

CDM-SSCWG42-A03

Draft Guideline

General guidelines for SSC CDM methodologies

Version 20.0

DRAFT



United Nations
Framework Convention on
Climate Change

COVER NOTE

1. Procedural background

1. The Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM), while considering a request for issuance of a project activity applying the small-scale methodology “AMS-II.B: Supply side energy efficiency improvements – generation”, at its seventy-fourth meeting, requested the small-scale working group (SSC WG) to examine whether the use of different approaches to calculate or monitor baseline and project emissions could result in inaccuracies in the overall emission reductions, and, if necessary, recommend a revision to the methodology to the Board.
2. The Board, at its seventy-fifth meeting (EB 75 report, paragraph 59) considered the recommendation of the SSC WG to provide general guidance on choosing appropriate information sources for parameter values, as part of a future revision of the “Clean development mechanism project standard” (PS) and the “Clean development mechanism validation and verification standard” (VVS) to ensure that the most conservative value is chosen in cases where more than one source is available, and ensure that detailed calculation and the underlying data to derive the value are provided where relevant. The Board requested the secretariat, in consultation with the SSC WG, to propose revisions to the PS and VVS to indicate, in particular, that for small-scale and large-scale projects:
 - (a) The project participants shall transparently list the sources of literature consulted in order to select the most appropriate/conservative value for a parameter. Original sources should be referenced using a standard method of referencing rather than quoting a secondary publication that refers to the sources. When more than one source is used to aggregate the data to derive the value, the sources used should be clearly indicated;
 - (b) The designated operational entities (DOE) shall determine whether the sources listed by the project participant are comprehensive and, based on their professional judgement, confirm whether the sources selected are the most appropriate based on the hierarchy of the documents, suitability of the data vintage, and relevance of the source, among other criteria.

2. Purpose

3. The purpose is to provide general guidance on the requirements regarding the use of consistent approaches and data sources while estimating baseline and project emissions in small-scale CDM project activities.

3. Key issues and proposed solutions

4. The use of different approaches and data sources to calculate baseline and project emissions (e.g. adopting different information sources for the same parameter) could result in inaccuracies in the overall emission reductions calculations.

5. Taking into account the guidance from the Board (EB 75 report, para. 59), the SSC WG agreed to propose a revision of the “General guidelines for SSC CDM methodologies” as contained here which aims to clarify the requirements regarding the use of consistent approaches and data sources while estimating baseline and project emissions.
6. The SSC WG also noted that the small-scale methodology “AMS-I.C: Thermal energy production with or without electricity” refers to the current procedures for determining baseline scenarios for Greenfield/capacity expansion project activities provided in the “General guidelines for SSC CDM methodologies” (EB 69, annex 27, paragraph 22) and agreed to assess in detail whether the procedure provided in the guideline can be made applicable to the Type-I methodologies. The SSC WG agreed to continue to consider the issue and propose a revision as necessary at a future meeting for the consideration of the Board.

4. Impacts

7. This will help project participants and designated operational entities during development and validation/verification of small scale project activities.

5. Subsequent work and timelines

8. No further work required for this proposal. However, the SSC WG will propose a further revision to the guidelines at a future meeting taking into account the issue related to the procedure to determine baseline scenario for Type-I project as discussed above.

6. Recommendations to the Board

9. The SSC WG recommends that the Board adopt the revised guidelines.

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1. Introduction

1.1. Background

1. The Executive Board (hereinafter referred to as the Board) of the clean development mechanism (CDM) adopted at its sixty-fifth meeting the “Clean development mechanism project standard” (hereinafter referred to as the project standard) along with other regulatory documents as deliverables of objective 3(b): “Clarification, consolidation and enhancement of the consistencies of all the existing regulatory decisions of the board that relate to validation and verification of project activities” of the “CDM management plan 2011”.
2. The project standard contains requirements for project participants to comply with in designing as well as in implementing any type of CDM project activities and programme of activities (PoAs) and monitoring greenhouse gas (GHG) emission reductions by sources or GHG removals by sinks. In particular, the project standard includes specific design requirements for proposed small-scale CDM project activities and small-scale PoAs.

