




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 13 th September 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

“Sable Chemicals Tertiary N₂O Abatement Project in Zimbabwe”; Version 07, 9th June 2012

2) Validation Report for this project proposal by Designated Operational Entity Bureau Veritas, Revision 1, dated 2nd August 2012

both to be found under <http://cdm.unfccc.int/Projects/DB/DNV-CUK1340342075.42/view>

3) Written Statement by the Climate Concept Foundation submitted during the global stakeholder consultation period dated 10th October 2011

to be found under

<http://cdm.unfccc.int/Projects/Validation/DB/Y8IR6VCTMULD1LJSO11FCZCOWQOC6X/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 “Sable Chemicals Tertiary N₂O Abatement Project in Zimbabwe”.

We suspect that the baseline emissions could be overstated by 30-40% due to incorrect assumptions for the baseline technology.

This could potentially lead to an over issuance of more than 1,300,000 Certified Emission Reductions over the 10 year crediting period (more than 130,000 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 31st August 2012

Section below to be filled in by UNFCCC secretariat

Date when the form was received at UNFCCC secretariat 31 August 2012

2012-157-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>

31st August 2012

To the

Executive Board for the Clean Development Mechanism

His Excellency Maosheng Duan (Chair)

United Nations' Climate Change Secretariat

– per E-Mail –

Reference: Request for Registration - "Sable Chemicals Tertiary N2O Abatement Project in Zimbabwe" (UNFCCC Reference No. 6483)

Period for Requesting Review 17th August 2012 to 13th September 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 "Sable Chemicals Tertiary N2O Abatement Project in Zimbabwe" (UNFCCC Reference No. 6483).

There is a significant probability that 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 1.3 Mio Certified Emission Reductions over the 10 year crediting period (more than 130,000 CERs per year on average for emission reductions which in fact will not be additional).



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The Climate Concept Foundation

Christopher Brandt, Executive Director

brandt@climate-concept-foundation.org

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

The DOE's validation report reflected on some of the comments submitted by us during the global stakeholder consultation period by written statement dated 10th October 2011; however important aspects of the underlying assumptions have not been validated appropriately. We therefore remain convinced that there is a significant danger that the stated baseline emissions may be overstated.

The comments we submitted on AM0028 and AM0034 using the public comments interface on the UNFCCC website on 9th February and 27th April 2012 have contributed to initiating a discussion on the appropriateness of the current methodologies in the course of which the CDM Methodology Panel recommended the CDM EB to suspend N₂O reduction projects using any methodology other than ACM0019 until further notice. The Panel found – based on support by external experts – that AM0028 applied to nitric acid projects and AM0034 both are prone to an inaccurate assessment of baseline emissions.

The Meth Panel's investigation initiated by the CDM EB is very likely due to our continuous efforts to lobby for stricter practices concerning the application of methodologies AM0028 and AM0034 since several years. There is a long history of projects not applying these methodologies appropriately which now has been flagged by the Meth Panel.

As long as clarity on the appropriateness of the current methodology versions has not been attained, projects employing them should not be registered, unless they voluntarily use the most conservative approach within the scope of the present discussion, i.e. assume that N₂O emissions from the nitric acid production process are minimized by using high-palladium catalyst gauzes.

The crucial element of the discussion regarding the proposed CDM project activity is, whether or not the plant operator Sable would use high-palladium gauzes (rather than platinum gauzes) for its nitric acid plant's operation. If so, business-as-usual N₂O emissions would be lower, because N₂O formation occurs only to a lesser extent when using high-palladium gauzes. The project proponents state that Sable would not consider the use of high-palladium gauzes. They claim that there are technical barriers preventing the use of such gauzes.

