Template for comments

Date: 24 July 2015	**Document:** CDM-MP67-A20 Information Note: Analysis and proposals on the revision of "Tool to calculate emission factor of electricity system"

TABLE FOR COMMENTS

Name of submitter: _Daniel Rossetto_____

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0	1	2	3	4	5	6
#	**Para No./ Annex / Figure / Table**	**Line Number**	**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*)**
	Paragraph 4	All	General	The Tool to Calculate the Emission Factor for an Electricity System inadvertently penalizes renewable energy project activity in countries with high heritage hydro electricity generation - and where there is a significant contemporary increase in the usage of embedded diesel generation within existing networks. As such we welcome the opportunity to comment on the Information Note abovementioned with a view to assisting in the process of reforming the Tool such that the environmental integrity of the CDM be improved.	None – refer to other comments	

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	Paragraph 10	Section B	Technical	50% is an arbitrary level for must-run or low-cost plant and does not reflect any real constraint or natural cut off point, especially in countries where there is a high penetration of heritage hydro electricity plants with a low marginal cost of generation.	The CDM Executive Board should consider removing the requirement that there be a 50% threshold and instead require that the project participant demonstrate the plants are, in fact, must-run or have an exceptionally low marginal cost of generation. Such demonstration for the purposes of validation and/or verification could be achieved via consultation with the national authority.	
	Paragraph 10	General	Technical	The use of three-year averages leaves grid emissions factors particularly vulnerable to large swings in the operating margin from year to year. As the attached data supplied by the Ghanaian national authority shows, a large amount of gas-fired generation dispatched in 2014 has brought down the emissions coefficient by more than 50% in one year even though it is based on three-year average. This is exceptionally penalizing to new renewable energy projects in that country wishing to set the grid emissions factor on an ex ante basis.	In addition to the other reforms discussed in this paper, the CDM Executive Board should consider allowing project participants to work with national authorities to select larger data sets (beyond three years) for the purposes of calculating the operating margin.	

