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# CRITERION FOR DOUBLE-COUNTING ISSUE

Naoki Matsuo; Climate Experts Ltd.

Naoki Matsuo

Climate Experts Ltd.

RATIO 1002, Tsukiji 1-10-11, Chuo-ku,  
Tokyo 104-0045, Japan

E: [n\\_matsuo@climate-experts.info](mailto:n_matsuo@climate-experts.info)  
W: <http://www.climate-experts.info/>

In the case of bio-diesel fuel (BDF), for example, the lifecycle stages are categorized from upper to lower as

Biomass production/supply → BDF production/supply → BDF consumption.

Theoretically, these three stages can be CDM projects each by each simultaneously. However, it shall not be allowed that two (or more) CDM projects claim for CER for the same one liter of BDF consumption (i.e., displacement of petro-diesel) activity.

Here let us provide an easy to handle criterion for the "double-counting":

## Criterion:

The project participants shall demonstrate that the CERs they claim for are not supplied by another CDM project activity in the upper stage, if they claim for CER from multi-stage product (in the sense of nondivergent carbon chain stoichiometrically).

The lower stage cannot be realized unless upper stage exists. Therefore, the criterion is based on "causal relation".

Another "procedure" may be useful:

## Procedure:

If the project participants cannot identify the source in the upper stage, statistical method (e.g., weighted average) can be used to calculate the ratio of source by CDM projects in the upper stages. The DOE judges the appropriateness of the calculation at the validation stage.

In case of BDF, the BDF producer (as a participant of the CDM project) shall assess whether the biomass was supplied by another CDM project or not (in the upper stage). The BDF produced by non-CDM biomass supplier can only be the target of CER to be claimed for.

Similarly, the BDF consumer (if it wants to claim for CERs as a CDM project participant) shall assess whether the purchased BDF was produced by some CDM projects. If it is difficult to identify the BDF supplier, the market ratio of BDF by CDM PJs is assessed.



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It is noted that the criterion and the procedure can be applied for any multi-stage product CDM projects in the sense of nondivergent carbon chain.

In case of electricity saving project, if the calculation method of the marginal grid emission factor counts for all existing power plants connected to the grid, it includes the effect of CDM projects in the upper stage (power supply stage). Therefore, it is not necessary to adjust the calculation method anymore.

In addition, the criterion is consistent with the EB26 guidance (Annex 12):

“... in the case that it can be demonstrated that the project activity is using biomass originating from a registered A/R project activity (i.e. through contractual agreement for procurement of biomass), emissions related to the production of the biomass need not be accounted for (see EB 25 paragraph 38)”.

Postscript:

It is needed if a BDF consumer wants to claim for CERs for the activity to use the BDF, she/he shall demonstrate its additionality, and the activity shall be validated (with a new methodology to be approved) and registered as a CDM project.

Similarly, if a biomass supplier wants to claim for CERs for its biomass production/supply activity, she/he shall start such production with an intention to obtain CERs, and the activity shall be validated (with a new methodology to be approved) and registered as a CDM project.