

RESPONSE TO REQUESTS FOR REVIEW

BVQI had performed the validation of the CDM Project 0273 “Vajra and Chaskaman small hydro projects of Vindhyachal Hydro Power Ltd., Maharashtra, India” by M/s. Vindhyachal Hydro Power Ltd., Maharashtra, India. The request for registration was made on 27th February 2006 and was under review from 15 Mar 06 to 13 April 06. Subsequently, there have been 3 requests for review.

We thank the CDM executive board and the secretariat for giving us the opportunity to clarify about our considerations in validating the said project.

We find that each of the three requests is made against the two requirements of modalities and procedures, viz. additionality and baseline and monitoring methodologies.

We wish to clarify our stand for each of these requests as given below:

The project activity involves implementation and operation of 6 MW (3MW each) Small Hydro (renewable) power projects located at Vajra and Chaskaman generating electricity and wheeling it to INOX Air Products Ltd through Maharashtra State electricity grid. The project activity falls under small scale CDM project Type1- Renewable Energy Project and Category 1.D. – ‘Grid connected renewable electricity generation’ as mentioned in section B.1 of the PDD. ‘Appendix B of the simplified M&P for small-scale CDM project activities-Version 07 (28th November 2005)’ which was the valid version of the methodology during the validation process.

The selected baseline methodology is in line with the baseline methodologies provided for the relevant project category - Renewable Energy Project. Category 1.D. of the simplified modalities and procedures for small-scale CDM project activities.

This methodology applies to various project activities including hydel power generation.

We therefore hereby confirm that in the opinion of the BVQI validation team, the methodology AMS 1.D is applicable to the said CDM project activity.

We give below our response individually to each of the requests for review.

Request for review no. 1:

Reasons and background for Request for Review	BVQI response
<p>The validation report is not sufficiently transparent and clear in assessing the acceptance of the additionality of the project activity (B.2.1 of the validation report). The DOE should qualitatively address the different aspects of the PDD.</p>	<p>The validation of the said project had been conducted as per the laid down procedures of BVQI’s accreditation manual. This manual had been used by us in obtaining the accreditation under sector scope-I to which the present project activity belong. The transparency has been maintained by providing references of the evidenced documents in the process of validation (Refer Validation report no BVQI/IND/2005-9.49, section 6 References, page 15-17).</p> <p>Assessment of additionality was based on the guidance provided by CDM-EB for small scale CDM projects, wherein the barrier analysis submitted by project</p>

	<p>developer had been evaluated to validate the claim that the barriers were sufficiently prohibitive for the said project activity. Two key barriers evaluated were the following:</p> <p>1. Investment barrier: We had evaluated the points mentioned in the PDD under investment barrier and focused more on ‘revenue generation’ considering it was a key aspect and found the statement made in terms of signing an agreement at 30 paise lower than the prevailing tariff was correct. This was addressed in Section B.2.1 on page 26 of the validation report no BVQI/IND/2005-9.49. Further the project developer mentioned that this differential they thought of covering by sale of carbon credits, which was validated by following documentary evidence made available to us.</p> <ol style="list-style-type: none"> 1) Internal communication 2) Minutes of the Board meeting <p>(Scanned copies of the same are attached herewith for your reference- Evidence nos. 1 & 2).</p> <p>2. Barrier due to prevailing practice: As mentioned in our validation report no BVQI/IND/2005-9.49 on page 27, this is the first hydro power project to come up in the private sector in the state of Maharashtra where thermal power plants are predominant. We attach herewith the letter from Mr. S. V. Sodal, Secretary, Water Resources Department, Government of Maharashtra as evidence for the same (refer evidence no. 3).</p> <p>We believe that with this clarification, the EB members will be convinced that we have done a qualitative assessment of the different aspects of the PDD.</p>
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Request for review no. 2:

