

Agenda item 4.1. (b)

Paragraph 23 of the annotated agenda

Seeking guidance as to whether MP should explore options to address leakage in AM0045

CDM EB 111

Virtual meeting

30 August–1 September and 7–9 September 2021



Procedural background:

- AM0045: Grid connection of isolated electricity systems.
- MP considered the request for clarification “**AM_CLA_0288:** *Clarification on leakage emissions related to deforestation and reforestation in the interconnection of an isolated electricity system under AM0045*”.
- MP identified an issue related to practical application of the methodology.

Purpose:

- To seek guidance from the Board as to whether MP should explore pragmatic options to address the leakage emissions in AM0045.



Key issues and proposed solutions

- “**AM_CLA_0288**: *Clarification on leakage emissions related to deforestation and reforestation in the interconnection of an isolated electricity system*” **pertains to a CDM project** in Colombia.
- **732.8 ha of forest land cleared** for construction of new transmission lines (9 new substations and 553 km lines).
- Leakage emissions from deforestation: **175,630 tCO₂**.
- Net negative emission reduction for 01/05/2018 – 31/12/2020
 - 64,115 (BE) - 48,882 (PE) - 175,630 (L) = **-160,397 tCO₂**.
- Project compensated the deforestation by reforesting an equivalent area
 - A requirement in Colombian regulations, also in most other countries
- **PP question**: Given the compensation through reforestation, can the carbon removals from reforestation be considered in leakage emission calculations?



MP85 response to the clarification:

- **AM0045** requires that Leakage emissions from deforestation in the construction of transmission lines shall be **considered as a one-time emission** in the first verification period.
- **AM0045 does not include any provision** to allow consideration of compensation through carbon removals by way of A/R.
- There are **currently no tools that are applicable to CDM energy projects** that enable comparison of carbon in the above ground biomass in the deforested area to the carbon sequestered in the new areas afforested/reforested.



MP analysis:

- The above requirements may pose **practical challenges** for implementation of grid interconnection/extension projects.
- Under certain circumstances, leakage emissions due to clearing of land **may substantially exceed** the entire project activity emission reductions.
- Some projects aim to compensate by A/R of equivalent or larger area.



Key issues and proposed solutions

- MP agreed to **seek guidance from the Board** as to whether the MP should explore pragmatic options to address the leakage emissions in AM0045 without compromising the environmental integrity of emission reduction estimates.
- Such options, pending further analysis, may include:
 - a) Allowing the accounting of emissions over a period of time** instead of upfront, e.g. split over 20 years as provided for by IPCC guidelines in the case of soil organic carbon or split over the crediting period(s) of the project;
 - b) Undertaking A/R in equivalent or larger area** as compared to deforested area.



Recommendations to the Board

Board may wish to consider the recommendation of the MP **to provide guidance as to whether the MP should explore pragmatic options** to address the leakage emissions in AM0045.

