

Agenda item 3 b

Paragraph 9 of the annotated agenda

REVISION OF AM0001: INCINERATION OF HFC 23 WASTE STREAMS

CDM EB 62

Marrakech, 11-15 July 2011



AM0001 revision - background

- The secretariat presented to EB61 the Meth Panel 49 recommendation on the draft revision of AM0001. The draft included options regarding:
 - Baseline waste generation rate:
 - Option A: 1.0%
 - Option B: 1.4%
 - Project emissions:
 - Option 1: HFC-23 emissions from **all** production lines are accounted as project emissions
 - Option 2: HFC-23 emissions from production lines eligible for crediting are accounted as project emissions
- The Board requested the secretariat to prepare a presentation for EB62 that illustrates the two options concerning the inclusion or not of HFC-23 project emissions from all production lines in the facility.

Options for accounting of project emissions

Option 1: Emissions from **all production lines** are accounted for as project emissions.

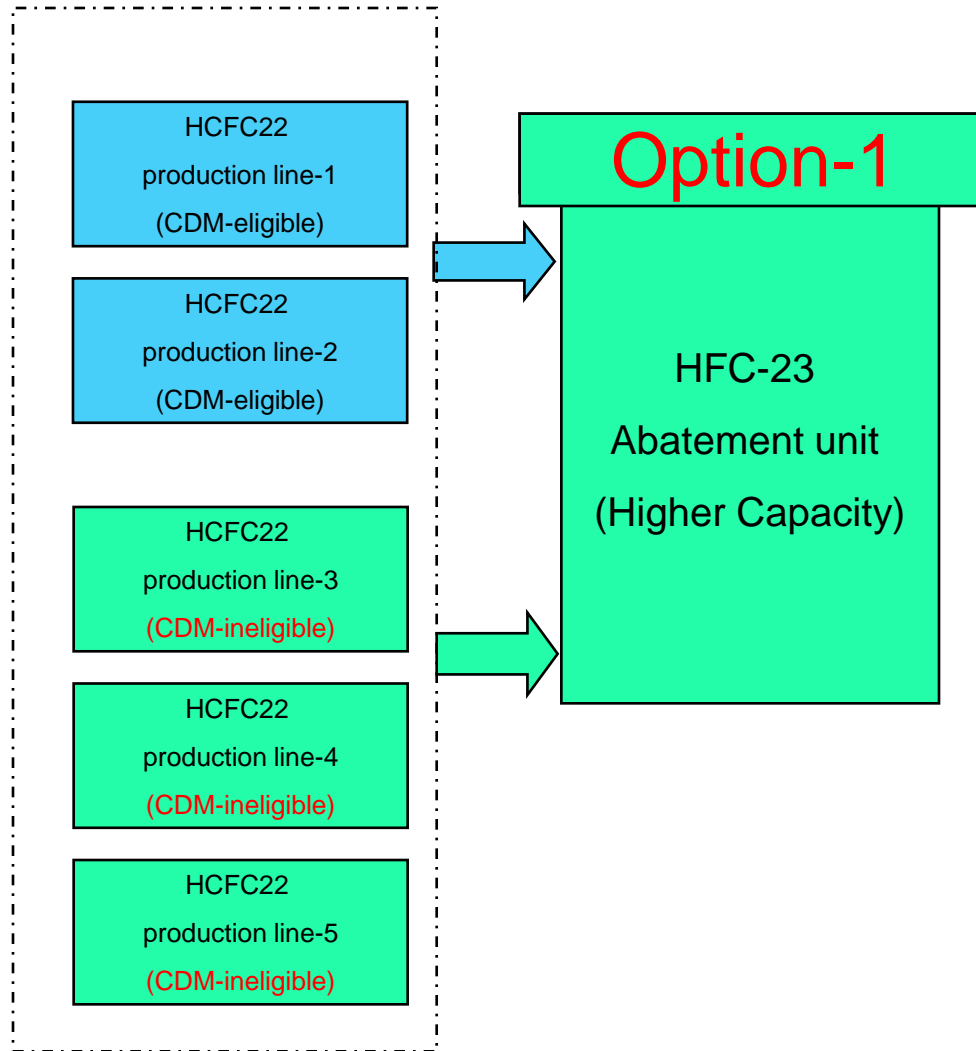
Rationale: This would provide strong incentives for the plant operators to also reduce HFC-23 emissions from the quantity of HCFC-22 production that is not eligible for crediting.

Option 2: Limit project emissions to the emissions from HCFC-22 production lines that are eligible for crediting.

Rationale: It could be argued that accounting project emissions from production lines which are excluded from accounting baseline emissions may lead to inconsistencies and may be overly punitive.

Note: Baseline emissions only include production lines those are eligible for crediting.

Abatement under Option 1 and 2



Implications of the options

Option 1:

- Provides disincentives not to abate all HFC-23 emissions from the plant
- May require some plants to expand their HFC-23 abatement capacity

Option 2:

- Does not provide the disincentives of option 1
- Plants may voluntarily abate HFC-23 emissions from other production lines

Background on costs and production

HFC-23 abatement costs in relation to CER revenues

	w = 1.0%	w = 1.4%
No other production line	9%	7%
Non-eligible production with same production	18%	13%
Non-eligible production line with double capacity	27%	20%

Assumptions: Abatement costs \$0.50/tCO₂ and CER price of \$16

CDM eligible versus ineligible HCFC-22 production

- Average annual production in eligible CDM plants: ca. 315 kt
- Total production in developing countries: 558 kt^{***}
- Production in non-eligible production lines/plants: ca. 243 kt
- It is unknown how many non-eligible lines are located at CDM sites



** Source: Calculations based on FCCC/TP/2011/2

*** Source: UNEP data for 2009

Decision required by Board

The Board may wish to take note of the differences between:

- Option A (w=1.0%) and Option B (w=1.4%)
- Option 1: HFC-23 emissions from all production lines should be accounted as project emissions (Option 1), and Option 2: only HFC-23 emissions from production lines that are eligible for crediting should be accounted as project emissions

to inform its final decision.



** Source: Calculations based on FCCC/TP/2011/2

*** Source: UNEP data for 2009