

# GUIDELINE ON THE ASSESSMENT OF Foik AND CP PROJECTS

EB57, Bonn, 12-14 October 2010



# BACKGROUND

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EB38 – mandate to the MP

EB44 – first consideration of the draft guidance

*CMP.5 requested* the Board to further work and report to CMP **on the use**, for additionality demonstration and assessment, of Foik barrier and CP, including the **definition of the applicable region, similar technologies and thresholds for penetration rates**

EB 56 requested the secretariat to further work on the issue

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# DEFINITIONS

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## OUTPUT

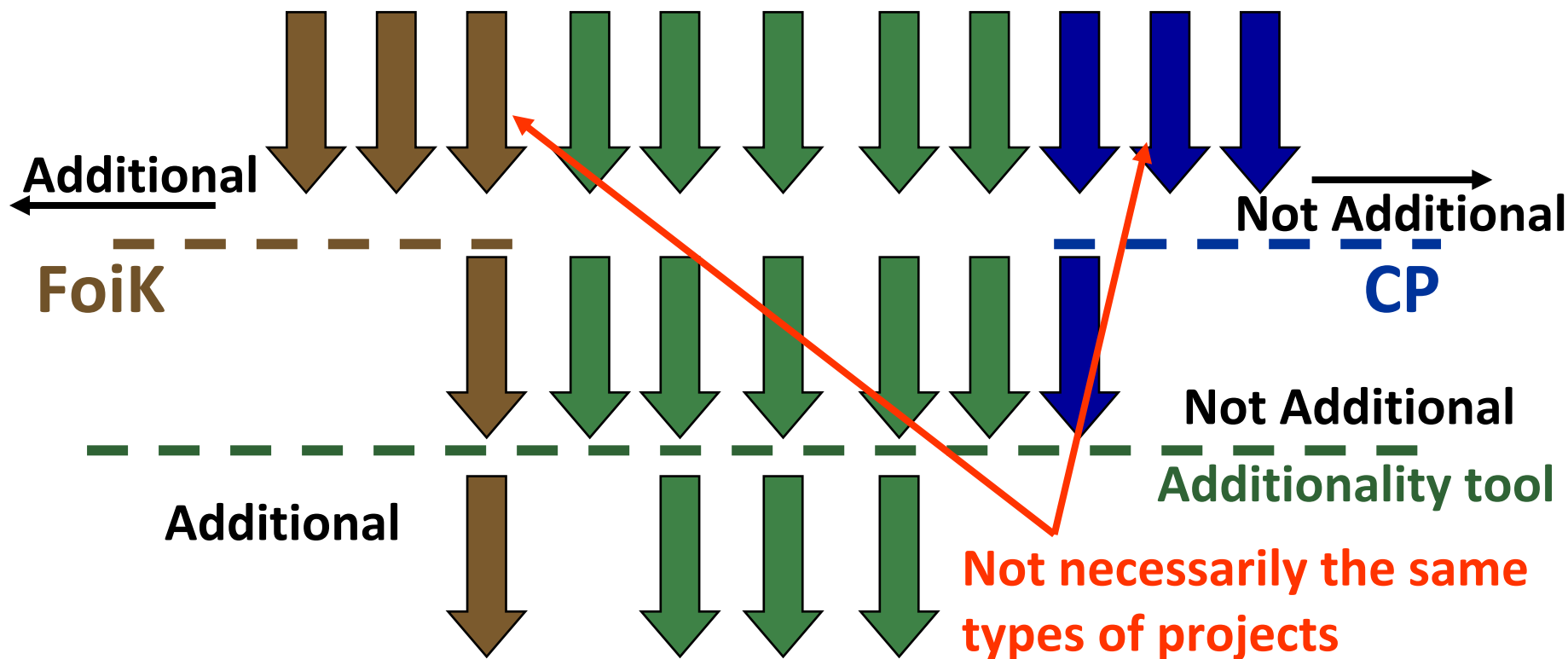
**An output is a good **or** a service produced from the operation of a facility**

**An output shall be able to satisfy the need for which it was produced irrespectively of how it was produced and who produced it.**



# Foik and CP for what?

**Screening tool** that will help streamline the demonstration/assessment of additionality for some defined type of projects.