1.2. Objectives

3. This document provides general guidelines¹ for applying small-scale CDM methodologies to the design of proposed small-scale CDM project activities and small-scale PoAs.

2. Scope, applicability, and entry into force

2.1. Scope

4. These guidelines are applicable for the project activities and PoAs using small-scale methodologies.

2.2. Applicability

5. This document is applicable to project participants and coordinating/managing entities who apply small-scale CDM methodologies to proposed small-scale CDM project activities and small-scale PoAs. This document is, however, not applicable to project participants and coordinating/managing entities using large-scale methodologies for project activities and PoAs that are within the small-scale project activity thresholds.
6. The requirements and procedures specified in the small-scale CDM methodologies have precedence over the provisions specified here.

2.3. Entry into force

7. **The date of entry into force is the date of the publication of the EB 76 meeting report on 8 November 2013.**

¹ See EB 53, annex 38 “CDM Executive Board decision framework: Decision hierarchy and document types issued by the Board” or its update for the definition of the general guidelines.

3. Definitions

8. The definitions contained in the Glossary of CDM terms shall apply.
9. In addition, the following terms are used in this document:
 - (a) **Should** - is used to indicate that among several possibilities, one course of action is recommended as particularly suitable;
 - (b) **May** - is used to indicate what is permitted.

4. Guidelines

4.1. References

10. When applying small-scale CDM methodologies, and in addition to applying the relevant provisions in the project standard, project participants and coordinating/managing entities should also consult the 'Rules and References' section of the UNFCCC CDM website <<http://unfccc.int/>>, which contains all regulatory documents of the CDM, such as standards (including methodologies and tools), procedures, guidelines, clarifications and the Glossary of CDM terms.

4.2. Project activity eligibility

11. For the following requirements, project participants and coordinating/managing entities must refer to applicable provisions for project activity eligibility for small-scale project activities in the project standard:
 - (a) Eligibility of project activities as small-scale CDM project activities;
 - (b) Output capacity of renewable energy equipment.

4.3. Bundling of project activities

12. If project participants bring together more than one proposed small-scale CDM project activity as a bundle, project participants must refer to the applicable provisions for bundling of project activities in the project standard.

4.4. Debundling for project activity and PoA

13. To demonstrate that a proposed small-scale CDM project activity (hereinafter referred to as a project activity) or proposed small-scale PoA (hereinafter referred to as a PoA) is not a debundled component of a large-scale project activity, project participants or coordinating/managing entities must refer to the applicable provisions for debundling of project activities or debundling of small-scale component project activities in the project standard.

4.5. Application of selected baseline and monitoring methodology

4.5.1. General

14. For the following requirements, project participants and coordinating/managing entities must refer to the applicable provisions for the application of selected baseline and monitoring methodology for small-scale project activities in the project standard:
- (a) Determination of equipment performance;
 - (b) Cases where leakage is to be considered;
 - (c) Lifetime of existing equipment;
 - (d) Lifetime of household devices/appliances;
 - (e) Use of norms, specifications, standards and test procedures cited in the SSC methodologies.

4.5.2. Establishment and description of the baseline scenario

15. For consideration of national policies and circumstances in baseline scenarios, project participants and coordinating/managing entities must refer to the applicable provisions for the establishment and description of baseline scenario for all project types in the project standard.

4.5.3. Demonstration of additionality

16. For demonstrating additionality, project participants must refer to the applicable provisions for the demonstration of additionality for small-scale project activities provided in the project standard. Coordinating/managing entities must refer to those provisions for small-scale project activities and PoAs in the project standard.

4.5.4. Monitoring plan

17. For monitoring the emission reductions from project activities, project participants must refer to the applicable provisions for monitoring plan for all project types and small-scale project activities. For PoAs, coordinating/managing entities must refer to those provisions for all project types, small-scale project activities and PoAs in the project standard.

