



Annex 12

REVIEW CONCLUSIONS: GRANEROS PLANT FUEL SWITCHING PROJECT (0024)

1. The Board agreed to request the DOE and the project participants to make corrections in the CDM-PDD and the validation report as outlined below and resubmit them for consideration of the Board by 31 May 2005. The two lead members of the review team responsible for a case shall assess if the corrections were appropriately incorporated and make a recommendation by 8 June 2005 to the Board for electronic decision-making, in accordance with rule 30 of the rules of procedure of the Executive Board. If the Board is not able to agree via electronic decision-making, the resubmission shall be considered at its twentieth meeting.
2. The Board notes that the clarifications by the DOE and the project participants did not address adequately some of the issues identified in the scopes for review and in related questions which the Board had sent to the DOE and project participants. The Board sought further information and clarification from the DOE and project participants on these issues within the scope of the review.
3. In order to ensure that the process of consideration of this review case is undertaken in an efficient and expedited manner, the Board will not register the activity if the requested corrections in the CDM-PDD and validation report indicated below are not made to the satisfaction.
4. The Board further noted that in general, if a DOE repeatedly fails to act according to the accreditation standards, relevant COP decisions and guidance of the Board, the Board will consider suspending/withdrawing its accreditation.
5. Issues to be corrected in the CDM-PDD and validation report:

SCOPE (a) The requirement of AM0008 that the crediting period be capped by the remaining lifetime of the existing equipment(s) and how this requirement is met in the particular case.

Corrections to be incorporated:

- The validation report and the CDM-PDD shall in particular be corrected to incorporate the following issues:
 - o The project participants provided evidence that they can operate the oldest equipment (Probat coffee rosters, Erie City boiler) up to 50 years. The lifetime of such equipment should therefore be capped at this level (i.e. 50 years). As a consequence, no CERs should be earned for the replacement of equipment which is older than 50 years in the baseline situation at the point of verification of emission reductions.

SCOPE (b) Given the statement provided in the CDM-PDD relating to additionality, the provision of evidence of the Nestle's Environmental Minimal Technical Requirements (NEMTR) decision.

Corrections to be incorporated:

- The validation report and the CDM-PDD shall be revised to include the clarifications provided by the DOE and project participants. The additional information regarding



NEMTR referred by the DOE should be submitted as part of the CDM-PDD and made publicly available in accordance with paragraph 27 (h) of the CDM modalities and procedures.

SCOPE (c) Given the statement provided in the CDM-PDD relating to additionality, provide a justification of the fuel prices used for the NPV analysis.

Corrections to be incorporated:

- The validation report and the CDM-PDD shall be revised to include clarifications provided by the DOE. The additional information provided by the project participants referred to by the DOE shall be made publicly available in accordance with paragraph 27 (h) of the CDM modalities and procedures. This additional information shall incorporate the following issues:
 - o The parameters and assumptions used in the NPV analysis need to be more clearly and explicitly stated, including current and projected costs and prices during the lifetime of the project, fuel efficiency and differences in operating costs. The appropriateness of the discount rate shall also be demonstrated.

SCOPE (d) A justification why the reduction of consumption of coal by the project activity is leading to reductions of emissions from maritime transportation.

No corrections needed.

SCOPE (e) The use of language in the annexes to the CDM-PDD which was not English, recalling that the working language of the Executive Board is English.

Corrections to be incorporated:

- CDM-PDD: Information submitted in Spanish should be translated to and submitted in English.
- Validation report: DOE to include in the validation report its clarifications regarding this scope.

Other changes to be incorporated

- Validation report: DOE to delete any disclaimers in the validation report.