# Foik and CP for what?

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## Implication:

- It will be applied at the first step of the additionality demonstration /assessment
- CP initial screening for specific categories of projects and
- CP test applied at step 4 of the AT for the remaining categories of projects



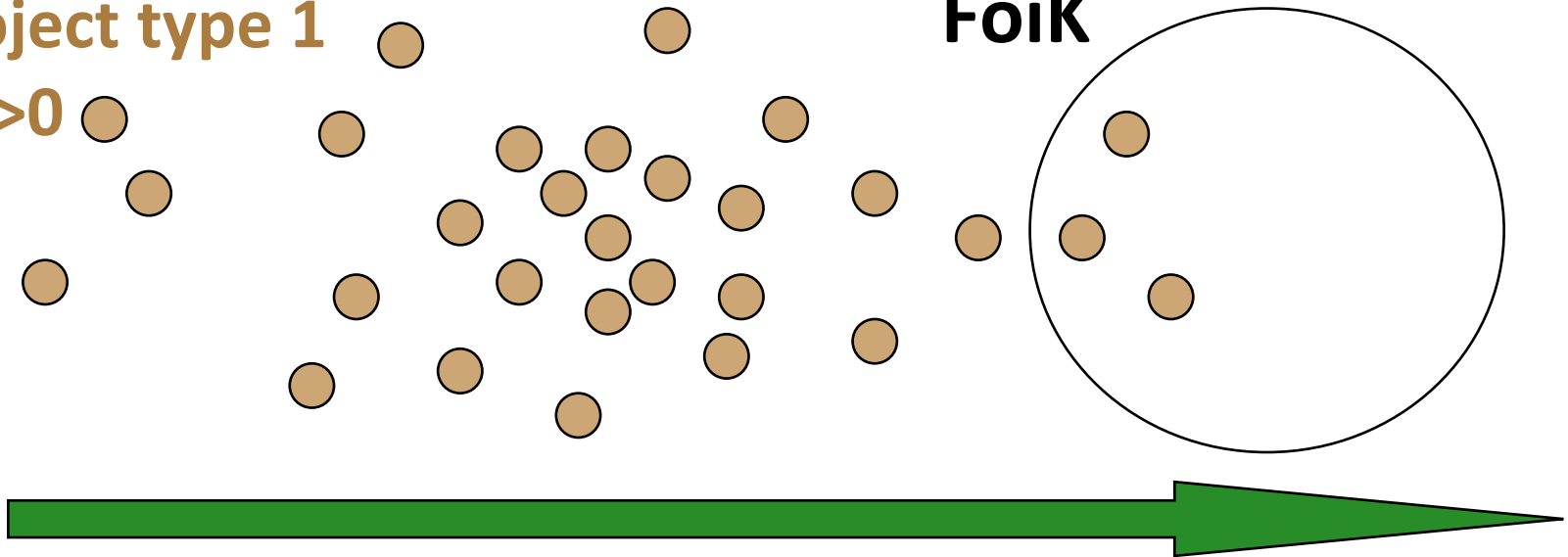
# Which approach for Foik and CP?

