

**CLEAN DEVELOPMENT MECHANISM
PROJECT DESIGN DOCUMENT FORM (CDM-SSC-PDD)
Version 03 - in effect as of: 22 December 2006**

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Revision history of this document

| Version Number | Date | Description and reason of revision |
|-----------------------|------------------|--|
| 01 | 21 January 2003 | Initial adoption |
| 02 | 8 July 2005 | <ul style="list-style-type: none">• The Board agreed to revise the CDM SSC PDD to reflect guidance and clarifications provided by the Board since version 01 of this document.• As a consequence, the guidelines for completing CDM SSC PDD have been revised accordingly to version 2. The latest version can be found at http://cdm.unfccc.int/Reference/Documents. |
| 03 | 22 December 2006 | <ul style="list-style-type: none">• The Board agreed to revise the CDM project design document for small-scale activities (CDM-SSC-PDD), taking into account CDM-PDD and CDM-NM. |

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SECTION A. General description of small-scale project activity
A.1 Title of the small-scale project activity:

ANAEROBIC DIGESTION SWINE WASTEWATER TREATMENT WITH ON-SITE POWER PROJECT (ADSW RP2001)
 -Version 1
 -Completed 31 July 2007

A.2. Description of the small-scale project activity:

The Anaerobic Digestion Swine Wastewater Treatment With On-Site Power Project (ADSW RP2001) (hereafter, the “Project”) that is being developed by Hacienda Bio-Energy Corporation (hereafter referred to as the “Project Developer” or “HBC”) is an anaerobic digestion swine wastewater treatment project coupled with an on-site power generator at ACME Farms, Inc., Barangay Buhangin, Dalig, Teresa, Rizal (hereafter referred to as the “ACME Farm” or the “Farm”). Philippine Bio-Sciences Co., Inc. (hereafter referred to as “PhilBIO”) has been contracted for the design, engineering, operations and management of the Project.

The farm, located at Barangay Buhangin, Dalig, Teresa, Rizal, employs normal scraping and hose-down cleaning of waste with a series of open lagoons. Such lagoon-based treatment is standard practice in the South East Asian region. This waste material is left to decay in the facility’s open lagoon system, producing significant amounts of biogas methane that is emitted directly to the atmosphere. This biogas emission contributes to significant air (odour) and water pollution in the areas close to the farms.

The Project introduces a method of utilizing biological treatment to enhance the farm’s wastewater treatment. The Project has four principle objectives:

- (a) Manage the farms wastewater, and reduce the organic loading of the wastewater;
- (b) Reduce odour that is a significant issue for local people;
- (c) Project power from captured biogas; and
- (d) Reduce harmful emission of greenhouse gases.

The ‘Covered In-Ground Anaerobic Reactor’ (or the ‘CIGAR¹’), effectively breaks down organic contaminants through a multi-step biological treatment of the wastewater in the absence of oxygen. High-density polyethylene (HDPE) liner and cover are used to provide for a ‘air tight’ and to prevent leachate from percolating through the ground and polluting local ground water aquifer resources. The results: around 95% destruction of harmful biochemical oxygen demand (BOD), and 80% reduction of chemical oxygen demand (COD). Suspended solids are to be reduced and colour is to be improved in the CIGAR[®] system. The digester is designed to maintain a 30 days retention time (number of days in the CIGAR[®]), and this continued exposure to temperature in the order of 35°C to effectively reduce pathogenic material. The effluent is then sent to a final treatment lagoon where normal facultative aerobic process predominates. If there is any case a need of effluent discharge to the local watercourse, it will do so well within the Department of Environment and Natural Resources (the ‘DENR’) standards.

¹ CIGAR is a duly registered trademark owned by PhilBIO with the Intellectual Property Office (IPO) of the Philippine Bureau of Trademarks.

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In this system, biogas is recovered through its CIGAR® design. Methane, a potent greenhouse gas and potential energy source, is on average 65% of the biogas emitted and captured by volume. In the farm's CIGAR®, the wastewater is expected to produce an average of 743 m³ of biogas per day from the system all year around.

The biogas produced in the farm's anaerobic digesters will be used to generate electricity for use on-site. A biogas-fuelled 100 KW generator, producing 767MWh of electricity annually (conservative estimate), will be installed. The generators will provide 100% of the farm's power needs. Surplus biogas, where produced, will be flared rather than released to the atmosphere until such time as structural barriers are removed to allow the export of any surplus electrical energy to the local distribution grid.

The Project will make a significant contribution to helping the Host Country meet its sustainable development goals outlined in the Philippine Agenda 21 with the following benefits observed:

Macro Level Benefits

- Clean technology both in wastewater management and in renewable energy will be demonstrated and may be replicated throughout the country's livestock sector as well as in the Asian region;
- National energy self-sufficiency is increased with the use of cheap, renewable and indigenous energy resources, which correspondingly decreases dependence on imported fossil fuel and a reduction in negative impacts of fuel imports on the nations balance of payments;
- Global environmental protection is supported by the capture of fugitive GHGs; specifically methane, and the reduction in energy related emissions;
- A New Financial Mechanism for financing in the renewable energy and waste management sectors via the Clean Development Mechanism (CDM) is positively demonstrated and shown to present an alternative development path through the improvement in the financial viability of marginal projects; and
- Incremental reduction on the need for new build power plants at a national level.

Micro Level Benefits

- Control of leachate that would otherwise pollute groundwater resources;
- Reduction in wastewater emissions to local water resources;
- A Healthier and Safer Work Place is developed with improvements in local air quality, and control of highly combustible methane emissions;
- Considerable reduction in odour from the existing treatment facility that currently affects local communities;
- Improvement in the viability of rural enterprises, enterprises that support local employment in the agricultural sector; and
- Generation of locally produced energy to provide a more reliable energy source than the current grid system.

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| A.3. <u>Project participants:</u> |
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| Name of Party involved (* ((host) indicates a host | Private and/or public entity(ies) Project participants(*) | Kindly indicate if the Party involved wishes |
|---|--|---|
|---|--|---|

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| Party) | (as applicable) | to be considered as project participant |
|------------------------|---------------------------------|---|
| The Philippines (host) | Hacienda Bio-Energy Corporation | No |
| The United Kingdom | Trading Emissions PLC | No |

Trading Emissions PLC (TEP) is the official contact for the CDM project activity and Focal Point for all communication with the CDM EB. Further contact information of project participants is provided in Annex 1.

A.4. Technical description of the small-scale project activity:



Figure 1 Lagoon, The Local Common Practice

HBC proposes an alternative manure waste management system to recover methane gas emissions as an alternative to the current open lagoon systems. Wastewater treated in these lagoons is often at an ambient temperature of around 35°C, and under anaerobic conditions. The result of this is that biogas methane is emitted continuously from lagoons as can be seen in this typical farm lagoon system image.

Through its engineering product, the CIGAR®, the biogas recovered from each farm will be used to provide fuel for each farm’s on site electric power plant.

The CIGAR® breaks down organic contaminants through a three-step biological process where wastewater is treated in the absence of oxygen. The wastewater is stored in the reactor for at least 30 days where specialized bacteria consume the waste and release methane that is utilized as biogas for on-site electricity generation (Figure 2 the CIGAR® System). The retention time will allow the accumulation of biogas prior to the commissioning of the power plant. The stored biogas in the CIGAR® will be used to start-up the biogas engine, eliminating the need to use grid-fed electricity or diesel fuel during start-ups.