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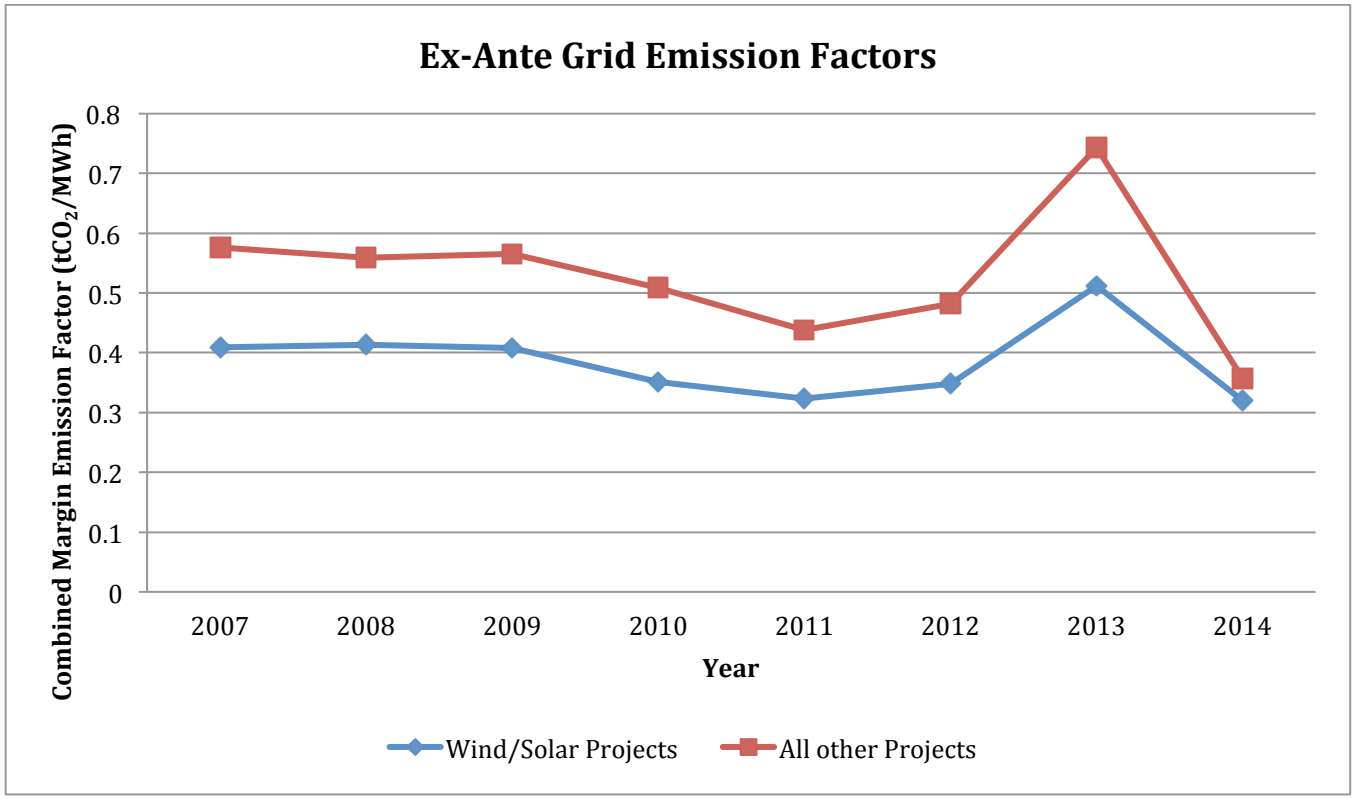
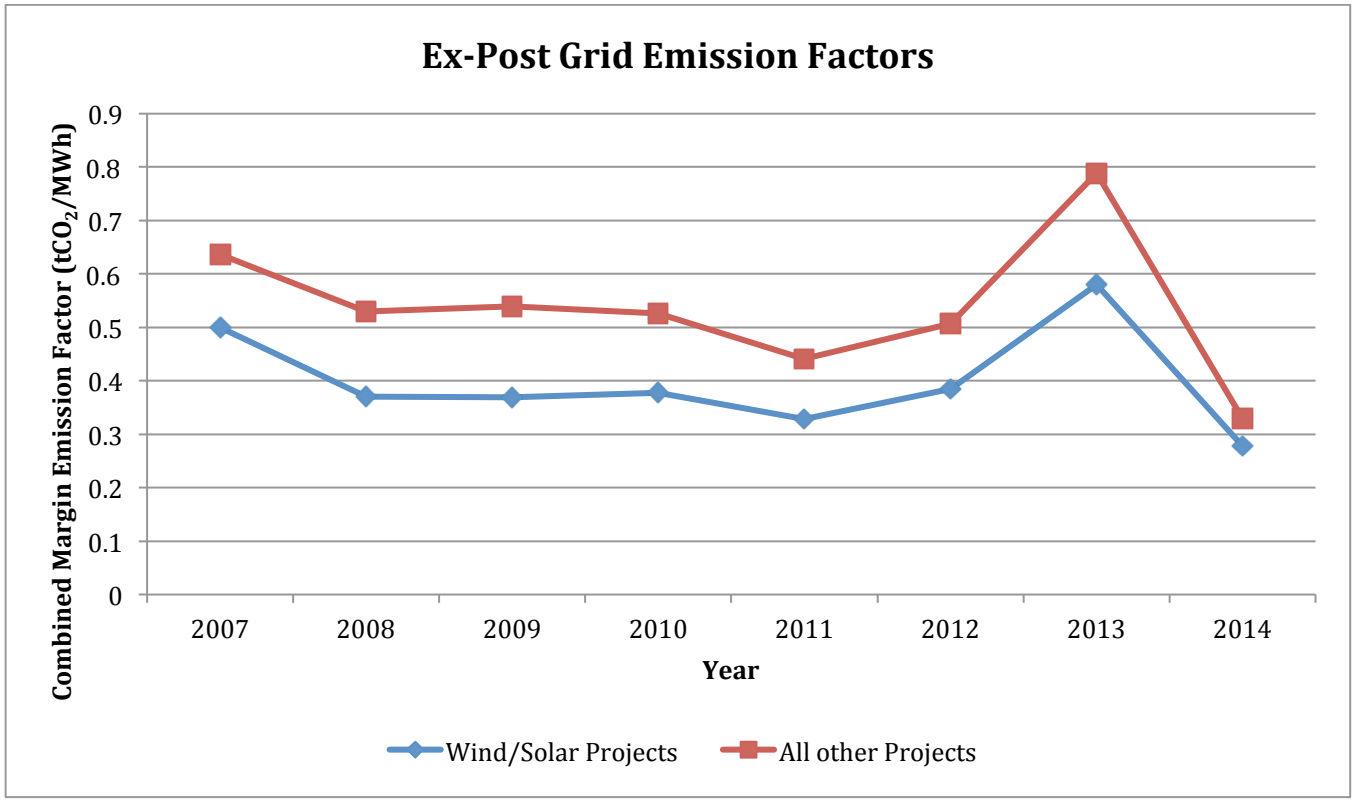
	Paragraph 12	None	Technical	In many countries where there is a substantial level of heritage hydro electricity generation – with Mali, Burkina Faso and Ghana being examples – the recent trend is towards the construction of new thermal generation. Therefore, by limiting the weighting of build margin - when compared to operating margin which is given a much higher weighting by default – the Tool artificially penalizes a renewable energy project activity in these countries by limiting its ability to generate CERs. The data below supplied by the Energy Commission of Ghana illustrates this point with absolute clarity, as the grid emissions factor for wind and solar in the country – calculated in accordance with the current Tool - is consistently below that which can be used by other projects. Making a change to this approach would offer fairer representation of business as usual emissions in the absence of the project activity and therefore enhance the environmental integrity of the CDM as a whole.	The CDM Executive Board should consider making specific and explicit reference to the possibility of higher weightings for build margin within the overall combined margin calculation, for the specific case where the development trend is clearly thermal – and where the project participants are able to justify their selection of different weighting.	
	Paragraph 21	None	Technical	It is absolutely clear that in many developing countries – particularly those in West Africa - there has been a proliferation of embedded generation running on diesel by individual power users. This generation serves as a means of increasing the reliability of their supply in the context of blackouts, which could be avoided altogether if there were more large-scale renewable energy generation installed in the countries concerned. Data on these embedded generators is, however, generally not available to Governments. Therefore it cannot be included in the build margin calculations as they stand.	The CDM Executive Board should consider allowing project participants to make an assumption – in consultation with the host country government – about the penetration of diesel-fuelled embedded generation within the build margin calculations.	



Data supplied courtesy of the Energy Commission of Ghana



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