

24 May 2007

CDM Executive Board
UNFCCC
Bonn, Germany

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by three Board members concerning AENOR's request for registration of the "San Ramón Rural Electrification project" (Ref 0964) and would like to provide an initial response to these requests for review.

Reason for Request 1:

The PDD indicates that the investment barrier was overcome by the involvement of the Dutch Government, through AIJ. The Netherlands Government is not a project participant and cannot receive any CERs from the project. Therefore this financial assistance may have been given without the CDM.

Answer regarding request 1:

According to paragraphs 19, 21 and 23 of the MoU between the Minister for Development Cooperation of the Netherlands and the Minister of Sustainable Development and Planning of Bolivia, where they agree:

- "To present the project as an Activities Implemented Jointly project to the Secretariat of the United Nations Framework Convention on Climate Change in Bonn"
- "To have certified the progress and final outcome of the emission reduction project jointly by the Dutch based Joint Implementation registration Centre (JIRC) and the Bolivian Climate Change National Program (PNCC), taking into account that these certificates only quantify the emission reduction and cannot function as credits."
- "To accept a 50% share of the certificates quantifying the amount of GHG emissions reduced for both CRE and the Minister for Development Cooperation of the Netherlands."

The validation team concludes that the financial assistance from the Dutch government was related with the CERs that the project could produce and therefore it had not been given without the possibility of registering the project according to the CDM scheme that was being developed in this time.

Due to time constraints for validation (AENOR was formally contracted with only two months time for validation) it was not possible to wait for the Dutch DNA Approval letter and for the signing of the modalities of communication letter. Therefore the Dutch government was not included in this stage, but CRE is obliged by contract to share CERs with them after verification and issuance.

Reason for Request 2:

Furthermore as the MoU between the project developer and the Dutch Government was signed in 1998, real action may have been considered to have occurred before 1 January 2000.

Answer regarding request 2:

According to the tool for the demonstration and assessment of additionality and to the definition of "Starting date of a project activity", the starting date could be considered the date at which the implementation or construction or real action of a project activity begins. In this case the construction and implementation was finalized in April 2000, which the validation team considered in accordance with the definition, as two of the three alternatives (construction or implementation or real action) were reached.

Reason for Request 3:

Further information is required on capacity differences between the baseline and project scenario, to ensure that diesel generation can be considered as the baseline for the entire output of the project. The project participant shall apply an approved monitoring methodology.

Answer regarding request 3:

Project capacity is 2.9 MW as stated in the PDD. Baseline scenario capacity is 1.69 MW according to the document "Baseline Emission Factor calculation", which is an annex to document "Baseline Study for the San Ramón project" developed by the PPP-JI the Netherlands. This last document is attached. Translation of the table with the used data and of the chapter where assumptions are clarified is provided in Annex 1.

The ex ante estimated demand for year 2007 calculated according to Bolivian Ministry of Finance and CRE studies is 8952 MWh.

To verify if this demand can be supplied by the baseline scenario the following assumptions were considered:

	Capacity KW	Maximum Generation KWh	Grid connected generation units KWh
CRE San Ramón	164	1.149.312	1.149.312
CRE San Javier 260	260	1.822.080	1.822.080
CRE San Javier 160	160	1.121.280	1.121.280
COPSECO	288	2.018.304	2.018.304
CRE Ascensión	300	2.102.400	2.102.400
Rest. La Pascana	44	308.352	
Gasol La Gotera	10	70.080	
Fábrica Hielo	29	203.232	
Comsur	100	700.800	
Agrop Sembrador	10	70.080	
Vicariato Concepción	145	1.016.160	
Gasolinera Concepción	8,5	59.568	
Barraca Monte verde	52	364.416	
Barraca Guanagodo	24	168.192	
Rancho San Ramón	56	392.448	
Barraca San Julian	40	280.320	
TOTAL	1690,5	11.847.024	8.213.376
Maximum hours per year	8760		
Maximum load factor	80%		

Estimated demand in 2007 (MWh): 8952

Cover of demand by grid connected generation units: 91,75%

The conclusion is that in 2007 the existing diesel generation units could cover the estimated energy demand since the new entrants to the isolated grid would be supplied by the capacity of the five units connected to the isolated grid, which could cover up to 91.75% of the total demand.

To calculate the Baseline EF, CRE developed a study about fuel consumptions and electricity generation of all the diesel units that supply the considered isolated grid in year 2000 ("Baseline Study for the San Ramón project" attached in Annex1). The only data about these parameters for the most generation units are those obtained in this study for the last 12 months. Therefore, it was considered that the only available appropriate period was the one included in this study. The results of this study were the data for these two parameters in the last 12 months. For CRE diesel generation units they considered their own records of the last 12 months for these parameters. There were three generation units where it was impossible for the CRE team to obtain diesel consumption data: Agrop. Sembrador, Vicariato Concepción and Gasolinera Concepción. CRE team

estimated the consumptions of these three units taking into account the load factor and an estimated efficiency for these units. We can assume a high error of 30% in these consumptions data to have an intermediate error of 2.1% in the EF value which represents a final error in Emissions reductions of less than 5%. The validation team interviewed the members of CRE who developed this study and was able to revise a sample of the records obtained in 2000. Taking into account the above information we considered that requirement in para 8 (a) of the approved methodology was met.

2,1% Error in EF final value:	20,14
Weighted value of three generator without consumptions data:	56,10
Maximun error permitted in consumptions data:	35,90%

Reason for Request 4:

It should be clarified that reporting of the emission factor for electricity for natural gas will be reported on the basis of ex-post monitoring and not on the basis of the manufactures default value.

Answer regarding request 4:

Table in section B.7.2 is prepared to fill in with NG consumptions and electricity generation data monitored ex-post. This table is in Spanish, a translation will be provided to the EB (Annex 2). The last sheet in Annex 4 about equipment data, which is also in Spanish, was included only to show the EF considered for ex ante calculations.

Reason for Request 5:

It is not sufficient for the project participant to state that the financial assistance from the Government of the Netherlands does not result in a diversion of ODA. This must be confirmed by the Government.

Answer regarding request 5:

A stated in the validation report an oral confirmation was obtained from the Netherlands embassy in Bolivia but the written confirmation was not received due to time constraints. The required confirmation was finally received and is sent attached (Annex 3).

We hope that considering the clarifications described earlier in this document, the Project can be registered as a small scale CDM project activity.

Javier Vallejo Drehs will be the contact person for the review process and is available to address questions from the Board during the consideration of the review if required by the Executive Board.

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Best Regards


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