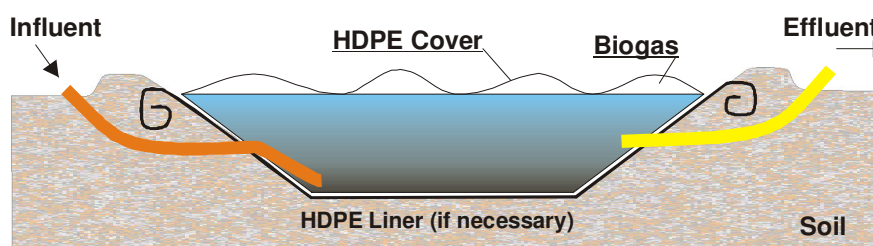


Figure 2 The CIGAR® System

HDPE liner and cover are used to provide an ‘airtight’ system to prevent leachate from escaping to the underground aquifer and to prevent methane from escaping to the atmosphere. The CIGAR® system is ‘covered’ 100% of the time with 1.0mm HDPE liners. This process results in at least 95% destruction of harmful BOD, and 80% reduction of COD. Suspended solids are reduced and colour is improved in the CIGAR®. The internal environment of 35°C reduces pathogenic material of the wastewater. The effluent

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is then sent to a final treatment lagoon where normal facultative aerobic process predominates. Methane gas makes up at least 65% of the biogas by volume. The biogas produced from the farm will be used to generate electricity through the electricity generation unit located within the farm.

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| A.4.1. Location of the <u>small-scale project activity</u>: |
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| A.4.1.1. <u>Host Party(ies)</u>: |
|---|

Philippines

| |
|--|
| A.4.1.2. <u>Region/State/Province etc.</u>: |
|--|

Region IV-A, CALABARZON, Rizal

| |
|---|
| A.4.1.3. <u>City/Town/Community etc</u>: |
|---|

Teresa municipality, Dalig, Barangay Buhangin

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| A.4.1.4. <u>Details of physical location, including information allowing the unique identification of this <u>small-scale project activity</u></u>: |
|--|

The Project is located at ACME farm at Barangay Buhangin, Dalig at the municipality of Teresa, Rizal. Please refer to A.2. *Description of the small-scale project activity* and *Figure 3 Location Maps* for each farm's specific location.

Rizal is a province of the Philippines located in the CALABARZON Region (IV-A) in Luzon, just 20Km east of Manila. Rizal's capital is Antipolo City, although the provincial capitol is located in Pasig city in metro manila, which was the previous capital.

The province, being surrounded by metro manila (west), Bulacan (north), Quezon province (North), and Laguna (south); is also known to have the 2nd highest population density in the country. It also lies at the northern shores of Laguna Lake (the country's largest lake). The primary source of economy in Rizal province is huge piggery estates owned by manila- based families. In the northern town, farming is the main industry, while fishing predominates in the southern towns.

Teresa is a 4th class urban municipality in the province of Rizal, Philippines. It has a population of 29,475 people in 6,374 households. The municipality is situated in the slopes of the Sierra Madre Mountains and is landlocked on four corners by Antipolo city on the north, Angono on the west, Baras on the east, and Morong, on the south. Formerly, the predominant source of livelihood in Teresa is agriculture. But with the opening of large cement factory, marble quarry, and chemical factories, members of the community have slowly shifted to industry. Also, a surge in population occurred during the 90s due to the real estate boom.



Figure 3 Location Maps²

A.4.2. Type and category(ies) and technology/measure of the small-scale project activity:

The categories for the project activities according to the UNFCCC's published Appendix B of the simplified modalities and procedures for small-scale CDM project activities are:

- Type I.D (reference AMS-I.D v.12) – “*Grid connected renewable electricity generation*” – for the electricity generation component; and,
- Type III.D (reference AMS-III.D v.13) – “*Methane recovery in agricultural and agro industrial activities*” – for the methane recovery component.

The project activities conform to project category III.D since the Project will reduce anthropogenic emissions by sources, directly emit less than 15kt of carbon dioxide equivalent annually, and result in emission reductions lower than or equal to 60ktCO₂e annually. The project activities conform to project category I.D since the renewable generating units will displace electricity from an electricity distribution system and supply an individual user with a small amount of electricity and the capacity will not exceed 15 MW. A detailed discussion of the technology of the project activities can be found in *Section A.4*.

A.4.3 Estimated amount of emission reductions over the chosen crediting period:

| Years | Annual estimation of emission reductions in |
|-------|---|
|-------|---|

² Source: Wikipedia, The Free Encyclopedia, www.en.wikipedia.org

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| | tonnes of CO ₂ e |
|---|------------------------------|
| Year 2007 | 2,895 |
| Year 2008 | 2,895 |
| Year 2009 | 2,895 |
| Year 2010 | 2,895 |
| Year 2011 | 2,895 |
| Year 2012 | 2,895 |
| Year 2013 | 2,895 |
| Total estimated reductions (tonnes of CO₂e) | 20,265 |
| Total number of crediting years | 7 (renewable up to 21 years) |
| Annual average over the crediting period of estimated reductions (tonnes of CO₂e) | 2,895 |

A.4.4. Public funding of the small-scale project activity:

The host farm for the project and the project developer will fund the Project entirely. The Project has not received and will not seek public funding.

A.4.5. Confirmation that the small-scale project activity is not a debundled component of a large-scale project activity:

Based on the information provided in Appendix C of the simplified modalities and procedures for small-scale CDM project activities, this project activity is not a debundled component of a larger project activity since the project participants have not registered nor operated another project in the region surrounding the project boundaries.

SECTION B. Application of a baseline and monitoring methodology
B.1. Title and reference of the approved baseline and monitoring methodology applied to the small-scale project activity:

Project activity type I.D (reference AMS-I.D/version 12) – *Grid connected renewable electricity generation*; and,

Project activity type III.D (reference AMS-III.D/version 13) – *Methane recovery in agricultural and agro industrial activities*.

B.2 Justification of the choice of the project category:

The Project conforms to project category III.D since the Project will reduce anthropogenic emissions by sources, directly emit less than 15kt of carbon dioxide equivalent annually, and result in emission reductions lower than or equal to 60ktCO₂e annually. The Project conforms to project category I.D. since the renewable generating unit will displace electricity from an electricity distribution system and supply an individual user with a small amount of electricity and the capacity will not exceed 15 MW. A detailed discussion of the technology of the project activity can be found in *Section A.4*.

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These selections are appropriate because the alternative to the project activities would be to continue with the business-as-usual scenario. This scenario would continue to manage wastewater through the existing aerobic pond system, and would continue to use electricity from the electricity distribution system in the area.

B.3. Description of the project boundary:

The project boundary for each farm is defined as the notional margin around each project within which the project's impact (in terms of carbon emission reductions) will be assessed. As referred to in Appendix B of the simplified modalities and procedures for small-scale CDM project activities:

- The project boundary for type I.D (AMS-I.D) is the physical, geographical site of the renewable generation source.
- The project boundary for type III.D (AMS-III.D) projects is the physical, geographical site of the methane recovery facility.

For the purposes of this analysis, different boundaries were applied in relation to the elements contributing to project and baseline emissions:

- Electricity and Fuel Oil Displacement/Emissions: The boundaries are assumed to be the physical, geographical site of the generating unit.
- Wastewater Methane Emissions/Mitigation: The boundaries are assumed to be physical, geographical site of the methane recovery facility at each farm's facility.

B.4. Description of baseline and its development:

As specified in Appendix B:

- The appropriate baseline for project category Type I.D (AMS-I.D) is found in paragraphs 9.
- The appropriate baseline for project category Type III.D (AMS-III.D) is found in paragraphs 7 and 8.
- Date of completing the final draft of this baseline section (*DD/MM/YYYY*): 31/07/07

For AMS-I.D:

Baseline electricity generation emissions are given by:

$$E_{\text{baseline}} = EP_{\text{BIO}} \times CEF_{\text{grid}}$$

Where:

E_{baseline} : Baseline electricity generation emissions (tCO₂e/year)

EP_{BIO} : Electricity produced by the biogas generator unit for grid electricity replacement (MWh)

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CEF_{grid} : Emission coefficient for electricity grid (kg CO₂e/kWh). The calculation of CEF is provided in a separate spreadsheet.