Use of performance in term of GHG EF to get rid of the necessity of defining similar technology

Project type 1

EF > 0

Foik



Increasing performance

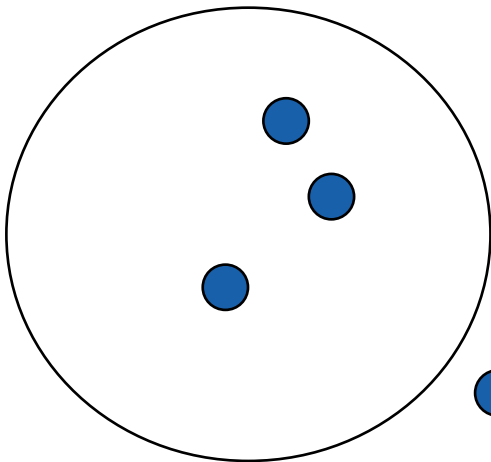
A new technology that is more attractive but not cleaner than others delivering the same output is not eligible



# Which approach for Foik and CP?

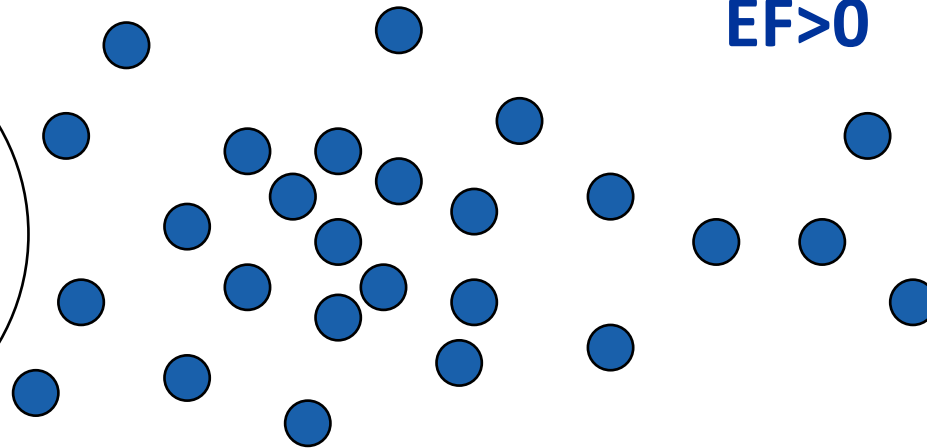
Use of performance to get rid of the necessity of defining similar technology

