



VALIDATION REPORT

ANTONIO MORAN WIND POWER PLANT PROJECT IN PATAGONIA REGION, ARGENTINA

REPORT No. 2005-1118

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DET NORSKE VERITAS



VALIDATION REPORT

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Summary:

Det Norske Veritas Certification Ltd. (DNV) has carried out a validation of the “Antonio Moran Wind Power Plant Project in Patagonia Region” project (hereafter called “the project”) in Argentina on the basis of UNFCCC criteria for the CDM, as well as criteria given to provide for consistent project operations, monitoring and reporting UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the simplified modalities and procedures for small-scale CDM project activities and the subsequent decisions by the CDM Executive Board.

The validation consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan, ii) follow-up interviews with project stakeholders and iii) the resolution of outstanding issues and the issuance of the final validation report and opinion.

In summary, it is the validation team’s opinion that the “Antonio Moran Wind Power Plant Project in the Patagonia Region, Argentina” project, as described in the project design document of 26 September 2005, meets all relevant UNFCCC requirements for the CDM and all relevant host country criteria and correctly applies the simplified baseline and monitoring methodology for type I.D small-scale CDM project activities. DNV Certification thus requests the registration of the project as a CDM project activity.

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Abbreviations

CAR	Corrective Action Request
CDM	Clean Development Mechanism
CEF	Carbon Emission Factor
CER	Certified Emission Reduction
CH ₄	Methane
CL	Clarification request
CO ₂	Carbon dioxide
CO _{2e}	Carbon dioxide equivalent
CAMMESA	Compañía Administradora del Mercado Mayorista Eléctrico
DNV	Det Norske Veritas
DNA	Designated National Authority
GHG	Greenhouse gas(es)
GWP	Global Warming Potential
IPCC	Intergovernmental Panel on Climate Change
MP	Monitoring Plan
MVP	Monitoring and Verification Plan
N ₂ O	Nitrous oxide
NGO	Non-governmental Organisation
OAMD	Oficina Argentina del Mecanismo para un Desarrollo Limpio
ODA	Official Development Assistance
PCI	Pacific Consultations International
PDD	Project Design Document
SCPLCR	Sociedad Cooperativa Popular Limitada de Comodoro Rivadavia
UNFCCC	United Nations Framework Convention on Climate Change



1 INTRODUCTION

Pacific Consultations International (PCI) has commissioned DNV Certification to validate the “Antonio Moran Wind Power Plant Project in the Patagonia Region, Argentina” (hereafter called “the project”). This report summarises the findings of the validation of the small scale project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to the Kyoto Protocol criteria and the CDM rules and modalities as agreed in the Marrakech Accords, the simplified modalities and procedures for small-scale CDM project activities and the relevant decisions by the CDM Executive Board.

The validation team consisted of the following personnel:

Mr. Tsuyoshi Nakao	DNV Japan	Team Leader, GHG auditor
Mr. Edgardo Devoto	DNV Argentina	GHG auditor
Mr. Einar Telnes	DNV Oslo	Technical review, energy sector expert

1.1 Validation Objective

The purpose of a validation is to have an independent third party assess the project design. In particular, the project's baseline, monitoring plan, and the project's compliance with relevant UNFCCC and host Party criteria are validated in order to confirm that the project design, as documented, is sound and reasonable and meets the identified criteria. Validation is a requirement for all CDM projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of certified emission reductions (CERs).

1.2 Scope

The validation scope is defined as an independent and objective review of the project design document (PDD). The PDD is reviewed against the criteria stated in Article 12 of the Kyoto Protocol, the CDM modalities and procedures as agreed in the Marrakech Accords and the relevant decisions by the CDM Executive Board. The validation team has, based on the recommendations in the Validation and Verification Manual /7/, employed a risk-based approach, focusing on the identification of significant risks for project implementation and the generation of CERs.

The validation is not meant to provide any consulting towards the project participants. However, stated requests for clarifications and/or corrective actions may have provided input for improvement of the project design.

1.3 Description of Proposed CDM Project

A local cooperative in Comodoro Rivadavia city of Argentina, called Sociedad Cooperativa Popular Limitada de Comodoro Rivadavia (SCPLCR), distributes electricity purchased from Argentina's Patagonia grid to its members. Rapid increase in cooperative members in the late 1990's and growing local demand for electricity required the cooperative to find a way to reduce its electricity expenses. The co-op has chosen to establish its own power generation system that



is powered by wind energy, as the Patagonia region (where the city is located) has abundant wind energy potentials. This project is the cooperative's first full-scale wind project, with a capacity of 10.56 MW, which consists of 16 units of 660 kW generator. SCPLCR intends to distribute the electricity produced by this power plant to its members and to displace electricity purchased from the Patagonia grid, which is mainly fed by natural gas thermal power plants and hydro power plants. Accordingly, 26 928 tonnes of CO₂ emission reductions per year are expected to be achieved by the project.

2 METHODOLOGY

The validation consists of the following three phases:

- I. a desk review of the project design and the baseline and monitoring methodology
- II. follow-up interviews with project stakeholders
- III. the resolution of outstanding issues and the issuance of the final validation report and opinion.

In order to ensure transparency, a validation protocol was customised for the project, according to the Validation and Verification Manual /7/. The protocol shows in transparent manner criteria (requirements), means of verification and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organises, details and clarifies the requirements a CDM project is expected to meet;
- It ensures a transparent validation process where the validator will document how a particular requirement has been validated and the result of the validation.

The validation protocol consists of three tables. The different columns in these tables are described in Figure 1.

The completed validation protocol of the "Antonio Moran Wind Power Plant Project in the Patagonia Region, Argentina" is enclosed in Appendix A to this report.

Findings established during the validation can either be seen as a non-fulfilment of validation protocol criteria or where a risk to the fulfilment of project objectives is identified. Corrective Action Requests (CAR) are issued, where:

1. mistakes have been made with a direct influence on project results;
2. validation protocol requirements have not been met; or
3. there is a risk that the project would not be accepted as a CDM project or that emission reductions will not be certified.

The term Clarification may be used where additional information is needed to fully clarify an issue.



