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Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol
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Cairo, 11-13 November 1998

BASELINE EQUIPMENT

Introduction

1. At its Twenty-fifth Meeting the Executive Committee considered a paper on Baseline Equipment (UNEP/OzL.Pro/ExCom/25/55). The paper referred to the technology upgrade which can take place when CFC-based equipment currently operating in an enterprise (the ‘baseline equipment’) is replaced with new, non-CFC or non-ODS-based equipment. The paper noted that the Executive Committee had already taken a decision on technology upgrade (Decision 18/25), offered some general conclusions to clarify operation of Decision 18/25 and proposed specific modalities to implement the decision in relation to the foam and solvent sectors.

2. The Executive Committee decided to take up the specific modalities in relation to the foam and solvent sectors but referred the broader question of more general application of the decision back to the Sub-Committee on Project Review. The text of Decision 25/48 is as follows:

“Having taken note of the comments and recommendations of the Sub-Committee on Project Review (UNEP/OzL.Pro/ExCom/25/17, paragraphs 88 to 91), and the proposals from the floor, the Executive Committee:

(a) Noted that the Sub-Committee on Project Review proposed to take up, at its next meeting, the following issues:

“the provision of replacement equipment constituted a technological upgrade in relation to the baseline conditions of enterprises for which retrofit of existing equipment was not feasible;
“that unavoidable technological upgrade was to be taken into account in determining eligible incremental costs;” and

(b) Decided that the baseline concept be adopted and implemented selectively, through application of Decision 18/25 on technological upgrade utilizing pro-rating of equipment costs, to the specific circumstances indicated below, and with the methodologies as also indicated:

For the domestic and commercial refrigeration and rigid polyurethane foam sub-sectors:

(i) the incremental cost of providing new foam machines where these are essential for conversion and none exist in the baseline should be based on either the difference between the cost of a low-pressure and a high-pressure foam machine, where a high-pressure machine is essential, or, alternatively, an agreed percentage of the cost of a low-pressure machine;

- (ii) for foam machines nearing the end of their useful life, the incremental cost of conversion should be based on the cost, from the same supplier, of a new machine, from which has been deducted the cost of a replacement ODS-technology machine, or a proportion thereof calculated according to Decision 18/25;
- (iii) for foam machines in all other circumstances, the incremental cost of conversion should be based on the cost of retrofitting similar machines available through international bidding.

For the solvents sector:

the incremental cost of conversion of existing solvent cleaning machines to use non-CFC or non-TCA solvents should be based on the cost of retrofitting similar machines available through international bidding (excluding conversion to aqueous/semi-aqueous technology which requires different equipment).”

Action requested

The Sub-Committee on Project Review may wish to consider the issue referred to in 2 (a) above and make appropriate recommendations to the Executive Committee.
