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15th July 2011

**CDM Methodologies Panel**
UNFCCC secretariat
P.O. Box 260124
D-53153 Bonn
Germany

Dear Methodology Panel Members,

**SUBJECT : Call for public input on the draft revised methodology AM0023 / Version 4.0.0 open until 17 July 2011 24.00 GMT.**

Macquarie Bank Limited ('Macquarie') welcomes the opportunity to contribute to the call for inputs from public stakeholders on the revision of methodology AM0023. We would like to comment on one specific aspect of that revision.

The draft revised methodology clearly defines two types of leak detection and repair (LDAR) programs:

1. a "Conventional" LDAR program which is required by local regulation; and

2. an "Advanced" LDAR program which is in addition to the Conventional LDAR program and the introduction of which forms the basis of the CDM project.

**Comment. Baseline emissions.**

In Step 3 (page 7) the draft methodology makes an assertion that:

> *"the physical leak would often cease to leak when the equipment would undergo maintenance",*

and that, as a consequence

> *"emission reductions from physical leaks, should only be accounted for by whichever of the following is earlier:*
>
> *(a) Five years…"*

This assumption of a maximum five year period of time that a leak may occur for is also introduced in Step 4 under Option 2, on page 9:

> *"The following assumption should be made in the calculation of baseline emissions:"*
>
> *"• Baseline emissions from a specific leak j or a specific component r are included in the calculations until whichever of the following occurs first: "*
>
> *"(d) The maximum period of five years for which a specific leak is accountable is over."*

We believe that the data and calculations used in CDM projects should be consistent with what has been observed in jurisdictions in which those CDM projects may be hosted. The simple use of a five year assumption in the revised methodology is not consistent with the baseline studies already completed for projects using the original methodology.

The introduction of an Advanced LDAR captures many leaks that a Conventional LDAR is simply unable to find. Maintenance times for different components that the CDM project may cover varies between countries and facilities. The baseline study of the maintenance practices for projects in certain countries may provide clear evidence that the sealing of gas leaks that are not detectable by the Conventional LDAR occurs less regularly than once in five years, and the methodology should allow for the accurate maintenance period in the context of a specific project to be applied.

Within the processes and systems established within an Advanced LDAR under a CDM project it is perfectly possible, and in fact best practice today, to introduce a system to record when such a repair or maintenance would have occurred for that specific project and whether the maintenance under the Conventional LDAR would have captured or eliminated the leak in question.

It is therefore within the capacity of an Advanced LDAR to capture the date on which such maintenance would have occurred and to use this as the basis of the assumed date for sealing the gas leak, rather than an arbitrary five year assumption.

The baseline study and monitoring plan for a CDM project and subsequent verifications of such maintenance work data should be able to establish the correct process to account for the maintenance date and to ascertain whether the Conventional LDAR would have captured or eliminated a specific leak during the full crediting period of the CDM project.

We therefore advocate that the draft methodology is further revised to remove the five year limitation to allow for recording of maintenance schedules in line with actual practice in respect of the specific project, which may only repair such leaks less regularly than once every five years.

We would be pleased to provide further information and clarifications at your request.

Yours sincerely,

Nicholas Allen
Environmental Financial Products

**MACQUARIE BANK LIMITED**