \quad \text{Equation (3)}$$

$$EG_{G\_FF,y} = \sum_{r=1}^R EG_{G\_FF,r,y} \quad \text{Equation (4)}$$

$$EG_{GCC\_FF,y} = \sum_{s=1}^S EG_{GCC\_FF,s,y} \quad \text{Equation (5)}$$

$$EG_{RE,y} = \sum_{v=1}^V EG_{RE,v,y} \quad \text{Equation (6)}$$

Where:

$EF_{isolated\_grid}$  = Simplified combined margin emission factor of the isolated grid (t CO<sub>2</sub>/MWh)

$EF_{LS\_FF}$  = Emission factor of liquid or solid fossil fuel power plants supplying the isolated grid (t CO<sub>2</sub>/MWh) = take default value from case 1 paragraph 96 (b)

$EG_{LS\_FF,y}$	=	Total electricity supplied to the isolated grid by the power plants using liquid or solid fossil fuels (but excluding combined cycle power plants) in year $y$ (MWh/yr)
$EF_{LCC\_FF}$	=	Emission factor of combined cycle liquid fossil fuel power plants supplying the isolated grid (t CO <sub>2</sub> /MWh) = 0.42
$EG_{LCC\_FF,y}$	=	Total electricity supplied to the isolated grid by the combined cycle power plants using liquid fossil fuels in year $y$ (MWh/yr)
$EF_{G\_FF}$	=	Emission factor of open cycle gaseous fossil fuel power plants supplying the isolated grid (t CO <sub>2</sub> /MWh) = 0.47
$EG_{G\_FF,y}$	=	Total electricity supplied to the isolated grid by the gaseous fossil fuel open cycle power plants in year $y$ (MWh/yr)
$EF_{GCC\_FF}$	=	Emission factor of combined cycle gaseous fossil fuel power plants supplying the isolated grid (t CO <sub>2</sub> /MWh) = 0.32
$EG_{GCC\_FF,y}$	=	Total electricity supplied to the isolated grid by the gaseous fossil fuel combined cycle power plants in year $y$ (MWh/yr)
$EG_{RE,y}$	=	Total electricity supplied to the isolated grid by the renewable energy power plants in year $y$ (MWh/yr)
$EG_{LS\_FF,n,y}$	=	Quantity of net electricity generation supplied by the power plant $n$ that uses liquid or solid fossil fuel (but excluding combined cycle power plants) to the isolated grid in year $y$ (MWh/yr)
$EG_{LCC\_FF,q,y}$	=	Quantity of net electricity generation supplied by the liquid fossil fuel combined cycle power plant $q$ to the isolated grid in year $y$ (MWh/yr)
$EG_{G\_FF,r,y}$	=	Quantity of net electricity generation supplied by the gaseous fossil fuel open cycle power plant $r$ to the isolated grid in year $y$ (MWh/yr)
$EG_{GCC\_FF,s,y}$	=	Quantity of net electricity generation supplied by the gaseous fossil fuel combined cycle power plant $s$ to the isolated grid in year $y$ (MWh/yr)
$EG_{RE,v,y}$	=	Quantity of net electricity generation supplied by the renewable energy power plant $v$ to the isolated grid in year $y$ (MWh/yr)
$n$	=	Power plants that use liquid or solid fossil fuels, excluding combined cycle power plants, and that dispatched electricity to the isolated grid in year $y$
$q$	=	Combined cycle power plants that use liquid fossil fuels and that dispatched electricity to the isolated grid in year $y$
$r$	=	Open cycle power plants that use gaseous fossil fuels and that dispatched electricity to the isolated grid in year $y$
$s$	=	Combined cycle power plants that use gaseous fossil fuels and that dispatched electricity to the isolated grid in year $y$
$v$	=	Renewable energy power plants that dispatched electricity to the isolated grid in year $y$