For AMS-III.D:
Baseline fugitive GHG emissions are:

$$FE_{baseline} = FM_{baseline} \times GWP$$

Where:

$FE_{baseline}$: Baseline fugitive GHG emissions (tCO₂e/year)
 $FM_{baseline}$: Baseline fugitive methane emissions (t/year)
 GWP : Global warming potential for methane (tCO₂e/t)

Baseline fugitive methane emissions are:

$$FM_{baseline} = EF_i \times Pop$$

Where:

$FM_{baseline}$: Baseline fugitive methane emissions (tCO₂e/year)
 EF_i : Annual emission factor of the animal type i (i.e. swine for this document) (kg)
 Pop : Swine population

Annual emission factor for swine is:

$$EF_i = VS_i \times 365 \text{ days/year} \times B_{oi} \times 0.67 \text{ kg/m}^3 \times \sum MCF \times MS\%$$

Where:

EF_i : Annual emission factor for swine (kg)
 VS_i : Daily volatile solid excreted for swine (kg)
 B_{oi} : Maximum methane producing capacity (m³/kg of VS) for manure produced by swine
 MCF : Methane conversion factor for the swine manure management system
 $MS\%$: Fraction of swine manure handled using manure system

$$VS = [GE \times (1-DE\%/100) + (UE \times GE)] \times (1-ASH\%/18.45)$$

Where:

VS : Volatile solid excretion per day on a dry weight basis (kg)
 GE : Estimated daily average feed intake (MJ/day)
 $UE \times GE$: Urinal energy expressed as fraction of GE (MJ/day)
 $DE\%$: Digestibility of the feed (%)
 $ASH\%$: Ash content of the manure (%)

Therefore, total baseline emissions ($TB_{emissions}$) are:

$$TB_{emissions} = FE_{baseline} + E_{baseline}$$

The baseline study was prepared by:

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Dafei Huang, dafei.huang@eeafm.com and Philippine Bio-Sciences Co., Inc.,
west.stewart@philbio.com.ph, Tel: +632 638 2074/6092

B.5. Description of how the anthropogenic emissions of GHG by sources are reduced below those that would have occurred in the absence of the registered small-scale CDM project activity:

Market Situation & National Policies

The Philippines has approximately 5 million farms, covering approximately 9.7 million hectares and over 12.14 million pigs, with a total volume of 1.78 million metric tonnes of pork. The bulk of the pig population comes from smallholder farm, which accounts for about 85% of the total hog inventory. According to the Philippine Bureau of Agricultural Statistics, the livestock sub-sectors grew by about 2.37 percent in 2005 from 2004's negative performance. Hog production represents about 80 percent of the total Philippine livestock industry. Among the regions, Central Luzon accounted for the biggest contribution in swine production. In 2005, the swine sector grew by 3.6 percent. Due to continued strong domestic consumption of pork, hog production will likely to continue to grow at a rate of 3 to 4 percent in 2006 and beyond despite increased feed cost in the world market. The early part of 2006 showed a 7.5% increase from 2005. Filipinos are large consumers of pork meat and are known to generally prefer pork to chicken or beef³, and significant quantities can be exported to the Chinese market.

The industry faces a number of obstacles including the spread of economically devastating diseases as experienced in 2004 and 2005, high marketing and transaction costs, erratic supply of imported feed ingredients, supplements and biologics, and the limited availability of genetically superior breeding stock.⁴

The main regulatory agencies that monitor the industry are the Bureau of Animal Industry (BAI) and the National Meat Inspection Commission (NMIC) under the Philippine Department of Agriculture (DA). Environmental regulations are monitored and enforced by the Department of Environment and Natural Resources (DENR). The primary environmental laws applicable to the project are the Clean Water Act (2003) and the Clean Air Act (1999).

Additionality

Evidence as to why the proposed projects are additional is offered under the following categories of barriers: (a) investment barrier, (b) technological barrier and (c) common practice.

a) Investment Barrier

Small swine farms, such as these swine farms, have a difficult time securing financing for the implementation of biogas wastewater management projects. The following factors contribute to the

³ Moog, F. A., "Promotion and utilization of polyethylene biodigester in small hold farming systems in the Philippines", Research Division, Bureau of Animal Industry, Manila, Philippines, 1997

⁴ Abuel-Ang, Pia, "Philippines Livestock and Products Annual 2004", USDA Foreign Agricultural Service, September 2004

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investment barrier that these kinds of project face:

- **Perceived Risk** – Most local banks are not interested in these projects primarily because of lack of knowledge and experience with the technology.
- **Bias Against Renewable Energy Projects** – Renewable energy projects do not have access to government guarantees like conventional energy projects do, receiving low priority in financing programmes due to the absence of an integrated programme for the development of RE sources. There is also an unfair financing treatment accorded to renewable energy technologies. Most of the attractive financing packages such as extended repayment period apply only to conventional energy projects. Shorter repayment periods for renewable energy projects effectively increase the front-end costs for potential renewable energy project investors. Few renewable energy projects, with the exception of some large-scale hydro and geothermal projects, have reached financial closure because of lack of participation of local lending institutions.⁵
- **Current Practice** – The current pond-based treatment method is considered standard operating practice in the Philippines and in the region for wastewater treatment. Moreover, for the project owners, the current pond system (business-as-usual scenario) is extremely financially attractive, given that it works to required specification and requires virtually no management input or investment capital to achieve the key parameters. All required lands are appropriated and the current system has sufficient capacity to handle additional waste.
- **Lowest Cost** – The current system represents the lowest cost option, with the only cost being the opportunity cost of alternative land use.
- **General Culture** – The project requires investment capital into a part of the business that is not seen as core to the farmers. Culturally, the often family-owned farm holdings will see investment prioritised into areas that directly benefit the farm and it's expansion of inventory. The inclusion of CER revenues has therefore become an important part of the Project Developer's implementation and financing strategy. The inclusion of CER revenues has therefore become an important part of the Project Developer's implementation and financing strategy. The lack of appetite of the project host to undertake this project and hence the project's additionality, is further demonstrated through the need to attract third party, international, finance through foreign investment in this project, whose objective is to seek access to CERs.

b) Technology Barrier

The predominant and known technology for piggery wastewater management in the Philippines is through a series of lagoons. Biological treatment of wastewater to produce biogas is a new and relatively unknown technology here. The lack of available knowledge and confidence in the technology, especially among small, privately owned swine farms, makes this type of development difficult to establish. As a result, most swine farm owners view this technology as risky and prefer to maintain their farms in the traditional fashion. This risk is reflected in the fact that there are not many projects of this type in the Philippines. Moreover, many farmers are concerned that a bio-digester project is too complex to operate

⁵ J.C. Elauria, M.L.Y. Castro and M.M. Elauria, "Biomass Energy Technologies in the Philippines: A Barrier and Policy Analysis", Energy for Sustainable Development, Volume VI, No. 3, September 2002, pp.45-46

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and maintain. The anaerobic digestion and biogas system that will be utilized in the Project is quite different than previous experience in the Philippines in relation to wastewater treatment. The project activities represent a more technologically advanced alternative to the business-as-usual scenario, and one that carries higher perceived risks.

