

Suggestions for the AMS.III.Q; proposed revision in the methodology version 5:

Background:

Approved consolidated baseline and monitoring methodology ACM0012 is a Consolidated baseline methodology for GHG emission reductions from waste energy recovery projects.

This methodology is applicable under the following conditions:

- For project activities which recover waste pressure, the methodology is applicable where waste pressure is used to generate electricity only and the electricity generated from waste pressure is measurable;
- Regulations do not require the project facility to recover and/or utilize the waste energy prior to the implementation of the project activity;
- The methodology is applicable to both Greenfield and existing waste energy generation facilities. If the production capacity of the project facility is expanded as a result of the project activity, the added production capacity must be treated as a Greenfield facility;
- Waste energy that is released under abnormal operation (for example, emergencies, shut down) of the project facility shall not be included in the emission reduction calculations.

AMS.III.Q is baseline methodology for GHG emission reductions from waste energy recovery (gas/heat/pressure) projects.

Suggestions:

It will be a wise approach to include the Green field waste energy generation facilities in AMS .III.Q Version 05. As large scale **consolidated baseline and monitoring methodology ACM0012** is applicable to both **Greenfield** and existing waste energy generation facilities.

Draft revision of Methodology AMS.III.Q. Version 05 require following change to cover green field waste energy generation facilities. We propose that the methodology may be amended as per below;

Technology/measure

1. The category is for project activities that utilize waste gas and/or waste heat at existing facilities **or new facility /green field facility** converting the waste energy carried in the identified WECM stream(s) into useful energy.

2. Waste energy generation facilities;

(i) Existing facilities (includes the project facility and the recipient facility) are those that have been in operation for at least **one** years immediately prior to the start date of commissioning/operation of the project activity (. All options for demonstrating the use of waste energy in the absence of a CDM project activity shall be based on historic information and not on a hypothetical scenario.

(ii) **Green field facilities are those that have started commercial production at the same time as project activity.**

6. The category is applicable under the following conditions:

(g) In cases where the energy is exported to other facilities (included in the project boundary), the following are required; we suggest to add the (IV) option in the methodology as below::

“ (iv) where the energy (electricity) is exported to the Grid combined margin CO2 emission factor of recipient grid would be applied.”

(i) It shall be proven by using one of the following options that the WECM stream

waste gas/heat/pressure utilized in the project activity would have been/were flared or released into the atmosphere in the absence of the project activity: this shall be proven by one of the following options, we suggest to add the (V) option in the methodology as below:

“(v) Demonstrating the use of waste energy in the absence of a CDM project activity for Green field project activity shall be established through investment analysis to demonstrate that the drawing power from the baseline source or imported power from grid power the baseline alternative is financially more attractive than the Project activity.”

Logic behind the above suggestion:

1. That the implementation of the Project activity may sometime take 2-3 years of time from the start date of the Project Activity. Thus if the “**start date**” is considered as the reference date line then a large number of such small scale project get excluded in which the potential to generate less than 15MW power is only available. Such small project activities are not viable to apply ACM 0012 ver 4 or any large scale methodology.
2. Because the validation charges are so high for the large scale Project activity that people are not finding it viable even for the Actual large Scale Projects and thus are either not implementing or if have implemented it then are not going to get validated as cost of Validation and verification are becoming more than the CDM revenue.
3. It is a logical conclusion that the project facility viability is not related to the use of waste energy so long as the waste energy is not found to be of any use in the Project Activity; thus this does not require any more financial calculation. Hence for electricity energy generating project activities in the Waste energy generation facilities the combination of the Project facility with power generating project activities can be as below:-
 - (i) Project facility (A)+ Power generation from Project Activity without CDM (B) =(A)+ (B)
 - (ii) Project facility (A) + Power from Grid (C)= (A)+ (C)
 - (iii) Project facility (A) + Power generation from Coal based CPP. (D)= (A)+ (D)

In the above three option even if only power generation in the Project activity (I.E. OPTION (B)) from Waste energy generation facilities; Project Activity (B) is found less viable than either of (C) or (D) then considering the profitability of project facility (A) as constant and not influenced by the Project Activity; then there is no purpose to calculate the profitability of the Project facility.

Calculating the profitability of the project facility will unnecessary add to the cost of validation, verification and increase the time and create more confusion and would be disincentive to SSC project proponents. So long as the profitability of project facility is independent of the project activity and it’s alternatives till then there is no point or no use of linking the profitability of the Project facility to the Project Activity. To make it more clear please note the below equation:

- (i) **If** = {(A)+ (B)} < {(A)+ (C)} < {(A)+ (D)}
- (ii) **THEN** = { (B)} < { (C)} < {(D)}
- (iii) **If** = {(A)+ (B)} > {(A)+ (C)} > {(A)+ (D)}
- (iv) **THEN** == { (B)} > { (C)} > {(D)}

The above algebraic logic clearly establishes that there is no purpose and utility of Calculating the Profitability of the Project facility and only the profitability or the investment analysis of the Project activity and it’s alternatives are sufficient for the purpose of establishing the additionality.

Thus it is requested to kindly make suitable amendments in the Methodology and the Additionality test process or procedures.