

**Information note on the  
Decision Regarding the Request for Registration of**

**"Waste Gas based Power Generation at Ankit Metal & Power Limited" (2127)**

**I. Background**

**A. Summary of Proposed Project Activity Submitted for Registration**

The designated operational entity (DOE), Det Norske Veritas Certification AS, submitted a proposed project activity for registration under the clean development mechanism (CDM).

The proposed project activity involves the installation of a power plant capable of generating 12 megawatts (MW) of electricity from a steam turbine. Steam for the turbine would be generated from the installation of a waste-heat recovery boiler (WHRB) and a coal-fired boiler. The WHRB would generate steam from the waste heat of the direct reduction iron kilns at the Ankit Metal & Power Limited plant (AMPL) plant. The turbines would generate approximately 8 MW of electricity from the WHRB and approximately 4 MW of electricity from the coal-fired boiler, for a total of 12 MW. The electricity generated would be used by the AMPL plant.

**B. Summary of the Issue: Baseline Scenario**

The issue subject to review is whether baseline scenario asserted by the project participant (PP) and validated by the DOE is in accordance with the applicable methodology. In the request for registration, the PP asserted and the DOE validated that the appropriate baseline scenario involves the installation of a new captive coal-fired power plant capable of generating 12 MW of electricity. The PP asserted and the DOE validated this as the appropriate baseline scenario as opposed to a baseline scenario comprising a supply of electricity to the AMPL plant from either a specific existing power plant or from the grid.

**C. Procedural Background**

The request for registration was submitted to the Executive Board on 3 June 2009.<sup>1</sup> Following the submission for registration, three members of the Executive Board submitted a request for review of the proposed project activity within eight weeks of the submission of the request for registration, pursuant to decision 4/CMP.1, annex III, "Procedures for review as referred to in paragraphs 41 of the modalities and procedures for a clean development mechanism" (procedures for review), paragraph 2. The DOE provided its initial comments (dated 13 August 2009), within two weeks of being notified of the request for review.

The Executive Board took those initial comments into account and, at its forty-ninth meeting, placed the proposed project under review (EB 49 report, paragraph 38 (c)) and decided on the scope of the review (EB 49 report, annex 8), in accordance with paragraphs 10 and 11 of the procedures for review.

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<sup>1</sup> The request for registration was submitted to the Executive Board after payment of the registration fee and the secretariat determined that the submission was complete, in accordance with EB 44 report, annex 7, "Procedures for the Registration of a Proposed CDM Project Activity".

Accordingly, the review team established by the Executive Board sent to the PP and the DOE a request for clarification and further information pursuant to paragraph 15 of the procedures for review. The PP and the DOE provided their response to the request for clarification within five working days of receiving the request for clarification. The PP's response is undated and the DOE's response is dated 25 September 2009.

## **II. Discussion**

### **A. PP and DOE Responses to Request for Review and Request for Clarification**

In their responses to request for review and request for clarification, the PP asserted and the DOE validated that the appropriate baseline scenario involved a new captive coal-fired power plant capable of generating 12 MW of electricity. That is, the asserted baseline scenario involved not constructing a WHRB and coal-fired power plant capable of generating 12 MW, but constructing a coal-fired power plant capable of generating 12 MW.

### **B. Issue Considered by the Executive Board**

The DOE contracted by PP bears the responsibility of validating the proposed project activity submitted for registration, pursuant to decision 3/CMP.1, annex, "Modalities and procedures for a clean development mechanism" (modalities and procedures), paragraph 37. Among other things, this provision requires the DOE to validate that the baseline methodology complies with the methodologies previously approved by the Executive Board.

The methodology applied to the proposed project activity was ACM0012, version 2, "Consolidated baseline methodology for GHG emission reductions for waste gas or waste heat or waste pressure based energy system" (waste-heat methodology). The waste-heat methodology only applies to baseline scenarios identified in Table 1 of the methodology (waste-heat methodology, page 8). Where the proposed project activity only comprises the generation of electricity, Table 1 of the waste-heat methodology only allows for the consideration as the baseline scenario either electricity supplied from an existing power plant or electricity imported from the grid (waste-heat methodology, page 9).

Therefore, because baseline scenario asserted by the PP and validated by the DOE involves the installation of a new captive coal-fired power plant in lieu of the proposed project activity, it was considered that the asserted baseline scenario is not an acceptable baseline scenario under the waste-heat methodology. Specifically, the asserted baseline scenario comprises neither electricity supplied to the AMPL plant from a specific existing power plant nor electricity supplied from the grid.

## **III. Conclusion**

In accordance with paragraphs 17 and 18 (c) of the procedures for review, during its fiftieth meeting the Executive Board concluded that it could not register the proposed project activity (EB 50 report, paragraph 65 (a)). Specifically, the Executive Board concluded that the PP and the DOE "have failed to substantiate the application and the determination of the baseline scenario as the baseline selected is a new captive coal based power plant whereas the methodology limits the baseline scenario for power generation to be a specific existing power plant or grid import."



In accordance with paragraph 42 of the modalities and procedures, the proposed project activity may be resubmitted for validation and registration provided it meets the requirements for validation and registration.

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### History of the Document

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| Project<br>2127 | Related to EB 50,<br>Paragraph 65 (a) | <b>Decision Class:</b> Ruling<br><b>Document Type:</b> Information Note<br><b>Business Function:</b> Registration |
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