Anaerobic digestion systems are perceived as relatively high risk, being based upon the function of a biological system that is neither 100% characterized, nor performance-guaranteed. The biological system is at constant risk of chemical shocks that can wipe out the anaerobes and biological activity (and subsequently, the waste management and energy production regimes, which are both keys to commercial operations). Anaerobic digestion systems require constant and on-going precise management of a variety of elements - water flows, pH levels, etc. In general, they are perceived as a risky solution. Overall, the project scenario involves higher perceived risks due to the performance uncertainty and a low market share of the new technology.

c) *Common Practice*

The CIGAR® technology that will be utilized in the project activities is not a common practice in the Philippines and represents a higher risk alternative to the business-as-usual scenario. At present, lagoon-based treatment is the standard practice in the Philippines and in the regions for swine farms. There is little experience in utilizing aerobic or anaerobic technologies in the Philippine context, and therefore, these are not considered a high-risk management priority. The highest priority for most in the sector is the management of their waste discharges to simply maintain compliance with local regulations. From the operator's perspective, the lagoon system is a cheap and sufficient way to clean the wastewater.

Summary

The current and expected practice in the host nation, which relies almost exclusively on lagoon-based wastewater treatment facilities for piggeries, as well as the combination of lack of access to financing and perceived risks of the selected technology, clearly demonstrate that the Project is additional and therefore not the baseline scenario. The prohibitive barriers that exist in the Philippines are confirmed by the observed trend in current piggery wastewater management practices.

The barrier analysis above clearly demonstrates that the most plausible baseline scenario is the prevailing practice of lagoon-based systems. The most significant barriers facing the Project are technology familiarity, perceived risk of the technology and the relative lack of investment interest among the key business constituency.

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| B.6. Emission reductions: |
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| B.6.1. Explanation of methodological choices: |
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Emission reductions

AMS-I.D:

The electricity generated by the biogas times the CO₂ emission coefficient for the displaced electricity from the grid and of the displaced fossil fuel.

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AMS-III.D:

The lower of the two values of (1) actual monitored amount of methane captured and destroyed by the project activity (2) the methane emissions calculated ex ante using the amount of waste or raw material that would decay anaerobically in the absence of the project activity, with the most recent IPCC tier 2 approach.

Project direct emissions

AMS-I.D:

As the Project is utilising biogas with biogenic origins to produce renewable energy, and the design of the system does not include many electrical appliance except for one blower (consuming 3.2 MWh per annum supplied by the system itself). The anthropogenic emissions from this component are considered to be zero.

AMS-III.D:

Project emissions consist of CO₂ emissions from use of fossil fuels or electricity for the operation of the facility. As stated in the paragraph above, the system design only utilizes one blower, on which the anthropogenic emissions are considered negligible.

As a conservative manner, a number of potential sources are taken into consideration for project emissions, including:

- Physical leakage from the system

The methane recovery facility, the Project, is designed and constructed to collect all the biogas from the digester. First of all, the digester is designed to operate with negative pressure, so that biogas is efficiently sent to the generator. Secondly, the perimeter of the digester employs an ‘anchor-trench’ lining design, where the liner of the digester exceeds the perimeter by approximately one meter. The gas-impermeable cover of the digester also extends beyond the perimeter of the digester in order to meet the liner. The liner and cover are then sealed at the perimeter of the digester and the overlapped portion (approximately one meter) is then buried and compacted with soil to further anchor the liner and cover. It is very unlikely biogas generated in the digestion process will not be captured by the CIGAR.

Physical leakage from the pipeline is considered to be zero, as the pipeline from collection point to the combustion points is short (less than 1km, and for on site delivery only).

- Methane captured and not flared

It is unlikely that there will be any leakage from the flares, as the flares will only be in use when there is more biogas than can be combusted in the generator. Nonetheless, ex post determination will be defined after the measurement of the flare efficiency is attempted.

It is unlikely that there will be any un-combusted methane from the generator, given the generator has been designed for high performance. Combustion efficiency test will be conducted on the generator each year.

- CO₂ emission from combustion of non-biogenic methane

Not applicable. No other fuel than biogas will be used.

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- If the sludge is treated and/or disposed anaerobically, the resulting methane emissions shall be considered as project emissions.

Not applicable to ex-ante estimate. No sludge is anticipated to be leaving the system during the crediting period based on the developer's experience. However, the aerobic treatment and/or proper soil application of the sludge leaving the digester in the project activity shall also be ensured and monitored.

Leakage

AMS-I.D, paragraph 12, states that no leakage calculation is required since the equipment is not being transferred to or from another activity.

AMS-III.D, paragraph 9, states that no leakage calculation is required.

Baseline

The total baseline emissions ($TB_{\text{emissions}}$) are:

$$TB_{\text{emissions}} = FE_{\text{baseline}} + E_{\text{baseline}}$$

Therefore, the total emission reductions are:

$$ER = FE_{\text{baseline}} + E_{\text{baseline}} - PE_{\text{project}}$$

Refer to section B.4 for details of the calculations of each source.

B.6.2. Data and parameters that are available at validation:

| | |
|--|---|
| Data / Parameter: | CEF_{grid} |
| Data unit: | tCO ₂ /MWh |
| Description: | Emission coefficient of the electricity distribution system |
| Source of data used: | Philippine Department of Energy (PDOE) – www.doe.gov.ph |
| Value/s applied: | 0.557 (Luzon grid) |
| Justification of the choice of data or description of measurement methods and procedures actually applied: | Calculated according to the most recent ACM0002, using publicly available statistic data. |
| Any comment: | Computations of grid CEFs are attached as a separate excel spreadsheet. |
| Data / Parameter: | Pop |
| Data unit: | Heads |
| Description: | Animal population the Farm |

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| | |
|--|--|
| Source of data used: | Farm Specific |
| Value/s applied: | 5,000 |
| Justification of the choice of data or description of measurement methods and procedures actually applied: | The current animal population of the farm is used for the ex-ante estimation of emission reductions. For each year during the crediting period, emission reductions will be the lower value of the two, (1) the monitored methane captured and destroyed and (2) the ex-ante estimate number. |
| Any comment: | |

| | |
|--|---|
| Data / Parameter: | Capacity |
| Data unit: | kW |
| Description: | Installed generator capacity in ACME Farm |
| Source of data used: | PhilBIO |
| Value/s applied: | 100 |
| Justification of the choice of data or description of measurement methods and procedures actually applied: | |
| Any comment: | |

| | |
|--|--|
| Data / Parameter: | Manure management system usage |
| Data unit: | % |
| Description: | Fraction of manure being treated by the system |
| Source of data used: | Project design |
| Value/s applied: | 100 |
| Justification of the choice of data or description of measurement methods and procedures actually applied: | |
| Any comment: | |

| | |
|--|--|
| Data / Parameter: | Operation rate |
| Data unit: | % |
| Description: | Fraction of time generator is operational |
| Source of data used: | PhilBIO's experience |
| Value/s applied: | 87.5 |
| Justification of the choice of data or description of measurement methods and procedures actually applied: | To enhance conservativeness, the operation rate adopted is at 87.5% based on project developer's experience. |

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| Any comment: | |
|--------------|--|

| | |
|--|---|
| Data / Parameter: | Feed mass intake |
| Data unit: | kg/day |
| Description: | The average mass of feed intake per head per day |
| Source of data used: | Philippine Department of Agriculture http://www.geocities.com/zambo_da9/tip_swine_raising.html |
| Value/s applied: | 2.66 |
| Justification of the choice of data or description of measurement methods and procedures actually applied: | |
| Any comment: | |

| |
|--|
| B.6.3 Ex-ante calculation of emission reductions: |
|--|

AMS-I.D:

Baseline emissions are calculated as the following:

Based on the Project Developers assumptions and observations on the project's engine running time, the total annual amount of electricity from the grid displaced is estimated at 767MWh.

