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**Re: Call for Input on Non-Binding Best-Practice Examples on the Demonstration of  
 Additionality to Assist the Development of PDDs, Particularly for SSC Project  
 Activities**

Honourable Members of the Executive Board and the CDM Small-Scale Working Group,

In response to the Executive Board's 25 June—31 July 2007 call for inputs requesting non-binding best practice examples on the demonstration of additionality to assist the development of PDDs, in particular for SSC project activities, EcoSecurities would like to respectfully submit the following comments for your consideration.

As a general observation, EcoSecurities wishes to confirm that the existing tools to assess additionality, including EB guidance, are sufficiently rigorous and flexible to ensure environmental integrity without constraining CDM project activities under the Marrakech Accords. With regard to the identification of the baseline scenario, the [Combined tool to identify the baseline scenario and demonstrate additionality](#) is indeed useful, however its utility is limited to circumstances where all potential alternative scenarios to the proposed project activity are available options to project participants. Therefore, further guidance on how to identify the baseline scenario would be appreciated for cases where not all of the potential alternative scenarios to the proposed project activity are available options to project participants, as such guidance would facilitate standardisation of PDD elaboration, including consistent proof of additionality. Regarding Attachment A to Appendix B of the simplified modalities and procedures for small-scale CDM project activities (*Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories*), EcoSecurities believes the tool and guidance on additionality for small scale project activities is also sufficiently rigorous and simplified without constraining project identification. EcoSecurities supports the guidance and believes that it should remain as is, including the flexibility of selecting “at least one” of the barriers.

However, given the need to attract investments of a larger scale, and to facilitate identification and registration of projects activities across the globe to expand the scope and impact of the CDM, we welcome any robust, simplified procedure to assess additionality. Given the aforementioned considerations, EcoSecurities hopes that the EB will consider the following streamlined best-practice 3 steps-technology-checklist as it pursues a similarly vigorous but more efficient adaptation of the existing tool:

- 1) Is the technology in question required by law or regulation?
- 2) Is the technology in question the least cost option for provision of the products/services?
- 3) Is the technology in question common practice?

If a negative response were secured for each of the aforementioned three (3) questions and independently verified, then additionality could be confirmed in a more straightforward way. This approach would not be intended to replace *existing* additionality tools, but rather to offer a more streamlined and easy to understand alternative that could be applied, under specified circumstances, to SSC and other identified large-scale methodologies. Certainly, a 3-step-technology approach like the one suggested above would require proper elaboration and consideration of applicability conditions, least-cost calculation and common practice analysis, as is practiced within some fuel switch methodologies.

In addition to the comments submitted herewith, please also find attached a brief outlining some more detailed considerations pertaining to the SSC methodologies. On behalf of EcoSecurities, thank you for allowing and considering our input on these issues.

Respectfully submitted,



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Enclosed: SCC Methodology Best Practices

Enclosurement:

SCC Methodology Best Practices  
Prepared by EcoSecurities

*Introduction*

EcoSecurities believes the major constraints for CDM project activities within the given bottom-up, project-by-project approach, particularly for small scale activities, are not additionality issues strictu sensu, but rather methodological or other<sup>1</sup> issues. In the case of some SSC methodologies, the project participant is expected to follow guidelines similar to those of large scale methodologies (e.g. complete electricity grid carbon emissions factor calculations in AMS-I.D. *Grid connected renewable electricity generation*). In other cases, the small scale baseline or monitoring methodology is too complicated to implement (e.g. requirement to monitor power, operating hours and energy use of installed devices in AMS II.C *Demand-side energy efficiency programmes for specific technologies*).

*Specific challenges associated with a number of approved small scale methodologies*