VALIDATION REPORT

Validation Protocol Table 1: Mandatory Requirements for CDM Project Activities			
Requirement	Reference	Conclusion	Cross reference
<i>The requirements the project must meet.</i>	<i>Gives reference to the legislation or agreement where the requirement is found.</i>	<i>This is either acceptable based on evidence provided (OK), a Corrective Action Request (CAR) of risk or non-compliance with stated requirements or a request for Clarification (CL) where further clarifications are needed.</i>	<i>Used to refer to the relevant checklist questions in Table 2 to show how the specific requirement is validated. This is to ensure a transparent Validation process.</i>

Validation Protocol Table 2: Requirement Checklist				
Checklist Question	Reference	Means of verification (MoV)	Comment	Draft and/or Final Conclusion
<i>The various requirements in Table 1 are linked to checklist questions the project should meet. The checklist is organised in seven different sections. Each section is then further sub-divided. The lowest level constitutes a checklist question.</i>	<i>Gives reference to documents where the answer to the checklist question or item is found.</i>	<i>Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable.</i>	<i>The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached.</i>	<i>This is either acceptable based on evidence provided (OK), or a Corrective Action Request (CAR) due to non-compliance with the checklist question (See below). A request for Clarification (CL) is used when the validation team has identified a need for further clarification.</i>

Validation Protocol Table 3: Resolution of Corrective Action Requests and Requests for Clarification			
Draft report corrective action requests and requests for clarifications	Ref. to Table 2	Summary of project participants' response	Final conclusion
<i>If the conclusions from the draft Validation are either a Corrective Action Request or a Clarification Request, these should be listed in this section.</i>	<i>Reference to the checklist question number in Table 2 where the Corrective Action Request or Clarification Request is explained.</i>	<i>The responses given by the project participants during the communications with the validation team should be summarised in this section.</i>	<i>This section should summarise the validation team's responses and final conclusions. The conclusions should also be included in Table 2, under "Final Conclusion".</i>

Figure 1 Validation protocol tables



2.1 Review of Documents

The Project Design Document /1/ submitted by PCI in April 2005 for version 1.1, in May 2005 for version 1.3 and September 2005 for version 1.4, and additional background documents related to the project design and baseline /4/-/6/ were assessed.

2.2 Follow-up Interviews

In the period of 2005-04-21 to 2005-08-29, members of the validation team from DNV Certification performed interviews with project stakeholders in Argentina to confirm selected information and to resolve issues identified in the document review. Representatives of PCI were also interviewed. The main topics of the interviews are summarised in Table 1

Table 1 Interview topics

Interviewed organisation	Interview topics
PCI (Pacific Consultants International)	<ul style="list-style-type: none"> ➤ General information about the project ➤ Baseline determination ➤ Project barrier ➤ Monitoring and measurement
Sociedad Cooperativa Popular Limitada de Comodoro Rivadavia (SCPLCR)	<ul style="list-style-type: none"> ➤ Wind power technology in Patagonia and Argentina ➤ Decision making about the Antonio Moran project ➤ Project experience of wind power plants ➤ Project management ➤ Stakeholder consultation
DNA of Argentina (Oficina Argentina del Mecanismo para un Desarrollo Limpio)	<ul style="list-style-type: none"> ➤ Project endorsement ➤ Contribution to Sustainable Development
Secretary of Energy of Argentina	<ul style="list-style-type: none"> ➤ Renewable energy conditions in Argentina ➤ Rural electrification

2.3 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the validation was to resolve the requests for corrective actions and clarification and any other outstanding issues which needed to be clarified prior to DNV Certification Ltd.'s positive conclusion on the project design.

Two Corrective Action Requests and five requests for Clarification were identified and presented to the project participants in DNV's draft validation report of 20 September 2005. Additional information provided by the project participants resolved these requests to DNV's full satisfaction. To guarantee the transparency of the validation process, the concerns raised by DNV and the response provided by the project participants are documented in Table 3 of the Validation Protocol in Appendix A.



3 VALIDATION FINDINGS

The findings of the validation are stated in the following sections. The validation criteria (requirements), the means of verification and the results from validating the identified criteria are documented in more detail in the validation protocol in Appendix A. The final validation findings relate to the project design as documented and described in the revised and resubmitted project design documentation of September 2005.

3.1 Participation Requirements

The project participants are Sociedad Cooperativa Popular Limitada de Comodoro Rivarvia (SCPLCR) of Argentina and Pacific Consultants International (PCI) of Japan. The Participating Parties are Argentina as the host Party and Japan as Annex 1 Party. Government of Argentina ratified the Kyoto Protocol in September, 2001 and “Oficina Argentina del Mecanismo para un Desarrollo Limpio (OAMDL)” was designated as the National Authority for CDM by UNFCCC. The Government of Japan ratified the Kyoto Protocol in June 2002, and The Liaison Committee for the Utilization of the Kyoto Mechanisms was designated as the National Authority for CDM by UNFCCC. The parties, Argentina and Japan, meet the requirement to participate in the CDM.

The project was approved by the Argentinean DNA on 19 July 2005 /2/ and by the Japanese DNA on 27 October 2005 /3/.

3.2 Project Design

The project design is sound and the proposed wind power plant using Spanish technology that represents current good practices in Argentina. The proposed project will result in a technology transfer to Argentina. The geographical and temporal boundaries of the project are clearly defined. A crediting time of 7 years starting in 2001 with the option to be renewed twice has been selected.

Currently, the Argentina government policy is to encourage and stimulate the development of indigenous resources, and then the proposed project is in line with this policy. Furthermore, the project is in line with sustainability development policy of Argentina and confirmed by DNA of Argentina /2/.

The maximum output capacity of the project is 10.56 MW which does not exceed the 15 MW threshold for small-scale CDM project activities. Thus, the project is eligible as category AMS I.D of small-scale CDM activities /8/.

The financial plans for the project do not involve public funding from Annex I countries. The validation did not reveal any information that indicates that the project can be seen as a diversion of ODA funding towards Argentina.

