




F-CDM-RtB

 CDM: FORM FOR SUBMISSION OF “LETTER TO THE BOARD” (Version 01.1) <i>(To be used only by the Project Participants and other Stakeholders for submitting Letter to the Board as per Modalities and Procedures for Direct Communication with Stakeholders)</i>	
Name of the stakeholder ¹ submitting this form (individual/organisation):	Climate Concept Foundation (CCF)
Address and Contact details of the individual submitting this Letter:	Address: c/o Fisher Field Waterhouse LLP, Am Sandtorkai 68, 20457 Hamburg, Germany Telephone number: +49-40-8788698-751 or +49-163-5253998 E-mail Address: brandt@climate-concept-foundation.org
Title/Subject (give a short title or specify the subject of your submission)	Comment on CDM project proposal currently requesting registration (period for requesting review ends 25 th January 2012)
Please mention whether the Submitter of the Form is:	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other Stakeholder, please specify Environmental NGO
Specify whether you want the Letter to be treated as confidential ²):	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
Purpose of the Letter to the Board:	
Please use the space below to describe the purpose for submitting Letter to the Board. (Please tick only one of the four types in each submission)	
<input type="checkbox"/> Type I: <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid gray; padding: 2px;"><input type="checkbox"/> Request Clarification</div> <div style="border: 1px solid gray; padding: 2px;"><input type="checkbox"/> Revision of Existing Rules</div> </div> <ul style="list-style-type: none"> <input type="checkbox"/> Standards. Please specify reference <input type="checkbox"/> Procedures. Please specify reference <input type="checkbox"/> Guidance. Please specify reference <input type="checkbox"/> Forms. Please specify reference <input type="checkbox"/> Others. Please specify reference 	
<input type="checkbox"/> Type II: Request for Introduction of New Rules	
<input checked="" type="checkbox"/> Type III: Provision of Information and Suggestions on Policy Issues	

¹ Note that DNAs and DOEs shall not use this form to submit letter to the Board.

² Note that the Board may decide to make this Letter and the Response publicly available



Please use the space below to describe in detail the issue that needs to be clarified/ revised or on which the response is requested from the Board as highlighted above. In doing this please describe the exact reference source including the version (if any).

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1) Project Design Document (PDD) for CDM project proposal named “*N₂O abatement project of Nitric Acid Plant of PetroChina Company Limited Liaoyang Petrochemical Company*”; Version 02, 5th September 2011

2) Validation Report for this project proposal by Designated Operational Entity RINA, Version 1.3, dated 24th October 2011

both to be found under <http://cdm.unfccc.int/Projects/DB/RINA1319483275.71/view>

3) Written Statement by the Climate Concept Foundation submitted during the global stakeholder consultation period dated 24th October 2010

to be found under

<http://cdm.unfccc.int/Projects/Validation/DB/27N7461E6ZFW925JODWNGA10A70K93/view.html>

Please use the space below to any mention any suggestions or information that you want to provide to the Board. In doing this please describe the exact reference source including the version (if any).

We ask the CDM EB members to seriously consider requesting a review of project “*N₂O abatement project of Nitric Acid Plant of PetroChina Company Limited Liaoyang Petrochemical Company*”.

The current baseline emissions are 30-40% too high due to incorrect assumptions for the baseline technology.

This could potentially lead to an over issuance of more than 700,000 Certified E mission Reductions over the first 7 year crediting period (more than 100,000 CERs per year for emission reductions which did not occur).

For further details, please consult our letter to the CDM EB (see below “attached files”).

If necessary, list attached files containing relevant information (if any)

- Letter to the CDM Executive Board dated 18th January 2012

Section below to be filled in by UNFCCC secretariat

Date when the form was received at UNFCCC secretariat

18 January 2012

2012-061-S

History of document

Version	Date	Nature of revision
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.



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The Climate Concept Foundation

Christopher Brandt, Executive Director

brandt@climate-concept-foundation.org

<http://www.climate-concept-foundation.org>

18th January 2012

To the

Executive Board for the Clean Development Mechanism

His Excellency Martin Hession (Chair)

United Nations' Climate Change Secretariat

– per E-Mail –

Reference: Request for Registration - "N₂O abatement project of Nitric Acid Plant of PetroChina Company Limited Liaoyang Petrochemical Company"

Period for Requesting Review 29th December 2011 to 25th January 2012

Excellency,

Esteemed ladies and gentlemen serving on the CDM Executive Board,

the Climate Concept Foundation (CCF) is an environmental charity pursuing, amongst other aims, to promote the ecologic integrity of climate policy instruments such as the CDM.

We ask the CDM EB members to seriously consider requesting a review of project "N₂O abatement project of Nitric Acid Plant of PetroChina Company Limited Liaoyang Petrochemical Company".

The current baseline emissions are 30-40% too high due to incorrect assumptions for the baseline technology.

This could potentially lead to an over issuance of more than 700,000 Certified E mission Reductions over the first 7 year crediting period (more than 100,000 CERs per year for emission reductions which did not occur).