ACME farm will utilise a 100 kW generator engine, which is connected to the Luzon Grid⁶, therefore,

Table B.6.3.a AMS-I.D Baseline

| | Value | Source |
|--|------------|--------------------------------|
| a. Installed Capacity (kW) | 100 | Project |
| b. Genset Operating Rate | 87.50% | Measured |
| c. Daily Electricity Generation (kWh/day) | 2,100 | Calculated (a x b x 24 hrs) |
| d. Annual Electricity Generation (MWh/year) | 767 | Calculated (c x 365/1000) |
| e. Emissions Coefficient (tonne CO _{2e} /MWh) | 0.557 | CEF Spreadsheet |
| Annual CO₂ emission reductions | 427 | Calculated |

⁶ Source of the emission coefficient factors of the electricity grids of the Philippines: (1) "CDM Baseline Construction for the Electricity Grids in the Philippines", prepared by the Klima Climate Change Center of the Manila Observatory for the Environmental Management Bureau of the DENR; and (2) 2005 energy data published by the Philippine Department of Energy on <http://www.doe.gov.ph/power/Power%20Stat%202005%20update042406.htm>

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| | | |
|--|--|---------|
| from electricity generation (tonne CO ₂ e/year) | | (d x e) |
|--|--|---------|

Estimated annual baseline emission of the electricity displacement component of the project activities is **427 tonnes CO₂e/year**.

Project emissions:

As the Project is utilising biogas with biogenic origins to produce renewable energy, and the design of the system does not include many electrical appliance except for one blower (consuming 3.2 MWh per annum supplied by the system itself). The anthropogenic emissions from this component are considered to be zero.

Leakage:

AMS-I.D, paragraph 12, states that no leakage calculation is required since the equipment is not being transferred to or from another activity.

AMS-III.D:

Baseline emission is calculated as follows:

Country specific value for feed intake per day is:

Feed mass (kg/day) x energy per mass unit (kcal/lb) x conversion factor

Therefore,

$$GE \text{ (MJ/day)} = 2.66 \text{ (kg/day)} \times 3250 \text{ (kcal/kg)} \times 0.0041868 \text{ (MJ/kcal)} = \mathbf{36 \text{ (MJ/day)}}^7,$$

Table B.6.3.b AMS-III.D Baseline

| | Value | Source |
|--|-------|---------------------------------|
| Pig population | 5,000 | Farm |
| Daily Intake per Head (MJ/day) | 36 | Calculated |
| Digestibility | 80% | IPCC2006 T10.2 |
| Urinary Energy | 0.02 | IPCC2006 page10.42 |
| Ash Content | 4% | IPCC1996 page4.23 |
| Daily Volatile Solids Excretion (kg/day) | 0.41 | Calculated based on IPCC tier 2 |
| Bo, Maximum Methane-Producing Capacity (m ³ /kg VS) | 0.29 | IPCC2006 T10.A |
| MCF, Methane Conversion Factor | 80% | IPCC2006 T10.A |
| EF, Annual Emission Factor (kg) | 23.51 | Calculated |
| Annual Methane Capture (tonnes) | 118 | Calculated |
| Methane Density (kg/m ³) | 0.667 | Default |

⁷ Source of the daily feed intake: (1) Philippine daily feed mass, Department of Agriculture (Zamboanga Region, Philippines) http://www.goecities.com/zambo_da9/tip_swine_raising.html; (2) energy per mass unit, Herr et al. (2000), Evaluating Variable Feed Energy Levels for Grow-Finish Pigs, <http://www.ansc.purdue.edu/swine/swineday/sday00/8.pdf>; (3) mass unit conversion factor, www.onlineconversion.com; (4) feed intake rate affected by temperature, Effect of Environment on Nutrient Requirements of Domestic Animals, http://www.fermat.nap.edu/openbook.php?record_id=49638&page=32

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|---|--------------|---|
| Methane Content | 65% | Project specific |
| Daily Biogas Offtake (m3/day) | 743 | Calculated |
| GWP Methane | 21 | Approved Global Warming Potential for CH4 |
| Annual Baseline (tonnes CO2e/year) | 2,468 | Calculated |

Estimated annual baseline emissions of the methane component of the project activities is **2,468, tonnes CO₂e/year**

Project emission due to project activities is:

Table B.6.3.c AMS-III.D Project Emissions

| | Value | Source |
|--|------------|--|
| CO2 emissions from use of fossil fuel (tCO2e/year) | 0 | Negligible. Please refer to section B.6.1. for detailed justification. |
| Total project emissions (t CO2/year) | 0.0 | |

Therefore, direct project emission is negligible.

Leakage:

AMS-III.D, paragraph 9, states that no leakage calculation is required.

Total emission reductions are:

427 (AMS-I.D) + 2,468 (AMS-III.D) - 0 (Project Emissions) = **2,895 tonnes CO₂e/year**

B.6.4 Summary of the ex-ante estimation of emission reductions:

Table 6 Summary of ex-ante estimation of emission reductions

| Year | Baseline (tCO2e) | | Project Emissions (tCO2e) | Leakage (tCO2e) | ER (tCO2e) |
|--------------|------------------|--------------|---------------------------|-----------------|---------------|
| | Methane Capture | Power | | | |
| 2007 | 2,468 | 427 | 0.0 | 0.0 | 2,895 |
| 2008 | 2,468 | 427 | 0.0 | 0.0 | 2,895 |
| 2009 | 2,468 | 427 | 0.0 | 0.0 | 2,895 |
| 2010 | 2,468 | 427 | 0.0 | 0.0 | 2,895 |
| 2011 | 2,468 | 427 | 0.0 | 0.0 | 2,895 |
| 2012 | 2,468 | 427 | 0.0 | 0.0 | 2,895 |
| 2013 | 2,468 | 427 | 0.0 | 0.0 | 2,895 |
| Total | 17,276 | 2,989 | 0.0 | 0.0 | 20,265 |

| |
|--|
| B.7 Application of a monitoring methodology and description of the monitoring plan: |
|--|

Metering the electricity generated and monitoring the amount of methane used as fuel or combusted as described in Appendix B of the simplified modalities and procedures for small-scale CDM project activities. The approved monitoring methodologies applied to this project are as follows:

AMS-I.D Grid Connected Renewable Electricity Generation – (13) Monitoring shall consist of metering the electricity generated by the renewable technology.

AMS-III.D Methane Recovery in Agricultural and Agro Industrial Activities – (11) The amount of methane recovered and fuelled or flared shall be monitored ex-posed, using flow meters. The fraction of methane in the biogas should be measured with a continuous analyser or, alternatively, with a periodical measurements at a 95% confidence level. Temperature and pressure of the biogas are required to determine the density of methane combusted. (12) Regular maintenance should ensure optimal operation of flares. The flare efficiency, defined as the fraction of time in which the gas is combusted in the flare, multiplied by the efficiency of the flaring process, shall be monitored; (15) Flow meters, sampling devices and gas analyzers shall be subject to regular maintenance, testing and calibration to ensure accuracy; and (17) The monitoring plan should include on site inspection for each individual farm included in the project boundary where the project activity is implemented for each verification period.