3.3 Project Baseline and Additionality

A simplified baseline methodology might be used for a small-scale CDM project activity if the project participants are able to demonstrate that the project activity would otherwise not be implemented due to the existence of barriers. The PDD describes the existence of an investment barrier and a technological barrier. The financial analysis presented in the PDD demonstrates that the IRR without CER is less than the interest rate of Argentina (6.2%) and there is thus an



investment barrier. Therefore, it is demonstrated that the project activity itself is not a likely baseline scenario due to the existence of the investment barrier.

The plant has been in operation from 2001. Meeting records of SCPLCR on 2nd June 1999 and 4th May 2000, signed by the attendants of SCPLCR, evidence that the incentive from the CDM was discussed and CDM considered a necessary tool for the construction of the project in order to improve the financial conditions. The chronological of the decision making of the implementation of the project assured the additionality of the project /5/.

The project is a *Renewable electricity generation for a grid* project activity (Type I.D) as defined in the simplified modalities and procedures for small-scale CDM project activities /8/. The baseline is the kWh produced by the proposed project multiplied by the emission coefficient for other power stations connected to the grid of Patagonia is applied for estimation of the coefficient. The CEF is calculated by using the weighted average of the operation margin and the build margin and these are monitored for accurate estimation of the baseline emissions.

3.4 Monitoring Plan

The project applies the simplified monitoring methodology proposed for *Renewable Electricity Generation for a Grid* project activities (Type I.D).

The monitoring methodology gives opportunity for real measurements of achieved emission reductions. The electricity generated by the wind power generator and supplied to the electricity distribution network of SCPLCR are monitored with power meters.

Detailed responsibilities and authorities for project management, procedures for monitoring and reporting, and QA/QC procedures are described and allow for consistent subsequent verifications of emission reduction.

3.5 Calculation of GHG Emissions

The PDD defines the project spatial and system boundaries. The spatial boundary is the project site located in Comodoro Rivadavia and the system boundary includes electricity generation by wind power and distribution to the Patagonia grid, and all the components and facilities for the project are included inside the boundaries.

The project is the wind power and no project GHG emissions are expected by the regular operation of the plant. The project does not represent equipment transfer from another activity and leakage calculations are not required for category I.D project activities.

The calculations for the baseline GHG emissions are transparently documented and appropriate assumptions regarding expected amounts of electricity generated have been used to forecast emission reductions. The baseline emissions are calculated by multiplying the expected amount of electricity generated by the wind power project with the emission coefficient 0.717 tCO₂/MWh calculated as the average of the approximate operating margin and the build margin. The IPCC guidelines are referenced and data of the Patagonia grid from CAMMESA /6/ are applied and the data were verified by DNV.

3.6 Environmental Impacts

The provincial government of Chubut has enforced an environmental impact assessment (EIA) law (LEY No. 4032), which requires EIA for all types of power generation project regardless of



its size. In conformity to the law, EIA has been conducted in October 2000 /4/ and approved by Chubut Government on 16 July 2001.

This is a renewable power generation project employing and it's not supposed to create any adverse environmental effects.

3.7 Comments by Local Stakeholders

The EIA law requires public hearing for the Project. The consultation was conducted by the environmental management office of the Chubut province on 29 December 2000 and around 40 stakeholders participated. The answer to the comments are summarised in the PDD.

4 COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

The PDD of 16 May 2005 was made publicly available on www.dnv.com/certification/climatechange and Parties, stakeholders and NGOs were through the CDM website invited to provide comments during the period of 30 days from 5 June 2005 to 4 July 2005.

No comments were received.



5 VALIDATION OPINION

Det Norske Veritas Certification Ltd. (DNV Certification) has performed a validation of the Antonio Moran Wind Power Plant Project in Patagonia Region, Argentina. The validation was performed on the basis of UNFCCC criteria and host country criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The host Party is Argentina and the Annex I Party is Japan. Both Parties fulfil the participation criteria and the DNAs have approved the project and authorized the project participants. The DNA of Argentina confirmed the project's contribution to sustainable development in Argentina.

Being a renewable energy project activity with an output capacity of less than 15 MW, the project is a "Renewable electricity generation for a grid project activity" (Type I.D) as defined in the simplified modalities and procedures for small-scale CDM project activities. The maximum output capacity is 10.56 MW and the project is thus qualified as a small scale project activity of category I.D.

An analysis of the investment barriers demonstrates that the proposed project activity is not a likely baseline scenario. Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. The determination of the baseline is transparent. The selected business as usual baseline represents a likely baseline scenario and complies with the baseline proposed for category I.D project activities.

The project applies the simplified monitoring methodology proposed for category I.D project activities. The monitoring plan provides for the monitoring of the main project and baseline emissions indicators. Detailed responsibilities and authorities for project management, procedures for monitoring and reporting, and QA/QC procedures are described and allow for consistent subsequent verifications of emission reductions. .

By displacing fossil-based fuel electricity with the wind power generated by the project, the project results in reductions of CO₂ emissions that are real, measurable and give long-term benefits to the mitigation of climate change. Given that the project is implemented as outlined in the PDD, the project is likely to achieve the estimated amount of emission reductions.

An EIA has been conducted in October 2000 and was approved by the Chubut Government. The local stakeholder consultation process was carried out according to the EIA law.

In summary, it is the validation team's opinion that the "Antonio Moran Wind Power Plant Project in the Patagonia Region, Argentina" project, as described in the project design document of 26 September 2005, meets all relevant UNFCCC requirements for the CDM and all relevant host country criteria and correctly applies the simplified baseline and monitoring methodology for type I.D small-scale CDM project activities. Hence, DNV requests the registration of the "Antonio Moran Wind Power Plant Project in the Patagonia Region, Argentina" project as a CDM project.



