

**Comment 1:** Central Electricity Authority monitors implementation of power projects in India ([http://www.cea.nic.in/thermal/project\\_monitoring/BS%20DELHI.pdf](http://www.cea.nic.in/thermal/project_monitoring/BS%20DELHI.pdf)). Page 2 under broad status column mentions "NDPL has procured a 108 MW CCPP of European manufacturer from Chongqing, China which has been dismantled and relocated at Delhi site" which is similar to what was indicated in the page 3 of the PDD. So the comment is whether the project activity is a new plant or refurbished plant (a plant that was put into service for a certain period of operation in some other grid before being relocated to India after necessary technical works carried-out)?

**Comment 2:** I understand it is a refurbished plant as text under column of critical areas in the same page states "Follow up of rotor refurbishment". If the plant is a refurbished plant, I am afraid on this methodology would not fit this project. Methodology states "The project activity is the construction and operation of a new natural gas fired grid-connected electricity generation plant". My understanding is this methodology is applicable to new gas fired plant with new equipment commissioned at new location, not refurbished plants. If DOE understands methodology is applicable to refurbished plants at new locations, I suggest you check with Meth panel on intent this applicability condition before commencing validation.

**Comment 3:** You have mentioned in Page # 13, that a term sheet was signed with Reliance Industries for supply of natural gas. Term Sheet is not a binding FSA. Without having 15 year fuel agreement in place, how is the conclusion drawn that gas available for this project, although there is ample of it in the world?

**Comment 4:** If gas is available, no matter what this plant will work on base load, at the highest possible load, because of the power deficit we face in Delhi. In that case why is load factor considered at 75%? Don't you think it should be at least normative level? Or Is there operational constraint on plant (because it is refurbished) to operate at higher load that is undisclosed in PDD?

**Comment 5:** Life time of gas based generation stations as per CERC is 15 years (Pg. 19 of PDD). As per tools for remaining life time, default life of a gas turbine similar to one installed in project is 150,000 hours. DOE should check completed operational hours logged in by the plant before decommissioning was done in China and Remaining life (RL) should be assessed. Any calculations you make should be based on RL. RL should be used for computing LGC (levelized gen. cost) calculated. LGC and emission reductions have no meaning if plant's life time is not 15 years.

**Comment 6:** As no financial assumptions are given, it is impossible to regenerate LGC. While comparing LGC of alternatives, 15 year LGC of project is compared with a 6 month cost of grid power. this needs correction.

**Comment 7:** As there are no financial assumptions, let me present some simple calculations. You have indicated USD 6/MMBTU. That means it costs Rs 288 (6 \* 48 at exchange rate of one dollar is Rs 48) for generating say 160 Units (approximately MMBTU is 290 Units before conversion efficiency is accounted). This equals energy charges / fuel cost of approximately Rs

1.80/Unit. Does that mean capacity / fixed charge of project at Rs 1.82/Unit (LGC of Rs 3.62/ Unit minus Rs. 1.80/Unit of fuel charge)...That is very high for a gas project with lower capital costs, I don't think even a coal plant has such high capacity charge. Relook at your numbers. They require substantial fixing.

**Comment 8:** DOE should check if DERC and NDPL has had any communication with DERC on LGC of this plant. I am aware it is not under your scope of DOE's work to write to DERC. If there is no such communication, then DOE should seek declaration from NDPL that LGC would not exceed Rs. 3.62 or Rs. 2.80 depending on project registration. Without that how could a DOE ensure LGC remain at this level during registration period? Let DERC be a party to whole CDM process as regulator of electricity sector DERC can bring immense credibility. Declaration from NDPL would save millions of customers like me. If you have apprehension about DERC's involvement (simply unacceptable to be) make generation cost a monitoring parameter. Don't say you can't make it a monitoring parameters. Any parameter can be monitored to ensure the project is CDM worthy.

**Comment 9:** EIRR is approx. 60 - 70 bp over treasury bill of 15 years investment horizon. This definitely makes project desire carbon funding and is the best case for CDM. Before going in there, i would like to look at tariff determination - Is this a Cost plus plant, i.e. a plant which assures 14% RoE to PP? If the answer is Yes, Project EIRR of 8.77% is calculated with a tariff component 14% RoE. Here are some comments to financial expert of DOE.

1. dont you see foul play with 8.7% EIRR for a cost plus plant operating at 75% load?
2. dont you think it is illogical to compare 8.7% EIRR with 14% benchmark IRR for a project which has 14% RoE included in electricity tariff or electricity sold.
3. 100,000 CERs / year for 10 years improving EIRR by 6.5%.
  - i. specify if you have heard any such cases in your experience.
  - ii. at what CER price do you assume IRR go up by 6.5% and what is the basis for such price assumption?
  - iii. What is the primary business of NDPL? CERs from this project or electricity G&D?
4. as you see in PDD, project is 90% debt funded, so from funding point of view project is definitely financing worthy. Please include expert comments on following points in your validation report
  - iv. Did you ever observe such a low EIRR for power projects, specially gas or coal fired projects?
  - v. would any lender fund a project with 8.7% EIRR to the extent of 90% especially when project has carbon registration risk?
  - vi. How is this project meeting the DSCR at such low returns?

Please consider this as most critical comment which decide project's additionality. Drop me email if you think this comment needs further clarification so that i can elaborate.

**Comment 10:** Project boundary should include upstream methane emission which is missing diagram although it was included in calculations. BTW are your emission calculations correct?