

## Agenda item 4.1

Paragraph 26 of the annotated agenda

**PNM0378: Use of renewable sources of carbon instead of fossil sources in the production of thermoplastic resins and its components.**

**CDM EB 107**

**Virtual meeting**

**21 to 23 September, 30 September to 2 October and 5 October 2020**



## Procedural background

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At MP80, the MP considered the submission of NM0378 and identified issues that were shared with the submitter for clarification.

At MP81, the MP assessed the resubmission and agreed to recommend that the Board reject the proposed new methodology.

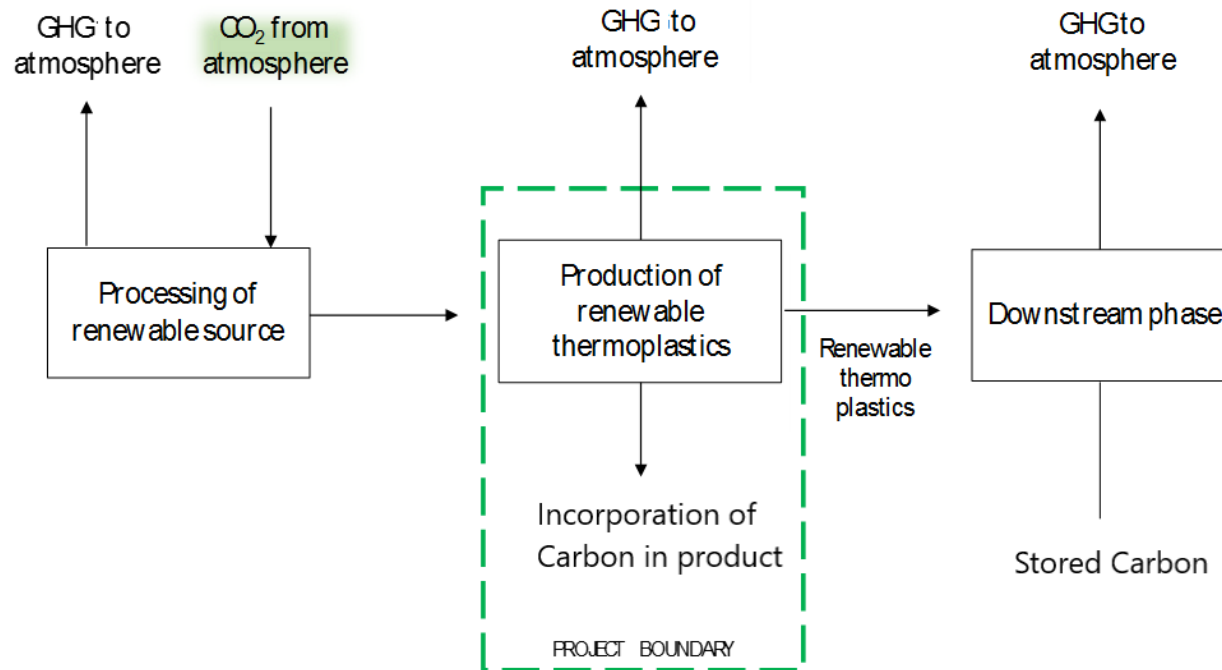
At EB106, the Board considered the case and requested the MP to further analyse the methodology submission based on the feedback provided in the meeting.

At MP82, the Panel further analysed NM0378 and confirmed its recommendation that the Board reject the proposed new methodology.



## Purpose

PNM0378 covers project activities producing thermoplastic resins and its components using renewable sources of carbon (e.g. bioethanol) where, in the absence of the CDM project activity, fossil sources would be used.



## Key issues and proposed solutions

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NM0378 would cover three possible sources of GHG emissions/sinks:

1. Upstream emissions from fossil fuels;
2. Release of carbon after the economic life-time of the product; and
3. Store of (embedded) renewable carbon in the thermoplastic resin.

GHG Source	Baseline scenario	Project scenario
Upstream	Upstream emissions from fossil fuels (capped by EB81)	Cultivation of biomass (CO <sub>2</sub> “sequestration”)
Baseline	Carbon is “stored” in the product (no CO <sub>2</sub> release - unless incinerated or long term decay).	
Process	BE = PE (no change in process)	
Downstream	BE = PE (no change of downstream fate)	



## Key issues and proposed solutions (2)

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The MP considered that NM0378 could not be recommended for approval for the following reasons:

- As decided at EB81, net leakage is to be capped at zero when leakage results in negative emissions. Thus, the balance in upstream emissions could not be claimed as eligible ERs.
- The CDM M&P do not allow claiming ERs for storing embedded carbon in products, nor contain provisions that could allow the monitoring of ERs and safeguard the environmental integrity;
- The downstream fate of the plastic products could involve recycling, incineration or disposal in SWDS. However, in these scenarios no GHG emissions would occur within eligible crediting periods, specially considering that the final fate of the products is not affected by the project activity.



## Recommendations to the Board

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The MP recommends that the Board reject the proposed new methodology “NM0378: Use of renewable sources of carbon instead of fossil sources in the production of thermoplastic resins and its components”.



## External input: Request to the Board from the proponent

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- PP requests the Board to refer to the previous direct communication file sent to the Board (INQ-09813) for a deeper understanding, if necessary.
- Encourages the Board to consider procedural ways through which this matter could be solved, even if it involves the request of further guidance to be determined by the CMP or further technical work, under the MP or another body, to suggest which potential procedures/criteria under the CDM or under the emerging Paris Agreement Article 6 would need to be adjusted or created to make room for such a potential activity.