- AMS- I.C. *Thermal energy for the user with or without electricity*, v11: The latest version of the methodology significantly restricts potential project activities due to the applicability criteria, which is further outlined below:
  - “Where *thermal* generation capacity is specified by the manufacturer, it shall be less than 45 MW” (formerly “Where *generation* capacity is specified by the manufacturer, it shall be less than 15MW”). The methodology is now restricted to either heat only, or heat and electricity unit additions. The addition of electricity units to existing heat units is no longer allowed, and there is no other applicable methodology for such project activities.
  - “In the case of project activities that involve the addition of renewable energy units at an existing renewable energy facility, the *total* capacity of the units added by the project should be lower than 45 MW<sub>th</sub>” (formerly the *added* capacity of the units added by the project should be lower than 45 MW<sub>thermal</sub>). This restriction to maximum capacity of the project activity limits the applicability of the SSC significantly.
  - “In the case of project activities that involve the addition of renewable energy units at an existing renewable energy facility, the total capacity of the units added by the project ... should be physically distinct from the existing units.” This limitation does not allow for the expansion of existing cogeneration facilities, even if the project activity complies with the applicability criteria. We therefore suggest adding the language: “...,except for existing cogeneration facilities where such physical distinction between units cannot be made.”
- AMS – I.D. *Grid connected renewable electricity generation*: This requires a complete grid emissions factor (GEF) calculation, in accordance with approved methodology ACM0002. Calculating grid emissions factors is time consuming, due to both the complexity of gathering accurate data, and to the challenge of calculating the GEF. For the amount of CERs generated by a small renewable energy project activity, the time and effort required for the grid calculation renders the project activity impracticable. We

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<sup>1</sup> E.g. good governance, institutions, financial structures etc.

therefore suggest that project proponents may opt to use, without detailed recalculation, the lowest factor of the same grid of a registered CDM project activity.

- *AMS II.C Demand-side energy efficiency programmes for specific technologies:* Requiring monitoring of either the “power” and “operating hours,” or the “energy use” of the devices installed using an appropriate methodology, is too costly to apply for projects involving the installation of numerous individual devices. Despite some flexibility in the methodology (sampling is allowed), it is difficult and costly to sufficiently monitor the required parameters for project activities such as the installation of energy efficient light bulbs, especially if the bulbs are installed in buildings which have an important variance in patterns of usage (e.g. commercial and industrial buildings, as opposed to households)". We acknowledge that PoA might be a facilitative instrument which will yet have to prove its applicability.
- *AMS-III.H. Methane recovery in wastewater treatment and AMS-III.I Avoidance of methane production in wastewater treatment through replacement of anaerobic lagoons by aerobic systems:* This does not allow for greenfield methane recovery projects, limiting project activities to those with existing wastewater lagoons. Elaborating a specific methodology for greenfield projects would significantly increase the number of applicable small-scale wastewater project activities.
- The applicability of a number of methodologies could be expanded. An example include the expansion of the applicability of *AMS-III.K Avoidance of methane release from charcoal production by shifting from pit method to mechanized charcoaling process*, which includes the production of charcoal in a new facility or facilities equipped with recovery and flaring/combustion of the methane generated in the production process. Without harm to environmental integrity this methodology could have wider applicability if it also allowed for capture and destruction of methane in existing charcoal production facilities.
- Restrictions on default flare efficiency could be loosened while still ensuring environmental robustness of methodologies. For open flares in SSC project activities, a 50% efficiency default is required. However, typically, the efficiencies of open flares are as high as closed flares. The default of 50% is not based on observed technical data, but rather, is assigned as an arbitrary default because of monitoring challenges. A manufacturer’s default efficiency should be allowed as long as the flare is operated according to the manufacturer’s specifications (which can and should be monitored). For instance, the AC3000 Organics open flare, which is used for some CDM project activities, is an open flare with a manufacturer’s efficiency of 98%. This will allow for increased generation of CERs for small scale projects, particularly small scale animal farms that have a minimal need for power generation from biogas, thereby making more SSC projects happening without risk of overestimation of real emission reductions.
- Important, potentially attractive sectors are not covered yet. Methodologies on non-renewable biomass and biofuels would offer large CDM potential for SSC projects.
- Finally, clarification about additionality for CDM Programme Activities (CPA) is needed. In Annex 38 to EB32 (guidance), Art. 8, it is written that "The PoA shall define at registration, the type of information which is to be provided for each CPA to ensure that leakage, additionality, establishment of the baseline, baseline emissions, eligibility and double counting are unambiguously defined for each CPA within the PoA." EcoSecurities would like clarification as to whether additionality must be proven for each individual CPA. This could indeed be time-consuming and difficult. EcoSecurities strongly hopes that one applicable additionality argument is allowed for all CPAs in a PoA.

*Conclusion*

EcoSecurities believes that the barriers to small scale CDM project activities are rather the result of methodological than additionality challenges. However, for certain project activities, the latter could be simplified by a streamlined additionality check, as we have proposed under the 3-step-technology checklist. Any lingering methodological constraints can be alleviated by minimizing costly and time-consuming procedural components to small scale methodologies, and by widening the applicability of existing methodologies.