VALIDATION REPORT

REFERENCES

Documents provided by the project proponent that relate directly to the project:

- /1/ Pacific consultants international, SSC PDD, Antonio Moran Wind Power Plant Project in Patagonia Region, Argentina, April 2005 (version 1.1), May 2005 (version 1.3) and September 2005 (version 1.4)
- /2/ DNA of Argentina, Letter of Approval, 19 July 2005
- /3/ DNA of Japan, Letter of Approval, 27 October 2005
- /4/ Rawson, Chubut, Rep. Argentina, Estudio de Impacto Ambiental “Ampliacion Parque Eolico Antonio Moran” (EIA), October 2000
- /5/ PCI, Preliminary screening based on the starting date of the project (Record of the meeting held on 2nd June 1999, 4th May 2000 and official letter to DNA issued on 5th July 2001), Confidential, 30 November 2004
- /6/ CAMMESA, Argentine Wholesale Electricity Market Annual Report 1999, March 2000

Background documents related to the design and/or methodologies employed in the design or other reference documents:

- /7/ International Emission Trading Association (IETA) & the World Bank’s Prototype Carbon Fund (PCF): *Validation and Verification Manual*. <http://www.vvmanual.info>
- /8/ Appendix B of the simplified modalities and procedures for small-scale CDM project activities: *Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories*. Version 05: 25 February 2005.

Persons interviewed during the validation, or persons contributed with other information that are not included in the documents listed above:

- /9/ Pacific Consultants International (PCI), at PCI, Tana city, Tokyo, Japan, April 21. 2005
 - Mr. Masahiko Fujimoto (Professional Engineer, Planning Department, PCI)
 - Mr. Kenji Asakawa (CDM Expert, Planning Department, PCI)
 - Mr. Tetsuya Yoshida (Energy & Environment Department, PCI)
- /10/ DNA of Argentina (Oficina Argentina del Mecanismo para un Desarrollo Limpio (OAMDL)), at OAMDL, Buenos Aires, Argentina, 16 August 2005
 - Mr. Nazareno Castillo Marin (Coordinator)
- /11/ Sociedad Cooperativa Popular Limitada de Comodoro Rivadavia (SCPLCR), Comodoro Rivadavia, Chubut, Argentina, 21 and 22 July August
 - Mr. Manuel Martins (President)
 - Mr. Guillermo Jones (Treasurer)
 - Mr. Bruno Stange (General Manager)
 - Mr. Pedro Luis Ceragioli (Technical and Operation Manager)
 - Mr. Pablo Ortega (Administrative Manager)
 - Mr. Claudio Jordana (Legal and Corporative Manager)
 - Mr. Carlos Simurro (Consultant)
- /12/ Secretary of Energy of Argentina, Buenos Aires, Argentina, 29 August 2005
 - Ms. Alicia M. Baragatti (National Director)

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APPENDIX A

VALIDATION PROTOCOL FOR SMALL-SCALE CDM PROJECT ACTIVITIES

Table 1 Mandatory Requirements for Small Scale Clean Development Mechanism (CDM) Project Activities

REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference/ Comment
1. The project shall assist Parties included in Annex I in achieving compliance with part of their emission reduction commitment under Art. 3	Kyoto Protocol Art. 12.2	OK	Table 2, Section E.4.1
2. The project shall assist non-Annex I Parties in achieving sustainable development and shall have obtained confirmation by the host country thereof	Kyoto Protocol Art. 12.2, Simplified Modalities and Procedures for Small Scale CDM Project Activities §23a	OK	Table 2, Section A.3
3. The project shall assist non-Annex I Parties in contributing to the ultimate objective of the UNFCCC	Kyoto Protocol Art. 12.2.	OK	Table 2, Section E.4.1
4. The project shall have the written approval of voluntary participation from the designated national authority of each party involved	Kyoto Protocol Art. 12.5a, Simplified Modalities and Procedures for Small Scale CDM Project Activities §23a	CAR1 OK	DNA of Argentina approved the project by Letter dated on 19 th July 2005 DNA of Japan approved the project by Letter dated on 27 th October 2005.
5. The project shall have a statement stipulating the modalities of communication with the Executive Board in terms of CERs issuance and allocation instructions. This statement shall be signed by all project participants.	Registration requirement	CAR2 OK	Statement of Communication is provided on 26 October 2005.
6. The emission reductions should be real, measurable and give long-term benefits related to the mitigation of climate change	Kyoto Protocol Art. 12.5b	CL5 OK	Table 2, Section E.1 to E.4
7. Reduction in GHG emissions must be additional to any that would occur in absence of the project activity, i.e. a CDM project activity is additional if anthropogenic emissions of greenhouse gases by sources are	Kyoto Protocol Art. 12.5.c, Simplified Modalities and Procedures for Small	OK	Table 2, Section B.2.1

REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference/ Comment
reduced below those that would have occurred in the absence of the registered CDM project activity	Scale CDM Project Activities §26		
8. Potential public funding for the project from Parties in Annex I shall not be a diversion of official development assistance	Decision 17/CP.7	OK	PDD, A.4.5.
9. Parties participating in the CDM shall designate a national authority for the CDM	CDM Modalities and Procedures § 29	OK	Argentina has designated the “Oficina Argentina del Mecanismo para un Desarrollo Limpio” as its DNA. Japan designated “The Liaison Committee for Utilization of the Kyoto Mechanism” as its DNA.
10. The host Party and the participating Annex I Party shall be a Party to the Kyoto Protocol	CDM Modalities and Procedures § 30, 31b	OK	Argentina is a Party to the Kyoto Protocol and ratified it on 28 September 2001. Japan is a Party to the Kyoto Protocol and ratified it on 4 June 2002.
11. The participating Annex I Party’s assigned amount shall have been calculated and recorded	CDM Modalities and Procedures §31b	OK	Third National Communication of Japan was submitted on 31 May 2002.
12. The participating Annex I Party shall have in place a national system for estimating GHG emissions and a national registry in accordance with Kyoto Protocol Article 5 and 7	CDM Modalities and Procedures §31b	OK	Japan has in place a national registry and reported in May 2005 its national GHG inventory for the years 1990-2003.
13. The proposed project activity shall meet the eligibility criteria for small scale CDM project activities set out in § 6 I of the Marrakesh Accords and shall not be a	Simplified Modalities and Procedures for Small Scale CDM Project	OK	Table 2, Section A.1

REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference/ Comment
debundled component of a larger project activity	Activities §12a,c		
14. The project design document shall conform with the Small Scale CDM Project Design Document format	Simplified Modalities and Procedures for Small Scale CDM Project Activities, Appendix A	OK	The 1.3 version of the PDD submitted to DNV in May 2005 is as per the SSC PDD format (version 01).
15. The proposed project activity shall conform to one of the project categories defined for small scale CDM project activities and uses the simplified baseline and monitoring methodology for that project category	Simplified Modalities and Procedures for Small Scale CDM Project Activities §22e	OK	Table 2, Section A.1.3, B and D Type I.D.
16. Comments by local stakeholders are invited, and a summary of these provided	Simplified Modalities and Procedures for Small Scale CDM Project Activities §22b	OK	Table 2, Section G
17. If required by the host country, an analysis of the environmental impacts of the project activity is carried out and documented	Simplified Modalities and Procedures for Small Scale CDM Project Activities §22c	OK	Table 2, Section F
18. Parties, stakeholders and UNFCCC accredited NGOs have been invited to comment on the validation requirements and comments have been made publicly available	Simplified Modalities and Procedures for Small Scale CDM Project Activities §23b,c,d	OK	The PDD of 16 May 2005 was made publicly available on www.dnv.com/certification/climate_exchange and Parties, stakeholders and NGOs were through the CDM website invited to provide comments during the period of 30 days from 5 June 2005 to 4 July 2005. No comments were received.

Table 2 Requirements Checklist

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
A. Project Description The project design is assessed.					
A.1. Small scale project activity It is assess whether the project qualifies as small scale CDM project activity.					
A.1.1. Does the project qualify as a small scale CDM project activity as defined in paragraph 6 l of decision 17/CP.7 on the modalities and procedures for the CDM?	/1/ /9/ /11/	DR I	The project is wind power generation and power supply to the local grid. The maximum output capacity is 10.56 MW and the project is thus qualified as a small scale project activity of category I.D.		OK
A.1.2. The small scale project activity is not a debundled component of a larger project activity?	/1/ /9/ /11/	DR I	The project is categorized as small-scale CDM Type-I.D and not a de-bundled component of a large project activity.		OK
A.1.3. Does proposed project activity confirm to one of the project categories defined for small scale CDM project activities?	/1/ /9/ /11/	DR I	The project applies the wind power and electricity supply to the local grid. The category is I.D “Renewable electricity generation for a grid”.		OK
A.2. Project Design Validation of project design focuses on the choice of technology and the design documentation of the project.					
A.2.1. Are the project’s spatial (geographical) boundaries clearly defined?	/1/ /9/ /11/	DR I	The project’s spatial boundary is the project site located in Comodoro Rivadavia.		OK

* MoV = Means of Verification, DR= Document Review, I= Interview

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
A.2.2. Are the project's system (components and facilities used to mitigate GHG's) boundaries clearly defined?	/1/ /9/ /11/	DR I	The system boundary includes electricity generation by wind power plant and distribution to the Patagonia grid.		OK
A.2.3. Does the project design engineering reflect current good practices?	/1/ /9/ /11/	DR I	Spanish wind power technology is applied and reflects current good practices in Argentina.		OK
A.2.4. Will the project result in technology transfer to the host country?	/1/ /9/ /11/	DR I	SCPLCR carried out the pilot scale wind power projects in 1994 and 1997. However, this project is the first large scale wind power project in Argentina and all of wind power generators are imported from developed countries such as Denmark and Spain. Therefore, the project will result in technology transfer to the host country.		OK
A.2.5. Does the project require extensive initial training and maintenance efforts in order to work as presumed during the project period? Does the project make provisions for meeting training and maintenance needs?	/1/ /9/ /11/	DR I	Operators were duly trained in accordance with an agreement with GAMESA Eólica-Spain which was the supplier of the equipment.(Carried out in Pamplona –Spain in June 2001)		OK
A.3. Contribution to Sustainable Development The project's contribution to sustainable development is assessed					
A.3.1. Will the project create other environmental or social benefits than GHG emission reductions?	/1/ /9/ /11/	DR I	The project creates job opportunities, and also reduces air pollution emitted from thermal power plants of Patagonia grid.		OK

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A.3.2. Will the project create any adverse environmental or social effects?	/1/ /9/ /11/	DR I	The project might impact on landscape. However, local people support the project. Other adverse environmental or social effects including noise pollution are limited.		OK
A.3.3. Is the project in line with sustainable development policies of the host country?	/1/ /10/	DR I	The project is in line with sustainable development policies of Argentina and confirmed by relevant DNA.		OK
A.3.4. Is the project in line with relevant legislation and plans in the host country?	/1/ /9/ /10/ /11/	DR I	The project is in line with relevant legislation. The related legislations are: Ley 25019: National law for wind and solar power. Ley 4389: Provincial law of Chubut for wind power. Ley 4032: EIA law of Chubut.		OK
B. Project Baseline The validation of the project baseline establishes whether the selected baseline methodology is appropriate and whether the selected baseline represents a likely baseline scenario.					
B.1. Baseline Methodology It is assessed whether the project applies an appropriate baseline methodology.					
B.1.1. Is the selected baseline methodology in line with the baseline methodologies provided for the relevant project category?	/1/ /9/ /11/	DR I	The project falls under Type I.D (Renewable electricity generation for a grid).		OK

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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
B.1.2. Is the baseline methodology applicable to the project being considered?	/1/ /9/ /11/	DR I	Baseline methodology for I.D. is applicable because the capacities of wind power plant is 10.56 MW and does not exceed the 15 MW limit.		OK
B.2. Baseline Determination It is assessed whether the project activity itself is not a likely baseline scenario and whether the selected baseline represents a likely baseline scenario.					
B.2.1. Is it demonstrated that the project activity itself is not a likely baseline scenario due to the existence of one or more of the following barriers: investment barriers, technology barriers, barriers due to prevailing practice or other barriers?	/1/ /5/ /9/ /11/ /12/	DR I	<p>The PDD shows results of the financial analysis and IRR without CER is 6.2%, lower than the interest rate of Argentina and it expects to improve to 9.3% with CER. Therefore, it is demonstrated that the project activity itself is not a likely baseline scenario due to the existence of the investment barrier.</p> <p>The plant has been in operation from 2001. Meeting records of SCPLCR on 2nd June 1999 and 4th May 2000, signed by the attendants of SCPLCR, the incentive from the CDM was discussed and CDM is necessary tool for the construction of the project for improvement of the financial condition. The chronological of the decision making of the implementation of the project assured the additionality of the project</p>		OK
B.2.2. Is the application of the baseline methodology and the discussion and determination of the chosen baseline	/1/ /9/ /11/	DR I	<p>The baseline application is appropriate.</p> <p>By the baseline methodology AMS Type-I.D, the CEF is calculated by the two options:</p>		OK

