



SUBMISSION BY GERMANY ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES

Berlin, 23 February 2007

Subject: Methodologies for small-scale CDM project activities that propose the switch from *non-renewable biomass* to *renewable biomass*

Background

The EU welcomes the call for public input by the EB on "proposals for methodologies for small-scale clean development mechanism project activities that propose the switch from *non-renewable biomass* to *renewable biomass*, addressing issues related to leakage, differentiation between *renewable* and *non-renewable* biomass and consistency with paragraph 7 (a) of decision 17/CP.7".

The EU believes that some of the small scale projects that propose to switch from *non-renewable biomass* to *renewable biomass* under the CDM can have important benefits for sustainable development and reduce GHG emissions. The EU supports crediting of certain small-scale projects under the CDM provided that methodological challenges are appropriately addressed and that they are consistent with the Marrakesh Accords.

Distinguishing between renewable and non-renewable biomass

The EU considers biomass a crucial source of renewable energy. In this submission, the use of the terms *renewable biomass* and *non-renewable biomass* is strictly limited to the context of small-scale CDM project activities and these terms are interpreted according to the definitions contained in Annex 18 to the report of the twenty-third meeting of the Executive Board. The EU, however, does not endorse their use in other contexts.

According to this definition, *renewable biomass* means biomass that is grown in a sustainable manner, not involving long-term losses of carbon stocks. In contrast, *non-renewable biomass* means that the extraction of biomass from a land area is not sustainable and that carbon stocks on the land area decrease over time.

The EU believes that a clear distinction between *renewable biomass* and *non-renewable biomass* is difficult in practice, as the distinction depends on the management of land over large time intervals.

Consistency with paragraph 7(a) of decision 17/CP.7 and paragraph 13 of the annex to decision 16/CMP.1

Paragraph 7(a) of decision 17/CP.7 and paragraph 13 of the annex to decision 16/CMP.1 limits crediting of LULUCF activities under the CDM for the first commitment period to afforestation and reforestation – and thus excludes crediting the avoidance of losses of biospheric carbon stocks, which is currently dealt with under the SBSTA agenda item on reducing emissions from deforestation in developing countries.

Following the definition of *renewable biomass* by the EB, the key distinction between *non-renewable* and *renewable* biomass is that long-term average carbon stocks are not reduced in harvesting *renewable biomass*. Emission reductions from switching from *non-renewable* to *renewable biomass* result from the fact that levels of carbon stocks are maintained in the project (use of *renewable biomass*) whereas they would decrease in the baseline (use of *non-renewable biomass*). The EU's view is therefore that crediting of the carbon content of the *non-renewable biomass* would not be consistent with paragraph 7 (a) of decision 17/CP.7 and paragraph 13 of the annex to decision 16/CMP.1.

Nevertheless, the EU believes that project activities that improve energy efficiency or introduce a new renewable energy technology other than *renewable biomass* (such as, for example, projects introducing solar cookers) should be credited under the CDM. It can reasonably be argued that such projects will displace fossil fuels in a longer term perspective. Firstly, users of the *non-renewable biomass* would have to switch to other fuels in the future, as an implicit assumption is that depletion of the biomass would continue in the absence of the project and thus not be available anymore from the point in time when the *non-renewable biomass* would be depleted. This could include fossil fuels if no other renewable technologies are available and attractive. Secondly, projects that increase energy efficiency or introduce a renewable energy source decrease the demand for fossil fuels in the economy.

However, project activities that only concern a fuel switch from *non-renewable biomass* to *renewable biomass* without improving energy efficiency or introducing a new renewable energy technology only manage land areas in a different way. Therefore, the EU believes that such project types should not be eligible under the CDM.

A way forward

The EU would like to encourage the CDM Executive Board to carry out further work on the proposal by the small-scale working group (SSCWG), as contained in Annexes 5 and 6 of the report of its fifth meeting. This should include a methodological approach to convert the savings of *non-renewable biomass* in equivalent savings of fossil fuels. The EU believes that the proposal by the SSCWG is a workable solution to that.

Finally, the EU strongly believes that the scope of such a methodology should be limited to small scale energy efficiency or renewable energy project activities that displace the use of *non-renewable biomass* by household or other non commercial users. Project activities addressing the needs of household consumers are expected to have particularly high side benefits related to health (linked to indoor air quality) and the quality of life (linked to the collection of biomass), which would not apply to most other users of bioenergy. Possible application to commercial large-scale operations would raise additional concerns (socio-economic, biodiversity and other issues), some of which are addressed in the decision 19/CP.9 but not under decision 17/CP.7.
