



## China Adipic Acid Production Protocol Workgroup Meeting Notes and Takeaways

Work Group Meeting #1 Notes – May 24 USA // May 25 China

**Reserve Attendees:** Rachel, Craig, Kristen

[Link](#) to review recording

### Workgroup Members in attendance:

Organization (alphabetically)	Name	Present (P) or Absent (A)
Ascend Performance Materials	Chris Johnson	P
Ascend Performance Materials	Brian Clancy- Jundt (Alternate)	P
China National Chemical Energy Conservation Center	Hanna Zhang	P
ClimeCo	Lauren Mechak	P
Futurepast	John Shideler	P
GHD	Yusi Li	P
Henan Shenma Nylon Chemical Company	Liu Wei	P
Henan Shenma Nylon Chemical Company	Li Xiaoye (Alternate)	P
Invista	Yuwen Wang	P
Ruby Canyon Environmental	Phillip Cunningham	P
Ruby Canyon Environmental	Issai Medellin (Alternate)	A
Sinocarbon Innovation and Investment Co., Ltd	Dr. Tang Jin	P

### Agenda:

- Introduction
- Process overview
- protocol considerations
  - Startup testing
  - Defining Additionality
  - Bypass of Control Unit and Venting
  - Monitoring and QA/QC
- Open Discussion
- Next steps

### Main Points of Discussion and Decisions Made:

#### 1. Startup Testing

- a. The Reserve proposed language to allow for a 9-month period to test the operability of the N<sub>2</sub>O abatement equipment.

- b. The workgroup noted that the wording in Section 3.2 Project Start Date regarding the 12-month deadline to submit the project for listing is not consistent with the proposed language for the startup testing, and further clarification is required.
  - c. There was discussion that required documentation could include a performance standard check to confirm stable operations.
  - d. Questions were raised about how to verify the intent of a startup period.
  - e. The workgroup concurs that a 9-month startup time is sufficient.
  - f. The Reserve will clarify how startup testing relates to the deadline to submit the project for listing and include proposed documentation
- 2. 90% Baseline Abatement Efficiency**
- a. The Reserve proposed a 90% baseline abatement efficiency to address concerns of increasing adipic acid production solely for the purpose of creating more credits.
  - b. The workgroup supports the 90% baseline approach; however, concerns were raised regarding the possibility of shifting reporting periods to avoid dipping below the 90% level.
  - c. The workgroup requested clarification for instances where a facility falls below the abatement efficiency threshold. Does the project need to payback credits? Will they be required to claim zero credits? Will a project stop producing adipic acid or shift production to another facility if they fall below 90%? The protocol may need to address the possibility of shifting the reporting periods to avoid penalties.
  - d. The Reserve will consider the issue and bring additional information to the workgroup for review.
- 3. Production Cap**
- a. The Reserve proposed a production cap on crediting to address increasing production beyond capacity for the purpose of generating credits.
  - b. The workgroup notes that placing a cap on production at a facility may impact their operations and provide a disincentive to participate in the protocol. Instead, the 90% baseline is sufficient in addressing concerns.
  - c. The workgroup notes that there is a nameplate capacity that is approved by the government, but it is flexible and weighted overtime rather than a fixed cap.
  - d. The workgroup proposes comparing the revenue of CRTs vs the revenue of AA at the time to justify an increase in production.
    - i. The Reserve notes that this is too similar to a financial additionality test.
  - e. The Reserve will review comments and propose a production cap that does not impact business operations.
- 4. Additionality**
- a. The Reserve proposed shifting terminology from “mitigating leakage” to “defining additionality.” No opposition was received from the workgroup.
  - b. The Reserve requested an update on China’s Certified Emissions Reductions Scheme. It was noted that by 2025, chemical companies will be required, but it does not appear that AAPs will be included in this.
    - i. The Reserve agrees that CCER restarting does not appear to be an issue for additionality.
- 5. Bypass of Control Unit and Venting**
- a. The Reserve has proposed language for instances where gas bypasses the N<sub>2</sub>O control unit or is directly vented to the atmosphere and there is no direct monitoring.

- b. The workgroup notes that considering removing the upper limit or a 10% upper limit on the alternative method because the 90% baseline will be sufficient to incentivize minimizing instances of bypass/venting.
- 6. Project Monitoring: HJ 75-2017**
- a. The Reserve asked the workgroup to confirm that HJ 75-2017 “Professional Standard of the People’s Republic of China, Specifications for Continuous Emissions Monitoring of SO<sub>2</sub>, NO<sub>x</sub>, and Particulate Matter in the Flue Gas Emitted from Stationary Sources,” is appropriate to address monitoring and reporting requirements.
  - b. The workgroup confirmed that NO<sub>x</sub> requirements are appropriate to use for N<sub>2</sub>O and aligns with the Reserve’s US Adipic Acid Production Protocol.
- 7. Other comments**
- a. The workgroup proposes having multiple production lines connected to one abatement technology and asks if this would be considered aggregation or one project.
    - i. The Reserve does not see an issue with one device for multiple plants and sees that it could accommodate smaller facilities. These would be considered a singular project rather than an aggregation.
  - b. The Reserve informed the workgroup that we have been in communication with ANSI National Accreditation Board to identify potential verification bodies in China.

**Pending Questions for the Workgroup:**

- Identify documentation that may be used to demonstrate the intent or duration of the abatement technology startup testing period.
- Suggest quantification approach for addressing instances where facilities fall below the 90% baseline
- Provide information on production capacity permitting in China that could inform the establishment of a production cap.
- Provide further comments to the Reserve on workgroup discussion, as well as current protocol draft.

**Next Steps for the Reserve**

- Schedule the next workgroup meeting.
- Provide alternative language for Section 3.2 Project Start Date.
- Consider how to address situations in which the abatement efficiency falls below the baseline.
- Propose language for a production cap for crediting.