Without reiterating the comments made during the global stakeholder consultation, we would like to point out several statements made in the Validation Report (p. 16 therein) that give cause to doubting the appropriateness of the evaluation of the project proposal:

In its Validation Report, the validating DOE argues that the use of high palladium content gauzes (i.e. gauzes allowing low N₂O-intensity nitric acid production is not the most appropriate baseline scenario. They name two arguments to support that claim:

- 1) *“ Technical efficiency: Some technologies of primary measure for N₂O destruction or abatement mainly needs to change the ammonia oxidation gauzes, without much change of the production equipment. However, this type of technology including that developed by Heraeus since 2000 has a much lower*



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Christopher Brandt, Executive Director

brandt@climate-concept-foundation.org

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

efficiency of N₂O reduction (30 – 40%) /33/ /34/, compared with the tertiary technology, which can achieve 90% abatement efficiency. In accordance with AM0028, the lower abatement efficiency is defined as one of technological barriers, which is the case for this technology of primary measure.”
(quoted from Validation Report p. 16 f.)

- **Comment CCF:** This statement is besides the point to be made, because it implies that primary measures cannot be combined with tertiary measures. The DOE implies that tertiary technology is to be favored over primary measures, because the former is more efficient. **This conclusion displays a lack of competence, because it is not an either-or-question: both approaches can be combined.** It is well feasible to use high palladium content gauzes and abate the lower amount of N₂O formed using tertiary technology.
- 2) *“Technical and operational risks: [...] Some of catalysts can achieve 80 – 90% reduction of N₂O but lower amount of NO is produced /33/, resulting in a lower nitric acid production. Reduced yield for nitric acid production is not in the benefit of the manufacturer and is a barrier for the catalyst to be used. Furthermore, Zimbabwe is just beginning to recover from a hyperinflationary environment /35/; companies including Sable are inclined to keep status quo rather than using new type of catalyst or technology.*
- **Comment on the apparent scope of the Validation:** *The statement refers to “...some...” technological options only. This is an inappropriate limitation of the Validation’s scope, because the Validation and Verification Manual clearly states that no reasonable baseline scenario alternative may be exempted from the baseline scenario identification procedure¹. In consequence, all available primary gauze alternatives must be checked, not merely some.*
 - **Comment CCF on assumed lower NO_x conversion rate / impact on production efficiency:** It is not made apparent in the Validation Report that this statement has been appropriately verified. We doubt that this statement is correct. For example, the gauze supplier Johnson Matthey has published a brochure on its product Eco-Cat, a high-palladium gauze pack, on its company website (see <http://www.noble.matthey.com/pdfs-uploaded/3%20EcoCat.pdf>). It is explicitly stated that **this gauze can be used without loss of conversion efficiency**.
 - This question is especially relevant, because we strongly believe that **there is** – contrary to what project proponents imply – **a business case for using high-palladium gauzes** instead of platinum gauzes. The price for palladium is less than half the price for platinum: today it was 1519 USD / ounce of platinum compared to 625 USD / ounce of palladium (see the technology provider’s website under <http://www.platinum.matthey.com>). This indicates that the price of a high-palladium catalyst should also be lower.
 - In case there is a cost saving benefit associated with the use of high-palladium catalysts, the additionality tool does not allow the use of a simple cost analysis for assessing additionality²; instead project proponents would have to undertake an investment comparison or a

¹ Paragraph 83 VVM: “If the methodology requires several alternative scenarios to be considered in the identification of the most reasonable baseline scenario, the DOE shall, based on financial expertise and local and sectoral knowledge, determine whether all scenarios that are considered by the project participants and are supplementary to those required by the methodology, are reasonable in the context of the proposed CDM project activity **and that no reasonable alternative scenario has been excluded.**”

² Paragraph 25 of the Tool for assessing additionality: If the CDM project activity and the alternatives identified in Step 1 generate no financial or economic benefits other than CDM related income, then apply the simple cost analysis (Option I). **Otherwise, use the investment comparison analysis (Option II) or the benchmark analysis (Option III).**



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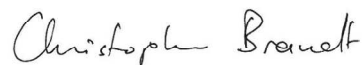
brandt@climate-concept-foundation.org

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

benchmark analysis comparing the use of high-palladium catalysts to using platinum ones.
The additionality section of the PDD would need to be rewritten (and validated anew).

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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