The DOE's validation report dismisses our comments submitted during the global stakeholder consultation period by written statement dated 24th October 2010; we remain convinced that the baseline scenario identification undertaken by the project proponents and the derived baseline emissions do not correspond with the methodological requirements.



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The Climate Concept Foundation

Christopher Brandt, Executive Director

brandt@climate-concept-foundation.org

<http://www.climate-concept-foundation.org>

Without reiterating the comments made during the global stakeholder consultation, we would like to point out several statements made in the validation report (p. 18 therein) that indicate a highly questionable evaluation of the project proposal:

- 1) *“Primary measures for N₂O destruction or abatement is eliminated as it’s not feasible for the existing plants because that it requires modifications of the oxidation gauzes.”*
 - Comment CCF: This is incorrect. The source referenced in the Validation Report does not support this statement. Any type of primary catalyst gauze can be used in any nitric acid plant without or only minor changes in the overall system; most plant operators change the gauze type used from time to time, for example, in order to learn about technological advancement of production technology.

- 2) *“First of all, currently the commercially available primary N₂O destruction catalyst is FTCplus catalyst from Heraeus... [is not being used]”*
 - Comment CCF: There are several other primary catalyst gauze types available on the market other than FTCplus which can be expected to reduce N₂O emissions, too. For example, we have some indication that the Ecocat gauze marketed by gauze supplier Johnson Matthey plc (UK) is capable of reducing N₂O emissions.

- 3) *“Regarding to the N₂O destruction efficiency, a few sample plants have shown a 30 – 40% N₂O reduction by primary measures, while secondary abatement technology can achieve 80% - 94% N₂O reduction efficiency.”*
 - Comment CCF: Here, the validating DOE admits that primary technology could yield emission reductions. The question to be asked at this point is why this technology would not be used in the baseline scenario. This needs to be discussed in the PDD evaluating all available options (not just FTCplus)¹.
 - The DOE’s statement seems to imply that low-N₂O primary catalyst technology cannot be used simultaneously to using a secondary catalyst (which is why primary options do not need to be discussed). This is incorrect. Both technologies can be combined resulting in an even lower level of N₂O emissions intensity.

¹ According to a reference list available on the company website, the Ecocat gauze supplied by Johnson Matthey plc (UK) probably also is a “low-intensity-N₂O gauze”. This is indicated by the fact that it is predominantly employed in nitric acid production facilities that are not suitable for AM0034 (or AM0028) based CDM-projects: most plants are based in Europe (and thus only eligible for JI participation, which is – in the vast majority of EU member states – implemented using a benchmark value instead of a measured baseline). Those located in Turkey are not eligible, because Turkey does not meet the JI participation requirements and Japanese plants are ineligible due to the Japanese government not taking part in the JI. The few plants located in China are, so we suspect, ineligible for using AM0034 or AM0028, because they became commercially operational after the 31st December 2005 and therefore do not meet the methodological applicability criterion.

(see <http://www.noble.matthey.com/pdfs-uploaded/Ref%20List%20%20Eco%20-%20Cat%20-%20April%2011.pdf>).



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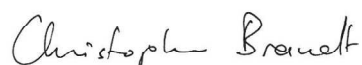
- 4) *“For existing plants, such as the case of the proposed project, the primary measures costs much higher as new reactor may be required along with other plant modifications.”*
 - Comment CCF: This statement is (as already said at point 1) incorrect.

- 5) *“In addition, because of the reasons above, primary measure for N₂O abatement is not feasible for the proposed project and has not been listed in the alternative technologies analysis in the approved FSR [i.e. a company internal Feasibility Study Report].”*
 - Comment CCF: At this point, the validating DOE seeks justification for the elimination of primary technology by citing a company internal feasibility study. This implies that the plant operator has – in the DOE’s opinion – the discretion to define the scope of baseline alternatives that are to be assessed in the identification procedure. If a company-internal feasibility study were a suitable source for deciding against certain technological choices principally available to CDM project proponents, companies requesting CDM registration could eliminate baseline scenario alternatives that are disadvantageous to them. This justification therefore is plainly inappropriate.

- 6) *Moreover, according to the methodology AM0034 version 05.1.0 /05/, the applicability of the methodology is limited to the existing production capacity and definition of “existing” includes that “N₂O is generated and not for the process with new ammonia oxidizer”. Hence, the primary measures which needs modification of the ammonia oxidizer is not applicable to the applied methodology AM0034.”*
 - This statement is incorrect (as stated at point 1).
 - The DOE’s statement furthermore implies that the scope of baseline scenario alternatives to be analyzed by the project proponents is limited by the AM0034 applicability criteria: (wrongly!) assuming that primary measures require a major plant modification (i.e. the existing plant no longer exists as it must be significantly changed), the DOE allows the elimination of this scenario, because AM0034 is inapplicable to significantly modified plants. However, this is contrary to CDM regulations: if the applicability criteria of a methodology are not met, project proponents must use a different methodology, propose a new methodology or request a deviation.

Given these indications, we are seriously concerned about the quality of the evaluation undertaken by the validating DOE. We sincerely ask you to kindly take our comments into consideration when deciding whether or not to call this project proposal into review.

Most sincerely,



Christopher Brandt, Executive Director



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