PROJECT
DEVELOPER
FORUM

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Date	28 September 2009
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Subject	**Operational hours within projects -- applying methodology AM0034, Catalytic reduction of N2O inside the ammonia burner of nitric acid plants**

Honorable Members of the CDM Executive Board,
Dear Mr.de Jonge,

The Project Developer Forum is writing to the Executive Board in relation to recent decisions regarding projects that are registered under AM0034, Catalytic reduction of N2O inside the ammonia burner of nitric acid plants. EB decisions regarding the operational hours in the baseline calculations go against the methodology, resulting in some cases in a significant reduction in the baseline emission factor. As project participants or stakeholders within CDM AM0034 projects we feel it necessary to respectfully point out this error.

EB decisions for individual AM0034 projects have required the calculation of the baseline emission factor by applying hours corresponding to the normal campaign length instead of the total operating hours of the campaign (in cases where the baseline campaign is longer than historic campaigns). This does not appear to follow the methodology (all versions).

Formula 1 of AM0034 includes the parameter OHbc (operational hours of the baseline campaign). In all versions of the methodology, prior to formula 1, the methodology states "…the total number of complete hours of operation of the campaign…". Thus, all versions of AM0034 seem to clearly require that the total operating hours should be used to determine the baseline emission factor.

In EB38 Annex 3, Version 3 of the methodology makes this even more explicit with the word "total" inserted into the definitions used in the formula. The term "total" is highlighted i.e. it is an intended clarification that total hours must be used. It is therefore clear that the EB had the same understanding during EB38[1]. The nitric acid measurements are also 'total' for the campaign. This has been confirmed in the same way as the operational hours (in EB38 Annex 3).

The methodology has a measure to ensure that where the baseline campaign is longer than the normal campaign (CL_{normal}), the N_2O values beyond CL_{normal} are excluded. This is understandable as a measure to avoid higher N_2O values at the end of a campaign. However, to obtain the mass of N_2O per mass of acid, the basis should be the same i.e. total hours (applicable to N_2O) and total acid. In capping the operational hours, but leaving the 'total' nitric acid, an additional discount factor is applied to the project. Applying a cap to the hours moves further away from the real emission reduction and the methodological requirements.

[1] EB 38, Annex 3, 14 March 2008 http://cdm.unfccc.int/EB/038/eb38_repan03.pdf

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Subject **Operational hours within projects -- applying methodology AM0034, Catalytic reduction of N2O inside the ammonia burner of nitric acid plants**

The Project Developer Forum kindly requests that projects using AM0034 (all versions) be permitted to include total operational hours in the baseline emission factor calculation (where the baseline campaign is longer than CL_{normal}). This would ensure that the methodology is followed and that the hours are treated the same way as the acid. This was the original intent of the methodology (according to the methodology authors). Given the control of N_2O values beyond CL_{normal}, the inclusion of total operating hours does not represent an over-estimation of the baseline and is more likely to lead to real emission reductions.

None of the projects requested to cut operation hours back to CL_{normal} for the baseline campaign have been provided with a reasonable explanation for doing so. The change appears to be a new requirement and we would expect the process to involve a methodology revision. This apparent change to AM0034 is being applied retroactively to registered projects.

We trust that this issue can be resolved so that the correct application of the methodology will apply.

We look forward to hearing from you,

Yours sincerely,

Martin Enderlin
Chair of the PD Forum