4.6. Application of multiple methodologies for programmes of activities

18. For the application of multiple methodologies to a PoA, coordinating/managing entities must refer to the applicable provisions for application of multiple methodologies in the “Standard for demonstration of additionality, development of eligibility criteria and application of multiple methodologies for programme of activities”.
19. The following combinations of approved methodologies may be applied without further assessment of cross effects:
- (a) AMS-III.R with AMS-I.C (approved at EB 53);

- (b) Combination of any one of the Type-III methodologies where activities lead to methane generation (i.e. AMS-III.H, AMS-III.D, AMS-III.F and AMS-III.G), with any one of the Type I methodologies that utilise the methane for generating renewable energy, (i.e. AMS-I.A, AMS-I.C, AMS-I.D and AMS-I.F) (approved at EB 56);
- (c) AMS-III.D, AMS-I.C and AMS-I.F (approved at EB 61);
- (d) AMS-I.C and AMS-I.F (approved at EB 61);
- (e) AMS-III.AO and AMS-I.E (approved at EB 67);
- (f) AMS-I.A, AMS-I.D and AMS-I.F (approved at EB 67);
- (g) AMS-I.E and AMS-II.G (approved at EB 68).

4.7. Data and parameters

20. Unless otherwise specified in an applicable methodology or tool, IPCC default values shall be used only when country or project specific data are documented to be either (a) not available and/or (b) not reliable.
21. For the use of IPCC default values for emission coefficients, project participants and coordinating/managing entities must refer to the applicable provision for data and parameters in the project standard.
22. When applying methodologies or tools that require determination of particular parameter(s)² for calculating baseline as well as project emissions, but do not prescribe procedure(s) to determine those parameters, the same data sources (e.g. IPCC values, national values) and calculation and/or measurement procedure(s) of parameter (e.g. calculation of annual average flow rate, hourly measurements) shall be applied for both baseline and project emissions calculations. For example, if a measured emission factor is used for calculating emissions in the baseline, a measured emission factor shall be used for calculating emissions in the project unless otherwise specified in the applied methodology or tool.
23. Values that are applied in the calculation of baseline emissions, project emissions and leakage emissions shall be documented and if more than one value is found to be appropriate, a conservative value among the appropriate values shall be used.³ To support documentation that the appropriate, conservative value(s) have been utilized:
- (a) The project participants shall transparently list and describe the sources of values considered (e.g. peer-reviewed literature, test results, official reports/statistics). Original sources should be referenced using a standard method of referencing rather than quoting a secondary publication that refers to the sources. When more than one source is used to aggregate the data to derive the value, the sources used should be clearly indicated. The project participants shall provide

² Examples of such parameters are net calorific value, emission factor of a fossil fuel and energy consumption of a motor.

³ This is to prevent deliberate selection of information sources that: (a) provide less conservative values of a specific parameter; or (b) do not provide sufficient information on the calculation and data used to derive the value of a specific parameter.

justification as to why the values selected, and their sources, are appropriate, applicable and conservative;

- (b) The designated operational entities (DOE) shall determine whether the sources listed by the project participant are comprehensive and, based on their review and analysis as well as professional judgment, confirm whether the sources selected are appropriate and conservative based on the hierarchy of the documents, suitability of the data vintage, relevance of the source to the baseline and project scenario, and availability of relevant resources, among other criteria.

4.8. Project activity and programme of activities that displace energy supplied by external sources

24. Project activities and PoAs that displace energy supplied by external sources shall earn certified emission reductions (CERs) for the emission reductions associated with the reduced supply of energy by those external sources.

4.9. Biomass project

25. In the case of project activities and PoAs using biomass, emission reductions may only be accounted for the combustion of “renewable biomass”. Project participants and coordinating/managing entities must refer to the “Definition of Renewable Biomass”.
26. For leakage in project activities and PoAs using biomass, project participants and coordinating/managing entities must refer to the “General guidance on leakage in biomass project activities”.
27. If the project activity recovers and utilizes biogas for power/heat production and applies a Type I methodology on a stand-alone basis i.e. without using a Type III component of a SSC methodology, any incremental emissions occurring due to the implementation of the project activity (e.g. physical leakage of the anaerobic digester, emissions due to inefficient flaring), shall be taken into account either as project or leakage emissions.

