BOILER EFFICIENCY PROTOCOL IN MEXICO

Comments submitted by PEMEX

Translated from Spanish by the Climate Action Reserve (except where noted)

General Comments:

- We prefer that the classification of boilers is based on tonnes of high pressure steam generation capacity.

3.3 Crediting Period

It appears contradictory to give more crediting years to an improved efficiency project than a project that installs a new boiler. We recommend that the crediting periods be equal.

3.4.1 The age limit of boilers that are eligible to participate in the protocol

In many cases, the age of the boiler that will be replaced is not clear. It seems to us that more important than the absolute age of the boiler, is to consider the starting date of operations as a new boiler or the starting date of operations as a boiler after it has been retrofitted to point zero. For Boiler sizing in PEMEX, it is customary that from the mechanical integrity studies, they retrofit the boilers to point zero. Another point to consider is the mechanical integrity study. There is a specific possibility of boilers operated by a project owner with more than the median age for boilers whenever a mechanical integrity study supports that the conditions are operational.

3.4.1 In order to encourage improved efficiency of boilers and the use of the protocol, the start of the protocol could have a lower PST threshold, which over several eventually would become stricter. There is always a period of time in which the users realize the benefits of this type of protocols, which in Mexico have been used by few.

5. Quantification

It is recommended to use the electricity emissions factor for auto-generation

6. Monitoring Requirements

Calibrations should be done by internal staff in accordance to the manufacturer or a nationally/internationally recognized standardized methodology. This should be done with the objective of not increasing costs to the project. The verifier should be the person to validate this.

8. Verification

It is important to expedite the process of training/certifying Mexican verifiers to reduce the cost of verification. There should be a limit to the cost of verification; for example, that the verification cost should not be more than 5-10% of the cost of credits generated.

Fuel Switching:

First, the use of natural gas is not "Business as Usual" and will not be for several years. The country has a greater demand than supply, and there is not adequate pipelines for transportation to and import from the USA. In the US, the use of natural gas is "Business as Usual," but NOT in Mexico. Accordingly, there are many facilities that would like to use natural gas, but it is not available. If it is a fuel that is not available, it is not "Business as Usual".

(All further comments on fuel switching were originally submitted in English and are not translated)

In this respect let me make some comments:

- You can decide to leave as an option to follow CDM additionality test.
- First of its kind within the type of activity or a geography area is clearly additional and should be considered in the protocol.
- It is always important to ensure regulations do not constrain the facility from using the fossil fuel with higher carbon content.
- Considering the barrier analysis: the company had to sort it out several barriers due to natural gas shortage and how the lack of infrastructure has been a fundamental barrier.
- It could be included in the protocol that if you need to construct infrastructure to bring the gas (pipeline) then the project is additional for the first two or three fuel switching events.
- Switching to natural gas is not a common practice and is not going to be a common practice for a long time. You could argue that once it becomes a common practice you will not give the incentive anymore.
- It is not clear why do you restrict the performance standard test for the same type of fuel. It is the same to add an additive to the fuel than to switch to another fuel.
- While you cannot always argue that the *carbon credit incentive* was which ensures the switching to take place you could argue that the interest in mitigation was the main drive in the decision both at the company as at the national level.
- In general projects compete for resources in the company and while a project may be economically viable when you compare its cost benefit analysis with other production projects they never receive the budget for its execution.
- Without knowing the carbon price of the credit it is difficult to argue that a carbon credit incentive will make the difference in taking an action. It is more related to the barriers you have to sort it out.

2.2.2 2. Installation of new high efficiency boilers

Regarding the assertion that one cannot use the project to facilitate the expansion of the capacity of the project site or of the facility: many of the investments in boilers usually occur during the expansion of the capacity of the facilities as it is a period in which they can make repairs/retrofits. We propose the following:

If an improvement in efficiency of a boiler occurs during the expansion of the capacity of the facility, to consider only the installed capacity prior to the expansion.

5. Quantification of the Reduction of GHG Emissions

It is suggested that in cases where emissions reductions amount to less than 25,000 tonnes CO_2e/year, the verification could be completed each 2 or 3 years. This is suggested given the high costs of verification.