The methodology was selected as suggested by the simplified monitoring methodologies for small-scale CDM projects. Measuring the amount of methane recovered and metering the amount of electricity generated are the most appropriate methods of monitoring the project activity.

| |
|---|
| B.7.1 Data and parameters monitored: |
|---|

| Data / Parameter: | Electricity |
|--|--|
| Data unit: | kWh |
| Description: | Actual electricity generated by the project |
| Source of data to be used: | Electricity meter |
| Value of data | |
| Description of measurement methods and procedures to be applied: | Electricity will be metered through the use of an electricity meter at each farm everyday. |
| QA/QC procedures to be applied: | Electricity meters will be subject to regular maintenance and testing regime to ensure accuracy once a year. |
| Any comment: | |

| Data / Parameter: | Biogas |
|----------------------------|--|
| Data unit: | m ³ |
| Description: | Amount of biogas captured and used as fuel for the generator |
| Source of data to be used: | Flow meter |

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| | |
|--|--|
| Value of data | |
| Description of measurement methods and procedures to be applied: | Biogas used by the generator will be monitored through the use of biogas flow meter at each farm everyday. |
| QA/QC procedures to be applied: | Gas flow meters will be subject to regular maintenance and testing regime to ensure accuracy once a year. |
| Any comment: | |

| | |
|--|---|
| Data / Parameter: | Methane content |
| Data unit: | % |
| Description: | The fraction of methane in the biogas |
| Source of data to be used: | Gas analyzer |
| Value of data | |
| Description of measurement methods and procedures to be applied: | Methane content of biogas will be monitored through the use of a gas analyser at each farm quarterly. In the event that the methane content of the quarterly samples vary significantly, monthly samples will be taken. |
| QA/QC procedures to be applied: | Gas analyser will be subject to regular maintenance and testing regime to ensure accuracy once a year. |
| Any comment: | |

| | |
|--|--|
| Data / Parameter: | Biogas flared |
| Data unit: | m ³ |
| Description: | Amount of biogas sent to the flare |
| Source of data to be used: | Flow meter |
| Value of data | |
| Description of measurement methods and procedures to be applied: | Biogas sent to the flare will be monitored through the use of biogas flow meter. |
| QA/QC procedures to be applied: | This parameter will only be monitored when there is surplus gas from the Project and a flare is installed. |
| Any comment: | |

| | |
|------------------------------------|---|
| Data / Parameter: | Flare efficiency |
| Data unit: | % |
| Description: | The fraction of methane destroyed. The flare efficiency is defined as the fraction of time in which the gas is combusted in the flare, multiplied by the efficiency of the flaring process. |
| Source of data to be used: | Default value from the methodology |
| Value of data | 90% or 50% |
| Description of measurement methods | Continuous check of compliance with the manufacturers specification of the flare device (temperature, biogas flow rate) should be done. If in any specific |

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| and procedures to be applied: | hour any parameters is out of the range of specification 50% of default value should be used for this specific hour. For open flare 50% default value should be used, as it is not possible in this case to monitor the efficiency. If at any given time the temperature of the flare is below 500 °C, 0% default value should be used for this period. |
| QA/QC procedures to be applied: | Maintenance of the flare is to be conducted once a year to ensure optimal operation. |
| Any comment: | |

| | |
|--|--|
| Data / Parameter: | Generator combustion efficiency |
| Data unit: | % |
| Description: | The fraction of methane destroyed. |
| Source of data to be used: | Methodological default value |
| Value of data | 90% |
| Description of measurement methods and procedures to be applied: | Continuous check of compliance with manufacturers specification of the generator set will be done. 90% will be used as combustion efficiency for ex-post CER estimate. Based on the approved methodology ACM0008, the efficiency of methane destroyed through power generation is 99.5%. As conservative approach, 90% is adopted for this small scale project activity. |
| QA/QC procedures to be applied: | Maintenance of the generator set will be conducted based on supplier's requirements. |
| Any comment: | |

| | |
|--|---|
| Data / Parameter: | Sludge from the CIGAR |
| Data unit: | kg |
| Description: | It is not anticipated desludging will be take place during the crediting period based on the developer's experience. However, if in any case sludge is removed from the system, it shall be weighed and recorded. |
| Source of data to be used: | Farm record |
| Value of data | |
| Description of measurement methods and procedures to be applied: | |
| QA/QC procedures to be applied: | Farm manager's signature is required on the record. |
| Any comment: | |

| | |
|----------------------------|--------------------------|
| Data / Parameter: | CIGAR cover |
| Data unit: | n/a |
| Description: | CIGAR cover check |
| Source of data to be used: | Onsite monitoring record |

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| | |
|--|---|
| Value of data | |
| Description of measurement methods and procedures to be applied: | The operation should walk over the CIGAR daily to conduct leakage inspection. Observation should be logged and submitted to the farm manager. |
| QA/QC procedures to be applied: | Farm manager's signature is required on the record. This will be used for cross-checking with the gas flow meter reading on the quantity of gas captured and sent to the generator. |
| Any comment: | |

During crediting period, the certified emission reduction will be claimed based on the lower one of the ex-ante estimate or the amount of methane used as fuel or combusted monitored as described above.

B.7.2 Description of the monitoring plan:

Shift Operator → Shift Manager → Farm General Manager

Project Participants monitor biogas production and electricity generation as part of standard operating procedure for the project activities. PhilBIO has developed a monitoring workbook that the farm owners must use to rigorously input and monitor these data. Project participants will keep electronic copies and paper copies for back-up purposes.

Furthermore, the operator personnel will be trained in equipment operation, data recording, reporting, and operation, maintenance, and emergency procedures.

A monitoring team will make regular site audits to ensure that monitoring and operational procedures are being observed in accordance with the monitoring plan and monitoring protocol.

B.8 Date of completion of the application of the baseline and monitoring methodology and the name of the responsible person(s)/entity(ies)

1/06/2007 by Dafei Huang, dafei.huang@eeafm.com and Philippine Bio-Sciences Co., Inc., west.stewart@philbio.com.ph, Tel: +632 638 2074/6092

SECTION C. Duration of the project activity / crediting period

C.1 Duration of the project activity:

C.1.1. Starting date of the project activity:

03/03/2007

C.1.2. Expected operational lifetime of the project activity:

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21y-0m

C.2 Choice of the crediting period and related information:**C.2.1. Renewable crediting period****C.2.1.1. Starting date of the first crediting period:**

01/01/2008

C.2.1.2. Length of the first crediting period:

7y-0m

C.2.2. Fixed crediting period:

Not selected

C.2.2.1. Starting date:

N/A

C.2.2.2. Length:

N/A

SECTION D. Environmental impacts**D.1. If required by the host Party, documentation on the analysis of the environmental impacts of the project activity:**

The host country does not require an analysis of the environmental impacts of the project activities. The host country has issued each farm an Environmental Clearance Certificate (ECC).

It should be noted, however, that the project activities will generate considerable environmental benefits. The CIGAR® system decreases GHG emissions through two significant avenues. Prior to the project activity, the Projects rely on the grid for its electricity provision. With the implementation of the project activities, biogas collected from the degradation of swine-farm waste is used for electricity generation, thus eliminating the demand for grid-fed electricity. In addition to directly reducing the emission of GHGs by eliminating a source of fossil fuel combustion, the project activities will capture methane (CH₄) from an agro-industrial source, preventing its release into the atmosphere. Methane is an extremely potent GHG whose greenhouse-warming equivalent is 21 times that of carbon dioxide (CO₂).

In addition to reducing GHG emissions, this closed system of energy production will produce considerable improvements in waste management at each farm. Wastewater discharge from swine farms can be hazardous to aquatic ecosystems. The extent to which wastewater discharge threatens aquatic ecosystems depends on the amount of organic material and solid material contained within the wastewater as measured by biological oxygen demand (BOD), chemical oxygen demand (COD), suspended solids, and colour indicators. The CIGAR® system, owing to its anaerobic digestions

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properties, reduces COD by approximately 80%, destroys approximately 95% of harmful BOD, diminishes suspended solids, significantly reduce odour, and improves the colour quality of the wastewater. The CIGAR® system also provides a solution to odour, which is a common nuisance to the surrounding residents of these swine farms.