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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
transparent and conservative?			(a) The average of the “approximate operating margin” and the “build margin”, OR, (b) The weighted average emissions (in kg CO ₂ e/kWh) of the current generation mix. PCI decided to apply Option (a) and monitor the operating and build margin of Patagonia grid every year in order to calculate more accurate CEF by “ex-post”.		
B.2.3. Are relevant national and/or sectoral policies and circumstances taken into account?	/1/ /10/	DR I	The financial analysis includes the subsidy and tax exemption for promoting wind power project (Ley 25019 and Ley 4389).		OK
B.2.4. Is the baseline selection compatible with the available data?	/1/ /12/	DR I	Necessary data to be used for the baseline applied come from CAMMESA, IPCC and available data such as conversion rate from J to cal.		OK
B.2.5. Does the selected baseline represent the most likely scenario describing what would have occurred in absence of the project activity?	/1/ /9/ /11/	DR I	The baseline is the kWh produced by the wind power plants multiplied by an emission coefficient, which is in line with the baseline methodology for I.D.		OK
C. Duration of the Project / Crediting Period It is assessed whether the temporary boundaries of the project are clearly defined.					
C.1.1. Are the project’s starting date and operational lifetime clearly defined?	/1/ /9/	DR I	The construction started in November 2000. The project operation started in November 2001. Expected operational lifetime is 30 years.		OK
C.1.2. Is the assumed crediting time clearly defined (renewable crediting period of	/1/	DR	Starting date of the crediting period is November 1 st , 2001 and length of the first crediting period is 7		OK

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seven years with two possible renewals or fixed crediting period of 10 years with no renewal)?	/9/	I	years.		
D. Monitoring Plan The monitoring plan review aims to establish whether all relevant project aspects deemed necessary to monitor and report reliable emission reductions are properly addressed.					
D.1. Monitoring Methodology It is assessed whether the project applies an appropriate monitoring methodology.					
D.1.1. Is the selected monitoring methodology in line with the monitoring methodologies provided for the relevant project category?	/1/ /9/ /11/	DR I	Monitoring methodology for I.D. is applicable because the capacities of wind power plant is 10.56 MW and does not exceed the 15 MW. Monitoring plan follows paragraphs 31 of I.D.		OK
D.1.2. Is the monitoring methodology applicable to the project being considered?	/1/ /9/ /11/	DR I	Monitoring methodology for I.D. is applicable because the capacities of wind power plant is 10.56 MW and does not exceed the 15 MW limit.		OK
D.1.3. Is the application of the monitoring methodology transparent?	/1/ /9/ /11/	DR I	Table D.3 of PDD shows the monitoring items.		OK
D.1.4. Will the monitoring methodology give opportunity for real measurements of achieved emission reductions?	/1/ /9/ /11/	DR I	Monitoring items are electricity generated by the wind power and this gives opportunity for real measurements of achieved emission reductions.		OK

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<p>D.2. Monitoring of Project Emissions</p> <p>It is established whether the monitoring plan provides for reliable and complete project emission data over time.</p>					
D.2.1. Are the choices of project emission indicators reasonable?	/1/ /9/ /11/	DR I	The project is wind power and it does not cause material GHG emissions.		OK
<p>D.3. Monitoring of Leakage</p> <p>It is assessed whether the monitoring plan provides for reliable and complete leakage data over time.</p>					
D.3.1. If applicable, are the choices of leakage indicators reasonable?	/1/ /9/ /11/	DR I	There are no significant leakage effects.		OK
<p>D.4. Monitoring of Baseline Emissions</p> <p>It is established whether the monitoring plan provides for reliable and complete project emission data over time.</p>					
D.4.1. Is the choice of baseline indicators, in particular for baseline emissions, reasonable?	/1/ /9/ /11/	DR I	<p>Baseline CO2 emissions are estimated using grid power consumption without the wind power project, and the emission reduction is ultimately estimated by the monitored data of electricity power generated by wind power system.</p> <p>The power generated by the wind power is monitored and it is in line with the paragraphs 31 of</p>	CL	OK

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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
			<p>I.D.</p> <p>As for the carbon emissions factor (CEF), fuel consumption by all fossil fuel thermal power plants, electricity generation by all power plants connected to the Patagonia grid, and electricity supply from the other grid are monitored data. In the PDD, the CEF is estimated by ex-post monitored data and DNV requests the clarification whether the monitoring items described in the table of D.3 in the PDD are sufficient to estimate the operation and build margin.</p>		
D.4.2. Will it be possible to monitor / measure the specified baseline emission indicators?	/1/ /9/	DR I	The electricity generated by the wind power is measurable.		OK
D.4.3. Do the measuring technique and frequency comply with good monitoring practices?	/1/ /9/ /11/	DR I	<p>The electricity generated by the wind turbines is monitored and the amount is archived electronically and on paper. The data quality is assured by checking measured data with the values submitted to the government in order to receive subsidies.</p> <p>Fuel consumption by all fossil fuel thermal power plants, electricity generation by all power plants connected to the Patagonia grid, and electricity supply from the other grid is obtained from CAMMESA every year.</p>		OK
D.4.4. Are the provisions made for archiving baseline emission data sufficient to enable later verification?	/1/ /9/	DR I	Measures and duration are described in PDD, D3 according to the guidance of SSC-PDD.		OK

