

Comments and Information on the Leakage Concern on AM0001

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I, as a drafter of the NM0007 and also an expert on the methodologies, would like to submit my comments on the decision of the CDM EB at its 15th Session to request the Meth Panel to review AM0001.

Comments on the Process Credibility

The CDM EB set a rule on revisions of the approved methodologies at EB 15, saying that “The Board further agreed that if an approved methodology requires significant revisions, its further use shall be put on hold and announce this in the UNFCCC CDM web site and CDM news facility”.

As for the AM0001, only a *concern* is raised without any evidences/studies. Therefore, the EB did *not* judge that the significant revision is required but asked the Meth Panel to assess its need to do so. This is *beyond* what was decided as above.

I recognize that this decision on AM0001 reduces the credibility of the approval process of the methodologies very much. I understand to make such a revision if some mistakes or failure are found with appropriate evidences and/or studies submitted. However, in this case of AM0001, only a *concern* is raised without any concrete evidences/studies. Therefore, the request to the Meth Panel is *beyond* what was decided at the EB 15.

Actually, I can raise so many concerns on any approved methodologies (*e.g.*, most of the methodologies neglected some emissions without appropriate uncertainty analysis and also did not assess the rebound leakage effect raised for AM0001 at all).

I would like to clarify whether any EB or alternate member can stop using the *approved* methodology by raising only *concern* without specifying evidences/studies.

Comments on the Need to Estimate Leakage for CDM Methodologies

Theoretically, macro-economical rebound effects can be found in most of the projects which produce some products/services (not limited to the international goods/services). To date, no methodologies (approved or not yet approved) have assessed this effect, as far as I am

aware.

The judgement of the EB on AM0001 may be recognized as a signal that such “assessment on the rebound effect” is needed for the methodology development from now on. Scientifically, it is apparent that without assessment, it cannot be judged that such effects can be negligibly small. However, it is extremely difficult to assess such effects fully and quantitatively in many cases. Requirement of such assessment may lead the confusion of the project developer and imply the collapse of the methodology approval process.

In addition, almost all of the methodologies except for NM0007-rev (original methodology for AM0001) do not include the quantitative assessment of the uncertainties associated with emissions from each source. How the EB recognize this inconsistency?

Information on the Rebound Effects for AM0001 on HFC 23 Decomposition Project

In the case of HCFC 22/HFC 23, the rebound leakage effect can be recognized as negligibly small.

In developed countries, it is unrealistic to increase the demand of refrigerant—just cost reduction of the resin, *i.e.*, feed stock—even if the HCFC 22 production cost decreases in developing countries through implementation of CDM project. In addition, most of the developed countries are Annex I countries with emission caps, thus this effect does not need to be considered even if present, theoretically.

In developing countries, HCFC 22 demand is expected to increase as shown in the TEAP Report (05/2003). For air conditioners, cost ratio of (air conditioner)/(refrigerant) is negligibly small (around 0.2%).¹ Therefore, it is totally unrealistic that the decreasing price of HCFC 22 triggers increasing demand of the air conditioners (thus demand of HCFC 22). Similar situation is found for HCFC 22 demand for resin production.

I have a concern that the Meth Panel tries to deal with this issue by, *e.g.*, setting some discount factor on emission reductions *without* any supportive information nor logics. Such illogical treatment very much depresses the credibility of the process additionally.

¹ Typically, the volume of HCFC 22 needed for one air conditioner is around 700–800 g equivalent to around \$2. The price of air conditioner is the order of \$500–1,000. The decrease of a portion of \$2 does NOT influence the demand of the air conditioner.

Other Issues

I understand that the task assigned to the Meth Panel is to assess the leakage effect of the AM0001. I realize some other concerns were raised by DuPont (and others) on other aspects. I am ready to submit comments on these other concerns—but I believe most of them are out of question, so at this stage I will not do so because it is beyond the requirement to the Meth Panel.

I believe that the Meth Panel should *not* reconsider other aspects which are not assigned to them.