D.2. If environmental impacts are considered significant by the project participants or the host Party, please provide conclusions and all references to support documentation of an environmental impact assessment undertaken in accordance with the procedures as required by the host Party:

Not applicable

SECTION E. Stakeholders' comments

E.1. Brief description how comments by local stakeholders have been invited and compiled:

PhilBIO, in cooperation with ACME Farms, Inc., conducted a CDM stakeholders' consultations for the farm's anaerobic digestion swine wastewater treatment with on-site power project for its application as a CDM project. The stakeholders' meeting was conducted last April 17, 2007 (2 – 4pm) at Consultation Tita Els Restaurant, Bagumbayan, Teresa

PhilBIO's CDM Project Manager Engr. Ellen May Zanoria gave the presentations, while PhilBIO's CDM Project Manager, Engr. Angel Flores III facilitated the consultation.

The consultations were conducted in conformity with the requirement of the United Nations Framework Convention on Climate Change (UNFCCC) that clean technology projects that wish to be considered for CDM should have public or stakeholders' consultations.

Participants:

The stakeholders' consultations were well attended with a number of participants coming from the local government units (LGUs) and residents from each farm's location. These were:

- Farm representative
- Department of Agriculture's technologists
- Laguna Lake Development Authority
- Department of Environment and Natural Resources
- Municipal Heads of Government (Health, Sanitation, Engineering and Fire protection)

There were also participants from other farms who are interested to adopt an environmentally friendly technology such as the CIGAR® and know more about the CDM.

Purpose of the Meeting

The purpose of the stakeholders' consultations was to present the benefits of the anaerobic digestion swine wastewater treatment with on-site power project to the environment, swine farm owner and the community where each farm is located, and to explain what CDM is and its processes, aims and benefits.

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The consultations wished to stress the conformity of the projects in attaining the sustainable development goals of the country through the enhanced wastewater treatment system that will be utilized by each farm. More importantly, the consultations served as venues for stakeholders to ask questions or give comments about the projects and CDM.

The participants were informed that the proposed project was going to be registered with the Gold Standard Foundation, and that they were requested to provide their inputs through the checklist. The meeting was conducted both in English and Tagalog.

Agenda

The consultations started with an invocation led by a selected local participant. Then, a representative from the municipal government or LGU gave a brief message to welcome the participants.

The highlight of the consultations was a presentation on CDM by PhilBIO. The presentations gave an overview of the issues concerning climate change; CDM and its processes, aims and benefits; and the CIGAR project and why it is considered as a CDM project. The presentation focused on the following topics:

- Climate Change
- Clean Development Mechanism (CDM)
- The Process of CDM
- PhilBIO's Methane Gas Mitigation Technology
- The CDM Project

After each presentation, the presenter conducted an open forum where a number of questions were asked and comments were voiced out. Further details will be found in succeeding texts.

After the open forum, the facilitator thanked the participants and adjourned the meetings.

| |
|---|
| E.2. Summary of the comments received: |
|---|

The stakeholders' consultation was attended by 19 people from ACME Farm, Coral Farm, Laguna lake Development Authority (LLDA), Municipal Health office, Morong Fire Station, Department of Environment and Natural Resources, Provincial Health Office, and Teresa Municipal Office.

The stakeholders focused mainly on the requirements, design, monitoring process, efficiency, capability and applicability of CIGAR.

| Issue/s Raised | Response/Recommended Measures to Address the Issue/s |
|----------------|--|
|----------------|--|

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| Does the effluent from the project system pass government standards? | Yes. The lagoons are designed to remain as a part of the system as further treatment of effluent from the CIGAR. PhilBIO also recommends the reuse of the treated wastewater from the lagoon for watering the crops and cleaning their pigpens so that discharge is minimum. |
| Will there be monitoring procedures for the Project? | Yes. PhilBIO described that aside from the daily monitoring sheets, it also has quarterly monitoring procedures to check each units' performance. |
| Most of the farms pass their discharge limits even just using lagoons. Why should we use CIGAR? | First of all, the system captures the biogas that would be emitted from the anaerobic lagoon system. The gas is utilised for power generation. This displaces electricity from the grid which is mostly based on fossil fuel source. This is also a cheaper option for the farm's energy use. The technology, compared with traditional lagoon, uses less area. Odor reduction is another merit of the Project. |
| Will there be pathogens on the wastewater? | The system is operated at about 36-37 degrees Celsius. After the treatment process, the pathogens in the effluent are significantly reduced. |
| Who will finance the project? How will your company benefit? | The Project is developed by Hacienda Bio-energy Corporation and financed by Trading Emissions PLC. The foreign investment is attracted because of the sustainable development characteristics of the Project and its ability to generate carbon credits. Electricity generated by HBC will be sold to the farm at a lower price compared to the grid. |
| Will there be people who will take care of the daily operation of the CIGAR? | PhilBIO explained that there will be shifting operators who are trained to operate the process. PhilBIO's field engineers will be accessible to the operators for any emergency. |

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|---|
| E.3. Report on how due account was taken of any comments received: |
|---|

No comments opposing the projects were received.

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Annex 1**CONTACT INFORMATION ON PARTICIPANTS IN THE PROJECT ACTIVITY**

| | |
|------------------|------------------------------------|
| Organization: | Hacienda Bio-Energy Corporation |
| Street/P.O.Box: | Emerald Avenue |
| Building: | Strata 100 |
| City: | Pasig |
| State/Region: | Rizal |
| Postfix/ZIP: | 1605 |
| Country: | Philippines |
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| E-Mail: | |
| URL: | |
| Represented by: | |
| Title: | President |
| Salutation: | Mr. |
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| Direct tel: | +63 2 631 2044/2074, extension 110 |
| Personal E-Mail: | West.stewart@philbio.com.ph |

| | |
|-----------------|------------------------------|
| Organization: | Trading Emissions PLC |
| Street/P.O.Box: | 54-62 Athol Street, |
| Building: | Third floor, Exchange House, |
| City: | Douglas |
| State/Region: | Isle of Man |
| Postfix/ZIP: | IM1 1JD |
| Country: | United Kingdom |
| Telephone: | +44 (0) 16 2468 1200 |
| FAX: | +44 (0) 16 2468 1392 |
| E-Mail: | eb@tradingemissionsplc.com |
| URL: | www.tradingemissionsplc.com |
| Represented by: | |
| Title: | |
| Salutation: | Mr. |
| Last Name: | Scales |
| Middle Name: | |
| First Name: | Philip |
| Department: | |
| Mobile: | |

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| | |
|------------------|--|
| Direct FAX: | |
| Direct tel: | |
| Personal E-Mail: | |

Annex 2

INFORMATION REGARDING PUBLIC FUNDING

Not applicable.

The hosts farm for each individual project and the project developer will fund the Project entirely. The Project has not received and will not seek public funding.

Annex 3

BASELINE INFORMATION

Refer to section B.4 and the baseline estimation in section B.6.

Annex 4

MONITORING INFORMATION

Refer to section B.7.

Annex 5

ADDITIONALITY SCREEN

A. Previously Announced Projects Screen

CDM was the primary driver for the project during the proposal and pre-investment analysis stage. All forms of communication and announcements regarding the Project addressed CDM. No public announcement has been made of the Project going ahead without the CDM.

B. Additionality Tool

Section B.5 demonstrates the barrier analysis.

C. ODA Additionality Screen

The Project did not and will not receive Official Development Assistance from Annex 1 countries.

D. Conservative Approach

Despite the indication of growth in the hog raising industry in the Philippines, the current population in the farm has been used as the anticipated livestock population throughout the crediting period. IPCC default factors and country specific values were used for the computation of CERs. Methane capture and flare inefficiencies will be monitored strictly according to the approved monitoring methodology.