4.10. Type II and III Greenfield projects

28. Type II and III Greenfield projects (new facilities) may use a Type II and Type III small-scale methodology provided that they can demonstrate that the most plausible baseline scenario for this project activity or PoA is the baseline provided in the respective Type II and Type III small-scale methodologies.⁴ The demonstration must include an assessment of the alternatives of the project activity or PoAs using the following steps:

4.10.1. Step 1

29. Identify the various alternatives available to the project proponent that deliver comparable levels of service, including the proposed project activity or PoA undertaken without being registered as a CDM project activity or PoA.

⁴ This paragraph is not applicable to methodologies that only cover existing facilities. Specific procedures for Greenfield project activities provided directly in the methodologies have precedence.

4.10.2. Step 2

30. List the alternatives identified in Step 1 that are in compliance with local regulations. If any of the identified baselines is not in compliance with local regulations, then exclude that alternative from further consideration).

4.10.3. Step 3

31. Eliminate and rank the alternatives identified in Step 2 taking into account barrier tests specified in the “Guidelines on the demonstration of additionality of small-scale project activities”.

4.10.4. Step 4

32. If only one alternative remains that:
- (a) Is not the proposed project activity or PoA undertaken without being registered as a CDM project activity or PoA; and
 - (b) Corresponds to one of the baseline scenarios provided in the methodology; then the project activity or PoA is eligible under the methodology.
33. If more than one alternative remains that correspond to a baseline scenario provided in the methodology, choose the alternative with the lowest emissions as the baseline.

4.11. Retrofit

34. For project activities and PoAs that seek to retrofit or modify existing units or equipment, the baseline may refer to the characteristics (i.e. emissions, efficiency) of the existing unit or equipment only to the extent that the project activity or PoA does not increase capacity or output or level of service unless detailed specifications are provided as part of the applied methodology. For any increase of capacity or output or level of service beyond this range due to the project activity or PoA, a different baseline shall apply.

4.12. Capacity increase

35. Type II and III project activities and PoAs involving capacity increase may use a Type II and Type III small-scale methodology provided that they can demonstrate that the most plausible baseline scenario for the additional (incremental) capacity is the baseline provided in the respective Type II and III small-scale methodologies.⁵ This demonstration must include the assessment of alternatives to the project activity or PoA using the steps described in paragraph 22-29 above.

4.13. Natural gas projects

36. For methodologies involving the use of natural gas the following definition of natural gas applies: “Natural gas is defined as a gas which consists primarily of methane and which is generated from: (i) natural gas fields (non-associated gas); and (ii) associated gas found in oil fields. It may be blended up to 1% per cent on a volume basis with gas from

⁵ The requirements specified in the methodology have precedence.

other sources, such as, inter alia, biogas generated in biodigesters, gas from coal mines, gas which is gasified from solid fossil fuels, etc.

4.14. Leakage due to transfer of equipment

37. For Type I methodologies, the requirement that the replaced energy-generating equipment should be scrapped and that this scrapping should be independently monitored is not needed since under most circumstances the replaced equipment would most likely replace less efficient equipment outside the project boundary.

Document information*

<i>Version</i>	<i>Date</i>	<i>Description</i>
20.0	18 October 2013	SSCWG 42, Annex 3 To be considered by the Board at EB 76. Revision to include the requirements regarding the use of consistent approaches and data sources while estimating baseline and project emissions.
19.0	13 September 2012	EB 69, Annex 27 Revision to include past clarifications by the SSC WG, for example the combination of methodologies eligible for a PoA, leakage due to transfer of equipment and requirements of biogas project.
18.0	2 March 2012	EB 66, Annex 23 Revision to remove requirements that have been incorporated into the CDM Project Standard as referenced in Appendix 1, <i>Implementation plan for the CDM Project Standard, Validation and Verification Standard and Project Cycle Procedure</i> (EB 65 report, annex 6, appendix 1).
17.0	3 June 2011	EB 61, Annex 21 To add additional combinations of methodologies for application to PoAs.
16.0	18 February 2011	EB 59, Annex 9 To clarify the rated/installed capacity of renewable electricity generating unit involving turbine-generator systems and applicable test procedures cited in SSC CDM methodologies.
15.0	26 November 2010	EB 58, Annex 23 (i) Editorial revision to include combination of any of the Type III methodologies where activities lead to generation of methane, with any of the Type I methodologies for utilising the methane

* This document, together with the 'General Guidance' and all other approved SSC methodologies, was part of a single document entitled: Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities until version 07.