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D.5. Project Management Planning It is checked that project implementation is properly prepared for and that critical arrangements are addressed.					
D.5.1. Is the authority and responsibility of project management clearly described?	/1/ /9/ /11/	DR I	DNV requests the clarification about the authority and responsibility of project management.	CL2	OK
D.5.2. Is the authority and responsibility for registration monitoring measurement and reporting clearly described?	/1/ /9/ /11/	DR I	- ditto -	CL2	OK
D.5.3. Are procedures identified for training of monitoring personnel?	/1/ /9/ /11/	DR I	Procedure P3 "Procedimiento para formación y capacitación del Recurso Humano para trabajos en el Aerogenerador" Version 0 dated May 2005 addresses about skills, qualifications and training for operators to work in the Wind Park Antonio Moran.		OK
D.5.4. Are procedures identified for emergency preparedness for cases where emergencies can cause unintended emissions?	/1/ /9/ /11/	DR I	As it's a wind power generation, unintended emissions in case of emergency are not expected for the project.		OK
D.5.5. Are procedures identified for calibration of monitoring equipment?	/1/ /9/ /11/	DR I	DNV requests the clarification about the procedure of; <ul style="list-style-type: none"> • calibration and maintenance of the monitoring equipment • internal audits and project performance reviews, and • corrective actions 	CL3	OK

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D.5.6. Are procedures identified for maintenance of monitoring equipment and installations?	/1/ /9/ /11/	DR I	-ditto-	CL3	OK
D.5.7. Are procedures identified for monitoring, measurements and reporting?	/1/ /9/ /11/	DR I	D.3 in the PDD describe the monitoring methodology roughly, but provides no sufficient detail. DNV requests the clarification about the details of the monitoring methodology.	CL4	OK
D.5.8. Are procedures identified for day-to-day records handling (including what records to keep, storage area of records and how to process performance documentation)	/1/ /9/ /11/	DR I	-ditto-	CL4	OK
D.5.9. Are procedures identified for dealing with possible monitoring data adjustments and uncertainties?	/1/ /9/ /11/	DR I	-ditto-	CL4	OK
D.5.10. Are procedures identified for internal audits of GHG project compliance with operational requirements as applicable?	/1/ /9/ /11/	DR I	See D5.5.	CL3	OK
D.5.11. Are procedures identified for project performance reviews?	/1/ /9/ /11/	DR I	-ditto-	CL3	OK
D.5.12. Are procedures identified for corrective actions?	/1/ /9/ /11/	DR I	-ditto-	CL3	OK

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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
<p>E. Calculation of GHG emission</p> <p>It is assessed whether all material GHG emission sources are addressed and how sensitivities and data uncertainties have been addressed to arrive at conservative estimates of projected emission reductions.</p>					
<p>E.1. Project GHG Emissions</p> <p>The validation of predicted project GHG emissions focuses on transparency and completeness of calculations.</p>					
<p>E.1.1. Are all aspects related to direct and indirect project emissions captured in the project design?</p>	/1/ /9/ /11/	DR I	The project is wind power based and it does not cause material GHG emissions.		OK
<p>E.2. Leakage</p> <p>It is assessed whether there leakage effects, i.e. change of emissions which occurs outside the project boundary and which are measurable and attributable to the project, have been properly assessed.</p>					
<p>E.2.1. Are leakage calculation required for the selected project category and if yes, are the relevant leakage effects assessed?</p>	/1/ /9/ /11/	DR I	There are no significant leakage effects.		OK

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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
E.3. Baseline GHG Emissions The validation of predicted baseline GHG emissions focuses on transparency and completeness of calculations.					
E.3.1. Are the baseline emission boundaries clearly defined and do they sufficiently cover sources for baseline emissions?	/1/ /9/ /11/	DR I	The grid-electricity production without the wind power system is covered as a GHG baseline source.		OK
E.3.2. Are all aspects related to direct and indirect baseline emissions captured in the project design?	/1/ /9/ /11/	DR I	Baseline CO2 emissions are estimated using the grid power consumption without the wind power project. This is estimated by using monitored electricity generated by the wind power.		OK
E.3.3. Have all relevant greenhouse gases and sources been evaluated?	/1/ /9/ /11/	DR I	The project is based on wind power displacement of fossil fuel generated electricity and CO2 is a relevant GHG.		OK
E.3.4. Do the methodologies for calculating baseline emissions comply with existing good practice?	/1/ /9/ /11/	DR I	Monitored electricity generation and CEF obtained from CAMMESA are applied for estimation of GHG emissions. CEF is calculated by using the data of the Patagonia grid. There is no influence of electricity supply from the national grid.		OK
E.3.5. Are the calculations documented in a complete and transparent manner?	/1/ /9/ /11/	DR I	Applied IPCC data is 17.2 tC/TJ and this is the default value for Natural Gas Liquids or LPG by the IPCC. DNV requests the clarification about the applicability of CEF of IPCC to the fossil fuel generated electricity of Patagonia grid.	CL5	OK

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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
E.3.6. Have conservative assumptions been used?	/1/ /9/ /11/	DR I	The estimation of CEF follows paragraph 29 of appendix B of the simplified M&P for small-scale CDM.		OK
E.3.7. Are uncertainties in the baseline emissions estimates properly addressed?	/1/ /9/ /11/	DR I	GHG emissions are calculated by using operating rate of 38.5% for “ex-ante” estimation by using the operating data of the project from SCPLCR.		OK
E.4. Emission Reductions Validation of baseline GHG emissions will focus on methodology transparency and completeness in emission estimations.					
E.4.1. Will the project result in fewer GHG emissions than the baseline case?	/1/ /9/ /11/	DR I	Yes.		OK
F. Environmental Impacts It is assessed whether environmental impacts of the project are sufficiently addressed.					
F.1.1. Does host country legislation require an analysis of the environmental impacts of the project activity?	/1/ /9/ /11/	DR I	The provincial government of Chubut has enforced an environmental impact assessment (EIA) law (LEY No. 4032), which requires EIA for all types of power generation project regardless of its size. According to the law, EIA has been conducted in October 2000 and approved by Chubut Government on 16 th July 2001.		OK
F.1.2. Does the project comply with environmental legislation in the host country?	/1/ /9/	DR I	The operating permissions from the local government were verified and found to be in order.		OK