E. Technology Transfer and Knowledge Innovation

The technology used for this project is a fusion of equipments from both Annex 1 and non-Annex 1 countries. The predominant and known technology for piggery wastewater management in the Philippines is through a series of lagoons. Biological treatment of wastewater to produce biogas is a new and relatively unknown technology here. The lack of available knowledge and confidence in the technology, especially among small, privately owned swine farms, makes this type of development difficult to establish. As a result, most swine farm owners view this technology as risky and prefer to maintain their farms in the traditional fashion. Training is to be provided by the project developer to the farm and local staff on the operation and maintenance of the system.

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Annex 6**SUSTAINABLE DEVELOPMENT ASSESSMENT MATRIX**

| Component • Indicators | Score (-2 to 2) | Rational |
|--|------------------------|--|
| Local/regional/global environment | | |
| • Water quality and quantity | +2 | <p>The project will reduce the contamination risks of local watercourse by implementing the wastewater treatment system. Such system has been proven effective via monitoring and tests.</p> <p>The COD concentration of the discharge from the system will be noticeably reduced. The enforcement of the complying local and national wastewater discharge standard will be enhanced when a farm has adopted this system.</p> <p>The improvement of the treated wastewater has enabled some farm to practise wastewater recycling. Since the implementation of the project, some of farms have been using the effluent from the CIGAR for washing pig pens.</p> |
| • Air quality (emissions other than GHGs) | +2 | <p>The project will improve air quality at the project site through reduction in odour by reducing H₂S (hydrogen sulphide) emissions.</p> <p>Odour from the pig farm has been a nuisance to the surrounding neighbourhood. With a closed system, the project considerably reduces the odour comparing to the existing treatment facility.</p> |
| • Other pollutants (including, where relevant, toxicity, radioactivity, POPs, stratospheric ozone layer depleting gases) | 0 | No other pollutant has been identified. |
| • Soil condition (quality and quantity) | +1 | Soil contamination risks have been managed. The lining of the CIGAR system effectively prevents leakage of wastewater. |
| • Biodiversity (species and habitat conservation) | 0 | The project does not result in any impact on biodiversity, given it is located in the exiting property of the farm. |

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| Sub total | +5 | |
| Social sustainability and development | | |
| • Employment (including job quality, fulfilment of labour standards) | +2 | <p>The development of the project has involved technology experts, engineering designers, mechanical engineers, chemical engineers, electrical engineers and etc. The team of local experts are exposed to an international cooperation work environment. Training of project management has been provided throughout the development.</p> <p>A team of operation and management has been hired locally in the host nation to ensure the project's smooth operation throughout the project lifetime.</p> <p>Training specifically on wastewater treatment, generator operation, monitoring and recording, as well as greenhouse gases background information is given to the locally hired system operator. Safety at work place, fire precautionary and emergency reaction plans will be implemented.</p> |
| • Livelihood of the poor (including poverty alleviation, distributional equity, and access to essential services) | +1 | <p>The project will contribute to sustained and improved economic conditions for those employed directly or indirectly by the project and project host facility.</p> <p>The Project has brought in improvement in the viability of rural enterprises, enterprises that support local employment in the agricultural sector.</p> |
| • Access to energy services | +2 | <p>The farm is able to turn its own waste into a reliable energy source and enjoy cheaper rate of locally produced energy.</p> |
| • Human and institutional capacity (including empowerment, education, involvement, gender) | +2 | <p>At present there is minimal social resistance to the current practice of using the pond system because they are an accepted component of the local environment and considered as the standard operating practice by commercial entities in the Philippines.</p> <p>Social concerns on the current practice principally focus on safety and foul odour. The project will aim to improve these aspects in particular, with safety enhanced through management of biogas in a more controlled manner. The essence of the project</p> |

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| | | |
|---|-----------|---|
| | | <p>is to anaerobically degrade the wastewater organics under controlled conditions- i.e, not just letting the gasses emitted escape to atmosphere.</p> <p>Throughout the stakeholder consultations conducted in many regions in the country, a level of education on advanced technology and global warming awareness has been achieved. The group of biogas project as been used as case study in the Philippines for the host DNA's CDM advocating and capacity building.</p> |
| Sub total | +7 | |
| Economic and technological development | | |
| • Employment (numbers) | +2 | <p>Besides the 6 leading engineers and 10 permanent field workers, the project development's engineering team is constantly hiring 70 to 80 field workers from the surrounding area of the project location on contract basis.</p> <p>The O&M team consists of 3 local experts has been established to supervise and coordinate with the engineers.</p> <p>For each project site, at least employ 1 permanent system operator will be hired from the local community. 24 project sites are under development in 2007. Training on wastewater treatment, generator operation, monitoring and recording, as well as greenhouse gases background information will be provided.</p> <p>During the construction, the civil work and installation team will be sourced from the local area.</p> |
| • Balance of payments (sustainability) | +2 | <p>The Project will increase host site and ultimately national energy self sufficiency by reducing the use of imported fossil fuels.</p> <p>National energy self-sufficiency is increased with the use of cheap, renewable and indigenous energy resources, which correspondingly decreases dependence on imported fossil fuel and a reduction in negative impacts of fuel imports on the nations balance of payments.</p> <p>Financing of projects that are not core to underlying host activities (i.e. does it produce more pork) are</p> |

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| | | |
|---|------------|---|
| | | often considered as not worthy of investment. A new financial mechanism for funding of the renewable energy and waste management sector via the CDM is demonstrated here with risk carried by external investors. It has also shown an alternative development path through the improvement in the financial viability of marginal projects. |
| <ul style="list-style-type: none"> • Technological self reliance (including project replicability, hard currency liability, skills development, institutional capacity, technology transfer) | +2 | <p>There are cultural issues particularly in host management (related the use of an unknown technology such as anaerobic digestion and altering a process that may have operated well for many years) and locals (with a general scepticism of change). The Project aims to demonstrate how the technology can be applied in a manner acceptable to the local population.</p> <p>24 projects of the same type are being developed in the Philippines in 2007. The developer has planned for more replicated projects to be developed in 2008.</p> <p>Pig farm owners, local leaders, governmental officials and academia in the related industry have been invited to the stakeholder consultations. Awareness of the technology, global warming issues and carbon financing as a new financial mechanism have been introduced to the stakeholders.</p> |
| Sub total | +6 | |
| TOTAL | +18 | |

Annex 7**SUSTAINABLE DEVELOPMENT INDICATORS TO BE MONITORED**

| SD Indicators | Description | Data variable | Data unit | Measured (m), calculated (c) or estimated (e) | Remarks |
|------------------------|---|-----------------------|------------------|--|--|
| Water quality | Organic loading of the treated wastewater (COD) and the compliance status with the local/national standards | Quantity /qualitative | Mg/L | m | The pig farm is required by the national law to maintain a permit to discharge and environmental clearance certificate. For the farm to be able to maintain such permits, the local Department of Environment and Natural Resource conducts regular wastewater discharge tests. If any non-compliance is identified, such environmental certificates will be suspended. Therefore, the validity of the environmental certificates is an indication of compliance with legal requirement. |
| Air quality | Odour from the farm's wastewater treatment system | qualitative | | e | Complaints regarding the CIGAR system's odour impact will be filed and presented for review. |
| GHG destroyed | Biogas combusted | Quantity | Nm3 | m | Refer to the CDM monitoring plan in Section B 7.1 |
| Electricity generation | Sustainable energy supply to the farm | Quantity | kWh | m | Refer to the CDM monitoring plan in Section B 7.1 |
| Employment | Permanent and contractual employment number | Quantity | Person | m | The staff records/pay roll/contract orders from the head office are to be verified. |
| Project replicability | The number of projects of the same type being developed by the project participant | Quantity | | m | Contracts, engineering documentation |