<i>Version</i>	<i>Date</i>	<i>Description</i>
		generated for generation of renewable energy can be applied in PoAs; (ii) Revision to include any combination of SSC methodologies that has been applied in a registered project may also be applied in the context of PoAs.
14.1	03 August 2010	Modifying the title from “Guidelines to SSC CDM methodologies” back to its original title “General Guidelines to SSC CDM methodologies”.
14.0	30 July 2010	EB 55, Annex 35 To update the document to reflect the latest decisions of the Board including: Eligibility of SSC CDM project activities; Simplified modalities for demonstrating additionality for very small CDM project activities; Non-binding best practice examples to demonstrate additionality for SSC project activities; Guidelines for objective demonstration and assessment of barriers; Guidelines on assessment of de-bundling for SSC project activities; Application of multiple methodologies for a PoA; Definition of Renewable Biomass; Effect of the revision of an approved SSC methodology or tool (corrected); Definition of Natural Gas; Reference to CDM Glossary of Terms.
13.0	28 May 2010	EB 54, Annex 14 Revised guidelines for Type II and Type III Greenfield and capacity addition projects; Guidelines on lifetime of equipment revised to refer to Tool to determine the remaining lifetime of equipment.
12.1	16 October 2009	EB 50, para. 51 The Board agreed to approve the general guidelines for sampling and surveys for SSC project activities. The Board requested the secretariat to update the relevant sections of general guidance to SSC methodologies to reflect the approval of this guideline. As a consequence the following sentence on page 3 was deleted: “12. (e) the sample should be representative of the population and should have a minimum level of confidence of one times the standard deviation (one sigma), unless detailed specifications are provided as part of the indicated methodology.”

<i>Version</i>	<i>Date</i>	<i>Description</i>
12.0	02 August 2008	EB 41, Annex 20 Additional guidance on baseline for Type II Greenfield projects (new facilities), retrofit of existing equipment and capacity increase, consideration of lifetime of existing equipment, consideration of national policies in the baseline added.
11.0	19 October 2007	EB 35, Annex 35 Additional guidance to expand the applicability of all approved Type III methodologies to include Greenfield projects (new facilities).
10.0	29 September 2006	EB 26, Annex 27 General guidance on conversion factor for solar collectors to calculate output capacity from the area.
09.0	21 July 2006	EB 25, Annex 32 Revised general guidance on output capacity of renewable based energy generating equipment.
08.0	24 February 2006	EB 23, Annex 33 General guidance on monitoring from the simplified modalities and procedures for small-scale CDM project activities.

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History of the document: Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities

Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM project activities contained both the General Guidance and Approved Methodologies until version 07. After version 07 the document was divided into separate documents: 'General Guidance' and separate approved small-scale methodologies (AMS).

<i>Version</i>	<i>Date</i>	<i>Description</i>
07.0	25 November 2005	EB 22, Para. 59 References to "non-renewable biomass" in Appendix B deleted.
06.0	20 September 2005	EB 21, Annex 22 Guidance on consideration of non-renewable biomass in Type I methodologies, thermal equivalence of Type II GWhe limits included.
05.0	25 February 2005	EB 18, Annex 6 Guidance on 'capacity addition' and 'cofiring' in Type I methodologies and monitoring of methane in AMS-III.D included.

<i>Version</i>	<i>Date</i>	<i>Description</i>
04.0	22 October 2004	EB 16, Annex 2 AMS-II.F was adopted, leakage due to equipment transfer was included in all Type I and Type II methodologies.
03.0	30 June 2004	EB 14, Annex New methodology AMS III.E was adopted.
02.0	28 November 2003	EB 12, Annex 2 Definition of build margin included in AMS-I.D, minor revisions to AMS-I.A, AMS-III.D, AMS-II.E.
01.0	21 January 2003	EB 7, Annex 6 Initial adoption. The Board at its seventh meeting noted the adoption by the Conference of the Parties (COP), by its decision 21/CP.8, of simplified modalities and procedures for small-scale CDM project activities (SSC M&P).

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