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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
	/11/				
F.1.3. Will the project create any adverse environmental effects?	/1/ /9/ /11/	DR I	This is a renewable power generation project employing wind power technology and it's not supposed to create any adverse environmental effects.		OK
F.1.4. Have environmental impacts been identified and addressed in the PDD?	/1/ /9/ /11/	DR I	Yes.		OK
G. Comments by Local Stakeholder					
Validation of the local stakeholder consultation process.					
G.1.1. Have relevant stakeholders been consulted?	/1/ /4/ /9/ /11/	DR I	The EIA law requires public hearing for the project. The consultation was conducted by the environmental management office of the Chubut province on 29 December 2000 and around 40 stakeholders participated in this consultation.		OK
G.1.2. Have appropriate media been used to invite comments by local stakeholders?	/1/ /9/ /11/	DR I	The local stakeholder consultation process was carried out according to the EIA law.		OK
G.1.3. If a stakeholder consultation process is required by regulations/laws in the host country, has the stakeholder consultation process been carried out in accordance with such regulations/laws?	/1/ /9/ /11/	DR I	Yes, see G.1.1.		OK
G.1.4. Is a summary of the comments received	/1/	DR	The comments received are summarised in the		OK

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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl.	Final Concl.
provided?	/9/ /11/	I	PDD.		
G.1.5. Has due account been taken of any comments received?	/1/ /9/ /11/	DR I	The answer to the comments are summarised in the PDD.		OK

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Table 3 Resolution of Corrective Action and Clarification Requests

Draft report clarifications and corrective action requests by validation team	Ref. to Table 2	Summary of project participants' response	Validation team conclusion
<p>CAR 1: The sponsor Party has not yet approved the project.</p>	<p>Table 1, Req. 4</p>	<p>DNA of Japan approved the project by Letter dated on 27 October 2005.</p>	<p>OK CAR1 is closed.</p>
<p>CAR 2: Statements regarding to CER issuance and allocation are not contained in the PDD.</p>	<p>Table 1, Req. 5</p>	<p>The Project Participants, who are Sociedad Cooperativa Popular Limitada de Comodoro Rivadavia and Pacific Consultants International, agreed that Pacific Consultants International shall serve as the focal point for all communications with regard to the this Project with the Executive Board and the UNFCCC Secretariat, in particular with regard to instructions regarding allocations of Certified Emission Reductions(CERs) upon issuance of CERs. Statements regarding to CER issuance and allocation have been provided on 26 October 2005.</p>	<p>OK CAR2 is closed.</p>
<p>CL 1: DNV requests a clarification on whether the monitoring items described in the table of D.3 in the PDD are sufficient to estimate the operation and build margin.</p>	<p>D.4.1</p>	<p>Formulas are added to estimate the operation margin and build margin with monitoring items sufficiently.</p>	<p>OK Formulas in the revised PDD clearly explain the monitoring items are sufficient to estimate the operation and build margine. CL1 is closed.</p>
<p>CL 2: DNV requests a clarification about the authority and responsibility of project</p>	<p>D.5.1, 5.2</p>	<p>There are two authorities in charge of verify the validity of generation data monitored by SCPLCR, the National Secretary of Energy and the Province of Chubut in order to provide subsidies according to the</p>	<p>OK The authority and responsibility of the project management are clarified through the project</p>

Draft report clarifications and corrective action requests by validation team	Ref. to Table 2	Summary of project participants' response	Validation team conclusion
management.		national law and the provincial law respectively. The project is managed by the technical section and administrative section of SCPLCR directed by the general manager under the administrative board and regular monitoring report will be submitted by general manager on behalf of SCPLCR as shown in Annex 3 "DETAIL INFORMATION REGARDING MONITORING PLAN".	participants' comments and Annex3 in the revised PDD. CL2 is closed.
<p>CL 3:</p> <p>DNV requests a clarification about the procedure of;</p> <ul style="list-style-type: none"> • calibration and maintenance of the monitoring equipment • internal audits and project performance reviews, and • corrective actions 	D.5.5, 5.6, 5.10-12	<p>- Calibration and maintenance of the monitoring equipment: SCPLCR has developed internal procedure for calibration and maintenance of the monitoring equipment, mentioned in "Internal technical procedure No. 11."</p> <p>- Internal audits and project performance review: As specified in internal document for procedure named "Procedimiento de Auditorias Internas", SCPLCR conducts internal audit, including project performance review, periodically as required the national and provincial laws.</p> <p>- Corrective actions: Corrective actions are conducted by calibration and measurement team after detecting error, according to the direction of the chief of measurement section, operation manager and project manager working under general manager of SCPLCR.</p>	<p>OK</p> <p>Calibration and maintenance, internal audit and project performance review, and corrective action procedure are clarified through the project participants' comments.</p> <p>CL3 is closed.</p>

Draft report clarifications and corrective action requests by validation team	Ref. to Table 2	Summary of project participants' response	Validation team conclusion
<p>CL 4: D.3 in the PDD does not detail the monitoring methodology. DNV requests a clarification about the details of the monitoring methodology.</p>	<p>D.5.7, 5.8</p>	<p>SCPLCR has followed the monitoring methodology, which offers sufficient QA/QC for the national and provincial law regarding the subsidies. "DETAIL INFORMATION REGARDING MONITORING PLAN" is mentioned Annex 3 of the PDD.</p>	<p>OK The detail of the monitoring methodology is clarified through the project participants' comments to CL2-4 and ANNEX3 in the revised PDD. CL4 is closed.</p>
<p>CL 5: DNV requests a clarification about the applicability of CEF of IPCC to the fossil fuel generated electricity of Patagonia grid.</p>	<p>E.3.5</p>	<p>The CEF of the natural gas (dry) as default value of IPCC is applied in the PDD for the fossil fuel generated electricity of Patagonia grid.</p>	<p>OK The default value of the natural gas (dry) of IPCC is applied and recalculated GHG emission reduction is described in the revised PDD. CL5 is closed.</p>

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