

**Final Ruling Regarding the Request for Registration of  
“New England Landfill Gas to Energy Project” (3249)**

The CDM-Executive Board decided to reject the above proposed project activity on 3<sup>rd</sup> June 2011, during its 61<sup>st</sup> meeting, in accordance with the “*Procedures for review of requests for registration*”, version 1.2, EB 55, Annex 40, paragraphs 23, 24 and 28 (the procedures). In accordance with paragraph 27 of the procedures, the ruling shall contain an explanation of the reasons and rationale for the final decision which are as follows:

- The DOE (SGS) has failed to substantiate the additionality of the project activity as it has not sufficiently validated the suitability of the input values to the investment analysis, in particular the project cost, O&M cost and "project support cost" in line with the VVM, version 1.2, paragraph 111 (b).
- VVM, version 1.2, paragraph 111 (b) states that “*To verify the accuracy of financial calculations carried out for any investment analysis, the DOE shall: (b) Cross-check the parameters against third-party or publicly available sources, such as invoices or price indices.*”
- However, it is considered that the DOE has failed to crosscheck the suitability of the input values to the investment analysis, in particular the project cost, O&M cost and "project support cost" against third-party or publicly available sources due to the following reasons:
  - The project cost and the O&M cost were compared against the total investment cost and the O&M cost of nine similar CDM project activities in Mexico, Peru, China and Brazil implemented by the project participant . However, the suitability of such comparison is not clear considering that: different countries were selected and a wide range of values were quoted, and furthermore that the projects used for comparison were developed by the same project participant and therefore cannot be considered third-party sources.
  - The DOE has not adequately explained why the "project support cost" which account for 5.72% of the total investment includes administration costs (such as: financial manager, general manager, two administrators, non-executive director remuneration, etc) that do not directly relate to the implementation of the project activity. Furthermore, the DOE failed to adequately cross-check these costs since the DOE did not use a third party or independent source as required but rather used a receipt from services that the project participant provided to another landfill in South Africa. If, the "project support cost" is not considered, the IRR crosses the benchmark for the project activity.

Please note, however, that, with appropriate revisions, this project activity may be resubmitted for validation and registration provided it meets the requirements for validation and registration, in accordance with paragraph 42 of the CDM Modalities and Procedures (Decision 3/CMP.1).

- - - - -



History of the document

<b>Project</b> 3249	Related to EB 61 Meeting Report Paragraph 73 3 June 2011	<b>Decision Class:</b> Ruling <b>Document Type:</b> Information Note <b>Business Function:</b> Registration
------------------------	---	---