

**TABLE FOR COMMENTS**

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#	Para No./ Annex / Figure / Table	Line Numb er	Type of comment ge = general te = technical ed = editorial	Comment (including justification for change)	Proposed change (including proposed text)	Assessment of comment (to be completed by UNFCCC secretariat)
1			ge	<p>The appendix proposes a distinction between known users and unknown users and links this distinction to a following distinction between investment scenarios. There can be three criteria</p> <ol style="list-style-type: none"> <li>1. is the distinction between known users and unknown users realistic for cogeneration projects and is it helpful for analysing a CDM project</li> <li>2. how strong is the link between known/unknown user and the investment scenarios</li> <li>3. how realistic is the distinction of the investment scenarios for cogeneration</li> </ol> <p>Aside of these three criteria, the Guidelines for Determining Baselines for Measures (01.0) are meant to lead from these conditions to a choice of the baseline adequacy.</p> <p>I would like to suggest two considerations that could be more pertinent for cogeneration than the distinction between known/unknown users. The intention of these Guidelines is that measures can be subsumed as independent or not and that this distinction can be employed for CDM rule-making.</p> <p>First, in cogeneration any application is always more efficient than separate generation of heat and power. Therefore in all cases, the comparison of a project case with the P2 and H2 scenario is without insight or merit to qualify a scenario. Second, the very rationale to "co-generate" is to bind together what was independent previously, so in cogeneration the distinction between independent measures or linked measures is always misleading. In other words, cogeneration implies that the three situations in Step 4 are blurred. The higher the number of independent users being turned into dependent users by the measure, the better the measure (cogeneration).</p> <p>In my opinion, these two considerations render the distinction between IS-1 and IS-3 inadequate because a different typology of measures and a different set of investment scenarios is required.</p>		

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2			ge	<p>When users are unknown, either because there are many typically in district heating or district cooling, or because the investor makes an investment bet that there are users which appear later on because of the power or heat supply he proposes, a third-party investor (IS-3) is more likely.</p> <p>Many unknown users implies generally heat (or cooling) users since they can use fossil fuels in smaller units to supply heat. Many unknown users generally doesn't imply power generation since small generators are not economic. The unknown users' case could thus comprise a baseline for heat with a benchmark based on manufacturer's specifications, and for power a baseline with the Tool for the emission factor for an electricity system.</p>		
3			ge	<p>When all users are known and can be defined in investment scenarios, then these users are likely to be larger energy consumers than in the unknown user case.</p> <p>A possible consideration for methodology development can be the existence of cogeneration specific investment entities, such as investment companies specialised in cogeneration installations for agricultural wastes or in cogeneration for large HVAC (not necessarily ESCOs). In some countries such entities operate in commercial form because there is investment capital for sustainability objectives, while in other countries such entities use public funds with preferential interest rates. Such entities can be versatile third-party investors assembling larger heat users and sizing the most economic cogeneration units. A cogeneration methodology for multiple known users could comprise a baseline definition reflecting the larger heat users and have other conditions than those in IS-3.</p>		

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4	para 24		ge	<p>AM48 vs4 is applicable when new power generation (P2) and new heat generation (H2) are "the most plausible baseline scenarios". "The most plausible" meaning with the lowest levelized cost, at a similar heat to power ratio.</p> <p>This is a severe restriction. It is perhaps intended to be preferable to the formulation in AM48vs.3.1 regarding fuel and efficiency changes (scenarios 2a and 3a), however it is quite different in substance and does not improve the usability of the meth.</p> <p>Besides the known limits inherent in the levelized cost method (esp. cost of investment capital, as thoroughly debated in CDM), this restriction would increase the applicability in countries with low fuel costs, and decrease the applicability in countries with high fuel costs (and low capital costs), since cogeneration implies higher investments and lower fuel consumption. This seems to me a mix up of concerns about additionality and adequacy of the baseline.</p> <p>There are different factors that are strong barriers for cogeneration projects that can not enter the levelized cost calculation. I would like to reformulate my comment last February for AM14, conditions for the overall thermal efficiency of cogeneration systems can be defined that might serve the purpose of para 24 better than the levelized cost criterion.</p>		