

 <p>CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD” (Version 01.2)</p> <p>This form should be used only by project participants and other stakeholders for submitting a “Letter to the Board” in accordance with the latest version of the <i>Modalities and procedures for direct communication with stakeholders</i></p>	
Name of the stakeholder ¹ submitting this form (individual/organization):	Alfonso Lanseros CO2 Solutions
Address and contact details of the individual submitting this form:	Address: C/Claudio Coello,76 Bajo C, 28001, Madrid, Spain Telephone number: 00 34 91 781 41 49 E-mail address: infocdm@co2-solutions.com
Title/Subject (give a short title or specify the subject of your submission)	Negative emissions reductions
Please mention whether the submitter of the form is:	<input checked="" type="checkbox"/> Project participant <input type="checkbox"/> Other stakeholder, please specify
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)
Please choose any of the type(s) below ³ to describe the purpose of this submission.	
<input checked="" type="checkbox"/> Type I: <input checked="" type="checkbox"/> Request for clarification <input type="checkbox"/> Revision of existing rules <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	
Please describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable).	

¹ DNAs and DOEs shall use the respective DNA/DOE forms for communication with the Board.

² As per the applicable modalities and procedures, the Board may make its response publicly available.

³ Latest CDM regulatory documents and information are available at: <http://cdm.unfccc.int/Reference/index.html> .

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According to EB 21 paragraph 18; EB 21 Annex 12 part II paragraph 4 and EB 66 Annex 25:

*The Board noted that, in some cases and for some methodologies, project activities may temporarily result in “negative emission reductions” in a particular year, for example due to poor performance or due to leakage effects outweighing emission reductions. In these cases, **proposed new methodologies should stipulate** that if a project activity temporarily results in “negative emission reductions”, i.e. baseline emissions minus project emissions minus leakage effects are negative, any further CERs will only be issued when the emissions increase has been compensated by subsequent emission reductions by the project activity*

Some methodologies (including methodology AMS-III.AS and ACM0003) consider a correction in the baseline emissions by using a conservative factor named “fuel penalty”, which exists for the following reason:

A project specific fuel “penalty” or fuel “bonus” may be applied because the combustion of biomass/ alternative fuels will affect the heat transfer efficiency in the manufacturing process.

In order to remain conservative, specific energy consumption (amount of product/ amount of energy) during the crediting period must be compared with the lowest specific energy consumption of the three previous years.

Nonetheless, the existence of the “fuel penalty” could generate unreal “negative emission reductions”, even beyond the 2- year extension of the beginning of a crediting period allowed by current rules, for the following reasons:

- Project activities that have not been able to consume alternative fuels for many different reasons (e.g. unexpected increases of alternative fuels prices, low prices of carbon credits, technical difficulties, etc.) must compare their energy consumption with the lowest of previous years. The “fuel penalty” is intended for the effects alternative fuels may have on heat transfer; however, a plant using insignificant quantities or no alternative fuels at all may still be incorrectly penalized for a reason which was clearly not the purpose of the rule.
- Project activities may include more than one heat exchange equipment with different efficiencies. A lower or higher usage of a more or less efficient equipment may generate discrepancies in the specific energy consumption, again for reasons that do not coincide with the purpose of the rule.
- The usage of extremely different heating values for the baseline and for the crediting period may generate very significant and unreal discrepancies, even if the fuels that are consumed remain the same (methodologies include as a possible source for the heating value of baseline fossil fuels IPCC default values at the lower limit of the uncertainty at a 95% confidence interval as provided in the 2006 IPCC Guidelines, while during the crediting period the methodology requires the use of the values at the upper limit of the uncertainty for the same fossil fuels... This may result in a penalty as high as 41% of the energy used by the project equipment, which is in many cases higher than the projected substitution. This may leave a project without credits for the only reason of low information availability, which is common in underdeveloped countries).

For most of project activities (such as wind or hydro projects) if the crediting period begins but the project has not been able to start, for the time the crediting period is running and the project is not operating, project proponents would simply not get credits.

The only existing rules regarding possible “negative emissions reductions” are referred to what methodologies should specify. The methodologies mentioned at the beginning of this document (AMS-III.AS and ACM0003), **do not stipulate anything**.

It seems appropriate that zero emissions reductions are claimed for the time projects are not consuming alternative fuels or consuming them at a minimal rate (reminding that also an inappropriate fuel bonus could be obtained); however, there is no specific guidance applicable to registered project activities that can be applied to support this.

Please provide any specific suggestions or further information which would address the issue raised in the previous section, including the exact reference source and version (if applicable).

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

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Section below to be filled in by UNFCCC secretariat

Date when the form was received at UNFCCC secretariat 31 July 2013

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History of document

Version	Date	Nature of revision
01.2	08 February 2012	Editorial revision.
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
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