

IFC – World Bank Group

Policy & Performance Standards Review

The Euromot Position

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EUROMOT

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of Internal Combustion
Engine Manufacturers

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ENGINES IN SOCIETY

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EUROMOT is the European Association of Internal Combustion Engine Manufacturers. It is committed to promoting the central role of the IC engine in modern society, reflects the importance of advanced technologies to sustain economic growth without endangering the global environment and communicates the assets of ICE power to regulators worldwide. For almost 20 years it has supported its members, consisting of national associations and companies from all over Europe and abroad, by providing expertise and up-to-date information and by campaigning on their behalf for internationally aligned legislation.

For further information about the Association, please visit our website:
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INTRODUCTION

EUROMOT believes that the IFC's initiative to review its policy and performance standards is timely and welcomes the opportunity to provide comments to the IFC's Policy and Performance Standards Review and especially the Performance Standard 3 (Resource Efficiency and Pollution Prevention, Version 1, dated April 14, 2010). EUROMOT supports the IFC policy to promote the efficient usage of resources resulting in a decreased burden on the environment, e.g. energy efficiency measures reducing Greenhouse Gas emissions.

However, we believe the Performance Standard 3 in general should choose a less complex approach in order to be administratively manageable, especially with regards to the Greenhouse Gas (GHG) reporting mechanism, preferably by following the example set by the European Union more closely.

COMMENTS REGARDING PERFORMANCE STANDARD 3 – Energy Use & Greenhouse Gases (Para 7, 8)

In the draft Performance Standard 3, the threshold for GHG emission of 20,000 tons of CO₂-equivalent annual emissions is set too low. Already an efficient small oil fired stationary engine power plant with a capacity of just 4 MWe (operating at full load 7500 hours/year) can cross this threshold resulting in a disproportionate burden and undue costs on small sources following the IFC rules compared to regulations in the EU or the US. Furthermore, the very large amount of projects crossing this threshold would make it administratively almost unmanageable.

In the EU Greenhouse Gas Emission Trading Scheme, for example, the threshold for a power plant is set at 20 MWth¹, which is approximately equivalent to an 8 MWe stationary diesel engine power plant.

In the US, the Environment Protection Agency recently raised the threshold from 25,000 to 100,000 tons per year CO₂-equivalent for new plants, partly due to administrative reasons. This is approximately equal to a 19 MWe stationary engine power plant operating at Maximum Continuous Rating 7500 hours per year.² At a later stage, when new work procedures have been worked out, this threshold may be lowered.

Recommendation 1:

EUROMOT therefore recommends raising the GHG threshold to at least correspond with the EU Emission Trading scheme in order to reduce the burden on small sources and administrative effort.

According to footnote 6 of the draft IFC's Performance Standard 3, all significant sources of GHG including methane and nitrous oxides shall be reported.

However, in the EU Greenhouse Gas Emissions Trading Scheme (ETS) for power plants only CO₂

¹ See Annex 1 of EU Directive 2009/29/EC of 23 April 2009. Link: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0063:0087:EN:PDF>

² US EPA: 40 CFR Parts 51, 52, 70 et al. Prevention of Significant Deterioration and Title V, Greenhouse Gas Tailoring Rule, Final Rule; June 3 2010

is followed of the GHGs. This will also continue to be the case in the new EU ETS from beginning of year 2013 when the second ETS period has expired (only some specific sectors such as “production of primary aluminium/metric acid/adipic acid/glyoxal and glyoxylic acids” will start to also report nitrous oxides besides carbon dioxide, see EU Directive 2009/29/EC, Annex 1¹). Furthermore, in many methodologies developed by IPCC also only CO₂ is taken into account by the project activities (but not CH₄ or N₂O).³

Recommendation 2:

In order to avoid too complicated regulations, EUROMOT recommends following the example set by the European Union and to focus solely on CO₂ for most sectors. This will make the verification and reporting processes practical and manageable. Furthermore, IFC should also give clear guidelines what is generally expected from the different sectors, as is the case in the European Union.

Footnote 7 of the Performance Standard 3 draft states that “Project-induced changes in soil carbon content, or above ground biomass may contribute to direct emission sources and shall be included in this emissions quantification”. We believe this is a too sophisticated approach for small and medium sized power plant projects.

Recommendation 3:

In EUROMOT'S opinion only large projects with significant impacts on the surrounding should be required to do this kind of analysis - such as IFC classified “A”-projects, for which a full EIA is required. Furthermore IFC should give some Guidelines where appropriate methods might be found.⁴

CONCLUSION

In above text we have highlighted some recommendations needed in order to make the implementation of the new Performance Standards more efficient and practical. In our view a too complicated approach and the corresponding bureaucratic effort should be avoided.

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³ For example see: AM0029 “ Baseline Methodology for Grid Connected Electricity Generation Plants using Natural Gas” page 4 table 1 (Link: http://cdm.unfccc.int/UserManagement/FileStorage/CDMWf_AM_15YH7UTNQ40J8MGMVX62CGNE0K49Y0 ,

⁴ For example: e.g. Link: http://cdm.unfccc.int/methodologies/ARmethodologies/approved_ar.html