- N* = Total number of power plants that use only liquid or solid fossil fuels, excluding combined cycle power plants, and that dispatched electricity to the isolated grid in year *y*
- Q* = Total number of combined cycle power plants that use liquid fossil fuels that dispatched electricity to the isolated grid in year *y*
- R* = Total number of open cycle power plants that use gaseous fossil fuels that dispatched electricity to the isolated grid in year *y*
- S* = Total number of combined cycle power plants that use gaseous fossil fuels that dispatched electricity to the isolated grid in year *y*
- V* = Total number of renewable energy power plants that dispatched electricity to the isolated grid in year *y*

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### Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
06.0	1 November 2017	EB 97, Annex 7 Revision to: <ul style="list-style-type: none"> <li>• Include simplified approaches on small isolated grids in SIDS and LDC;</li> <li>• Enhance the clarity of the requirements related to determine transmission constraints.</li> </ul>
05.0	27 November 2015	EB 87, Annex 9. Revision to: <ul style="list-style-type: none"> <li>• Provide the option of the simplified combined margin emission factor to the countries other than LDCs/SIDS/URCs;</li> <li>• Provide default values of lambda under the Simple Adjusted OM option;</li> <li>• Provide the additional applicability criterion for the Simple OM option;</li> <li>• Provide flow charts to illustrate application of different options under the tool.</li> </ul>
04.0	4 October 2013	EB 75, Annex 15. Revision to: <ul style="list-style-type: none"> <li>• Provide requirements for applying this tool for a programme of activities (PoA).</li> </ul>

## TOOL07

Methodological tool: Tool to calculate the emission factor for an electricity system

Version 06.0

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<i>Version</i>	<i>Date</i>	<i>Description</i>
03.0.0	23 November 2012	<p>EB 70, Annex 22.</p> <p>Revision to:</p> <ul style="list-style-type: none"><li>• Provide default factors for LDCs, SIDS and countries where less than ten CDM projects have been registered, when calculating the emission factor from off-grid electricity generation;</li><li>• Provide definitions for “low-cost/must-run” and “load shedding program”;</li><li>• Incorporate the revised criteria for the demonstration of transmission constraints;</li><li>• Clarify how to consider biofuels;</li><li>• Other editorial improvements.</li></ul>
02.2.1	29 September 2011	<p>EB 63, Annex 19.</p> <p>Editorial amendment to:</p> <ul style="list-style-type: none"><li>• Fix unit errors in equations (4) and (6);</li><li>• Provide clarity throughout the text.</li></ul>
02.2.0	3 June 2011	<p>EB 61, Annex 12.</p> <p>Amendment to:</p> <ul style="list-style-type: none"><li>• Provide flexibility for LDCs and countries where less than ten CDM projects have been registered, when calculating the grid emission factor; and</li><li>• Extend the procedure for the identification of sample groups of power units relevant to build margin calculation.</li></ul>
02.1.0	15 April 2011	<p>EB 60, Annex 8.</p> <p>The tool was amended to allow the use of an operating margin emission factor different from zero in case of connected electricity systems located in countries other than the project host country.</p>
02	16 October 2009	<p>EB 50, Annex 14.</p> <ul style="list-style-type: none"><li>• Inclusion of provisions to allow for the inclusion of off-grid power plants in the calculation of the electricity system emission factor; and</li><li>• Deletion of the previous Option A in the operating margin emission factor calculation, as this option is covered by the previous Option B1 (A1 after revision)</li></ul>
01.1	29 July 2008	<p>Editorial revision to:</p> <ul style="list-style-type: none"><li>• Incorporate the “Tool to calculate baseline, project and/or leakage emissions from electricity consumption”; and</li><li>• Provide additional clarification on the composition of a sample group for the calculation of the build margin.</li></ul>

TOOL07

Methodological tool: Tool to calculate the emission factor for an electricity system

Version 06.0

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<i>Version</i>	<i>Date</i>	<i>Description</i>
01	19 October 2007	EB 35, Annex 12. Initial adoption.

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Decision Class: Regulatory

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