

## Presentation 2

### CDM PROJECT IDEA NOTE (PIN) : Introduction and examples

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#### 1.0 Introduction

What is a PIN?

The Project Idea Note is a document that gives a brief overview of a proposed CDM project. It presents an idea of the viability of the project to the Designated National Authority (DNA) and any potential investors/annex I parties. The PIN is not a requirement of the CDM Executive Board (EB) and some DNAs do not demand it for project approval.

The main features of a PIN document are:

- Normally a 5-page document providing general information on the proposed project to the DNA.
- Could be used a marketing tool –for example can be published on cdmazaar site to attract potential investors.

#### 2.0 Checklist

Before embarking on preparing a PIN document, the following conditions should be checked against the CDM project eligibility criteria:

1. Has the country ratified Kyoto Protocol?
2. Does the country have a DNA office set up?
3. Will the project reduce CO<sub>2</sub> or any other GHG emissions?
4. Does the project fulfill national SD criteria?
5. Is the project ( if >5 MW electric,20 GWh /annum reduction , 20kT GHG reduction) additional ?
6. Is there no ODA funding involved?

All the above questions should be answered in affirmative.

In addition, a CDM project must fall under one of the following categories:

- End-use energy efficiency

- Supply -side energy efficiency
- Renewable energy
- Fuel switching
- Methane reduction
- Industrial processes that reduce GHGs
- Agriculture
- Sequestration and sinks.

As we know, small-scale CDM projects have simpler methodologies and monitoring mechanism. To be termed Small Scale (SS) project, the proposed project must fall under one of the following conditions:

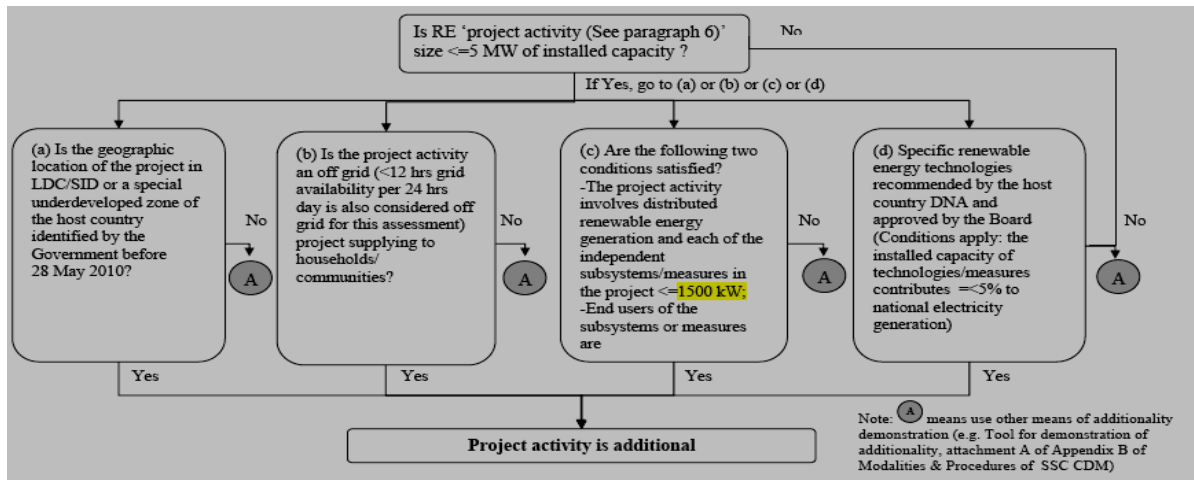
- Type 1: Renewable Energy Project with  $\leq 15$  MW electricity ( or  $\leq 45$  kW thermal).
- Type 2: Energy efficiency projects with  $\leq 60$  GWh savings per year.
- Type 3: Any other project with  $\leq 60$  Kilo tonnes of CO<sub>2</sub> reduction per year.

#### 2.1 Special Additionality criteria for micro scale projects

A project is considered inherently additional If the project activity is an off grid activity supplying energy to households/communities (less than 12 hrs grid availability per 24 hrs day is also considered as off grid for this assessment); and is located in SIDS or an LDC and is one of the following types:

- Type 1: Renewable Energy Project with  $\leq 5$  MW electricity ( or  $\leq 15$  MW thermal).
- Type 2: Energy efficiency projects with  $\leq 20$  GWh savings per year.
- Type 3: Any other project with  $\leq 20$  Kilo tonnes of CO<sub>2</sub> reduction per year.

The CDM Executive Board in its 60<sup>th</sup> meeting (April 2011) report suggested the following tool for testing the additionality of a project



## 2.2 Additionality test for Small Scale projects

The additionality of a small scale project can be shown using barrier analysis:

A SS project is additional if there is :

- An investment barrier : The project is not the cheapest option
- A technological barrier: The project employs new technology which carries greater risk of failure.
- Prevailing practice barrier: The prevailing practice favours higher emissions for example diesel generation in the PICs.
- Other barriers : e.g. Institutional, lack of capacity

## 3.0 Main components of a PIN document

The PIN document should contain the following information:

1. Project description
2. Approximate GHG reduction
3. Address the National Sustainable Development criteria
4. Suggested crediting period and CER prices
5. Financial structure –parties involved and potential investors.