CP



Project type 2

EF>0

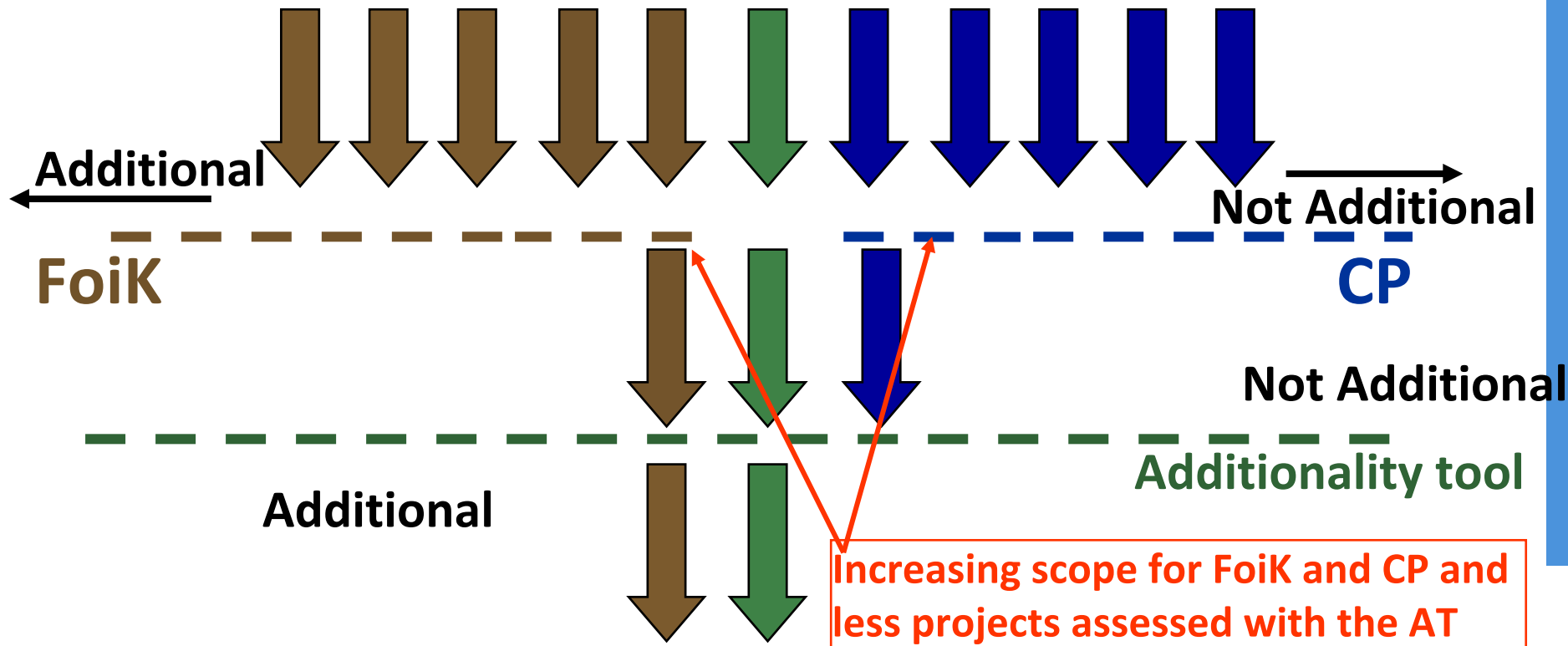


Increasing performance



# Which approach for Foik and CP?

Cautious approach based on an initially limited scope and a stepwise broadening of the scope



# Initial scope for Foik?

Most efficient  
technologies

and

ER compared to  
Pre project

Project with  $EF=0$ , and of less than 15 MW or 45 MW<sub>th</sub>  
displacing existing fossil fuel based consumption from CPP  
Fuel switch projects reducing less than 60 ktonnes of CO<sub>2</sub>