### 3.1 Approximate GHG calculations

The PIN gives an indication of

- Baseline scenario and Business As Usual (BAU) emissions.
- Estimate of GHG reduction or CO<sub>2</sub> sequestered- annual and over the entire crediting period.

Detailed emission reduction calculations are not required ( to be done at the PDD stage) <sup>1</sup>.

### 3.2 Addressing the National Sustainable Development Criteria

The PIN document should demonstrate how the project will bring about the following sustainable development related benefits to the stakeholders and the nation at large:

- Environmental benefits
- Socio-economic benefits
- Economical benefits

### 3.3 Financial Information

The PIN document should furnish the following information regarding the project :

- Estimated cost of the project
- Sources of finance (Annex I partners, Unilateral etc.)
- Suggested CER price
- Crediting period ( 10 years or 7 years renewable)
- Total value of CERs over the crediting period

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<sup>1</sup> One could use tools like RETScreen to calculate approximate emission reductions.

#### 4. PIN examples

The following tables present summaries of PIN documents for projects registered in Mexico and Fiji respectively.

##### 4.1 Pin example 1-project name: *Patsari* Cookstoves Carbon Mitigation Project, Mexico

<b>Objective</b>	To further disseminate and monitor <i>Patsari</i> cookstoves in rural Mexico
Proposed description and activities	<ul style="list-style-type: none"> <li>• Install 7,000 new <i>Patsari</i> cookstoves during the crediting period</li> <li>• Monitor <i>Patsari</i> cookstoves currently being used during the project lifetime</li> <li>• Monitor newly installed <i>Patsari</i> cookstoves during the crediting period.</li> <li>• Conduct a maintenance program during the crediting period.</li> <li>• Encourage the use of renewable fuelwood versus LPG, reducing emissions from fossil fuels.</li> </ul>
Technology	<ul style="list-style-type: none"> <li>• Commercially available <i>Patsari</i> cookstoves</li> </ul>
Type of project	<p>GHG Abatement –</p> <p>1. Renewables / 1a Biomass</p> <p>3. Energy Efficiency / 3e. Other Energy Efficiency</p> <p>GHG targeted-CO<sub>2</sub>/CH<sub>4</sub>/N<sub>2</sub>O</p>

Project location	<p>North America</p> <p>Mexico</p> <p>The project will be managed from the cities of Pátzcuaro and Morelia in Michoacán State.</p> <p>18 'fuelwood hotspots' areas selected using GIS</p>
<p>Project participants and their roles, Summary of the Financials</p> <p>Participant Activities</p>	<p>Grupo Interdisciplinario de Tecnología Rural Apropiada (GIRA) – standing for Interdisciplinary Group of Appropriate Rural Technology – Role....., Financial .....</p> <p>Activity: Install, maintain and operate all equipments.....</p> <p>- Other participants , their roles and project activities.</p>
Schedule, Crediting period	Start-2008, CER delivery start-2008, Crediting period –21 years ( 7 years renewable twice)
Estimates of GHG reduction	<p>Up to and including 2012: 41,757 tCO<sub>2</sub> - equivalent</p> <p>Up to a period of 7 years: 74,255 tCO<sub>2</sub> - equivalent</p>

4.2 PIN example 2: Project name: Kinoya Sewerage Treatment Plant GHG Emission Reduction Project

Objective	To recover methane generated by the anaerobic decomposition of organic matter in sludge of an existing sewerage treatment plant.
<b>Proposed description and activities</b>	<ul style="list-style-type: none"> <li>• The proposed project activity will reduce GHG emissions</li> <li>• (methane in particular) in an economically sustainable manner.</li> <li>• This will also result in other environmental co-benefits, such as improved effluent quality; digested sludge quality and reduced odour. The project activity proposes to move from a potentially high GHG emission option of open air venting of methane to environmentally benign option of capture and combustion of methane.</li> </ul>
<b>Technology</b>	Install an enclosed digester gas (biogas) flaring unit which will capture and flare the gas generated by both the existing and proposed digesters
<b>Type of project</b>	<p>GHG Abatement – CH<sub>4</sub></p> <p>Type : III. Other Project Activities</p> <p>Category : Type III.H - Methane recovery in waste water treatment/Version 13</p>

<b>Baseline scenario</b>	In the absence of the project activity, the most likely scenario  would have been venting the methane in wastewater & sludge into  atmosphere. The project activity involves capture and flaring of  methane generated from anaerobic digesters
<b>Methodology</b>	Approved small scale methodology AMS III.H/ version 13, EB 48,  – Methane recovery in wastewater treatment