ER compared to  
baseline

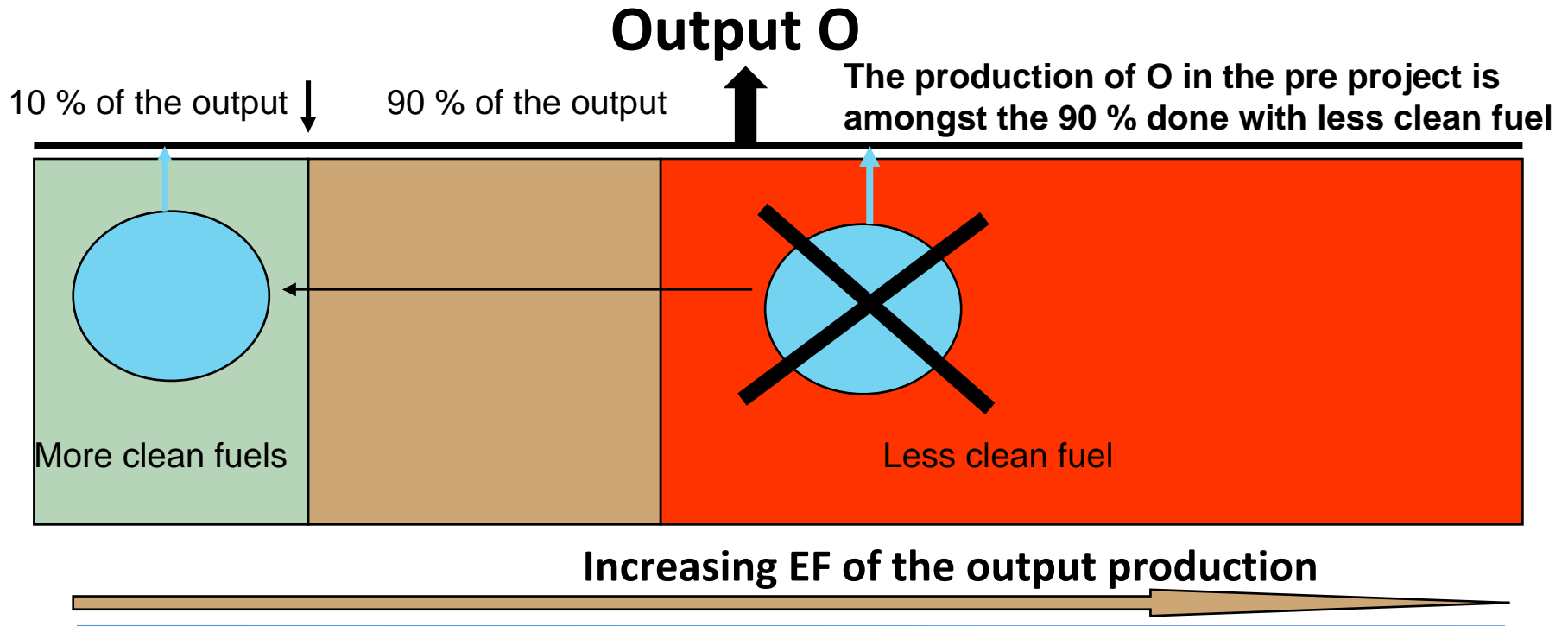
and

Small scale  
projects



# Foik criteria for fuel switch projects

a. The project uses a fuel to produce an output for which **90%** of the production is done using more carbon intensive fuel in the applicable region at the date of submission of the project for validation



# Foik criteria for fuel switch projects

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b. The applicable region is the **market of the output** and **by default the host country** unless it can be established that the output of the project will be typically distributed to areas of other sizes.

c. CDM projects are included



# Foik criteria for fuel switch projects

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## Implications

- 1. The project fuel is not a newly available fuel cheaper than the commonly used: the project would have been additional using the AT**
- 2. The project fuel is a newly available fuel cheaper than the commonly used: maximum 10% of the production of the output using the new fuel might use Foik**
  - CDM projects are accounted for**
  - restriction to FS in existing plant; the production of new plants using the new fuel can not use Foik**



# Foik criteria for projects with $EF = 0$

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- a. The project of  $EF = 0$  is, at its submission for validation, the first in the applicable region, using the **source** or the **renewable fuel** or the **waste energy** to produce the **project output**
- b. The applicable region is the **market of the output** and **by default the host country** unless it can be established that the output of the project will be typically distributed to areas of other sizes.
- c. CDM projects are included



# FoIK criteria for projects with EF = 0

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## Examples of types of sources

- Renewable sources e.g. solar, hydro, wind, geothermal
- Energy recovered from a specific type of process
- A type of renewable fuel e.g. bagasse, peanut shell

## Examples of type of outputs

- Electricity for user
- Electricity for grid
- Heat for building
- Heat for industrial process
- Heat for cooking



# Scope for CP?

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CP initial screening **is not applicable** to the following types of projects

- a. Projects that are additional by means of Foik
- b. Projects that have GHG EF = 0 that should use step 4 of the AT
- c. Projects eligible to use the guideline for additionality demonstration for VSS projects

**All other types of projects are subjected to the initial CP screening**



# CP criteria

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- a. The project leads to a production of output that is among the **50% more GHG intensive, based on manufacturers data, using a given fuel** (very high likelihood of non additionality)
- b. The applicable region is the market of the output and by default the host country unless it can be established that the output of the project will be typically distributed to areas of other sizes.
- c. CDM projects are included



# ACTION REQUESTED

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The Board to **consider** the proposed principles on the use of Foik and CP in additionality demonstration and assessment prepared by the secretariat and if agreed **request the secretariat to draft a guideline** based on these principles.



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**THANK YOU FOR YOUR ATTENTION**