Reasons and background for Request for Review	BVQI response
<p>1. The validator has failed to check the barrier test due to private involvement prior to the Electricity Act 2003 and Maharashtra hydropower policy in 2002.</p>	<p>We had checked the policies available (as referred in ref. no. 23, page 16 of our validation report no BVQI/IND/2005-9.49) and concluded that there was no tariff policy available at the time of project development. Government of Maharashtra Hydro Power Policy (November 2002) promote private sector participation in development of captive power through hydro electric project (up to 25MW) was the first such policy to promote private sector participation. The Government of India Electricity Act 2003 further provided details of setting up private sector hydro projects. Both these documents (Government of Maharashtra</p>

	<p>2002 policy and Government of India Electricity Act 2003) do not cover tariff related issues, and therefore was not mentioned in the validation report. Government of Maharashtra hydro power policy 2005 however mentions the “sale of power” and therefore is referred in the validation report.</p> <p>Before these policies, the private sector participation in the small hydropower sector was negligible, since there was no encouragement and clarity for setting up the hydropower projects. While interviewing project developer they have repeatedly mentioned the barriers faced in project acceptance and financing in absence of any available tariff policy. This had led them to go ahead with the project by negotiating with a private company and agree on a price lower than a price which this private company would buy power from the State distribution company. (Please see page 26 of the validation report no BVQI/IND/2005-9.49)</p>
<p>2. The validation report does not give sufficient information on the date(s) of stakeholder consultation and the participants.</p>	<p>The project developer had provided us with documentary evidence of stakeholder consultation in local language. Now the same has been attached in both local language as well as English translation of the same. (Please refer evidence nos. 4 & 5). The document clearly indicates that stakeholder consultation process had been conducted on 31st March 2000. The approval document had been signed by (i) Government representative for Village and (ii) Elected Chief of Village Council. (This had been referred in section G.1.2 on page 38 of our validation report no BVQI/IND/2005-9.49).</p> <p>Comments from other stakeholders identified in the PDD viz. Maharashtra State Pollution Control Board, Maharashtra State Electricity Board, Consultants and Equipment Suppliers had also been evidenced (reference nos. 7, 8 and 10 of page no. 15 and reference nos. 16,17,19 and 20 of page no.16. of our validation report no BVQI/IND/2005-9.49).</p>
<p>3. The validation report does not clarify whether the DOE reviewed the intention of the project participant to start the project under CDM (expecting the revenue of CERs...)</p>	<p>While related to starting date of project activity, we had gathered following evidences for CDM consideration:</p> <p>1) Internal communication of Vindhyachal Hydro Power Ltd management dated 23rd</p>

<p>when the project was prepared, in the late 1990s.</p>	<p>February 2000 and 2) Minutes of the VHPL Board meeting conducted on 31st March 2000. Therefore the intention of the project developer as mentioned in PDD page no. 15, Section ‘revenue generation’ has been validated. However, mention of these documents has been inadvertently missed out. The above two documents are enclosed for reference. (Please refer evidence nos. 1 & 2).</p>
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Request for review no. 3

(Though the points raised are same as in review no.2 we are duplicating the same)

<p>Reasons and background for Request for Review</p>	<p>BVQI response</p>
<p>1. The validator has failed to check the barrier test due to private involvement prior to the Electricity Act 2003 and Maharashtra hydropower policy in 2002.</p>	<p>We had checked the policies available (as referred in ref. no. 23, page 16 of our validation report no BVQI/IND/2005-9.49) and concluded that there was no tariff policy available at the time of project development. Government of Maharashtra Hydro Power Policy (November 2002) promote private sector participation in development of captive power through hydro electric project (up to 25MW) was the first such policy to promote private sector participation. The Government of India Electricity Act 2003 further provided details of setting up private sector hydro projects. Both these documents (Govt of Maharashtra 2002 policy and Government of India Electricity Act 2003) do not cover tariff related issues, and therefore was not mentioned in the validation report. Government of Maharashtra hydro power policy 2005 however mentions the “sale of power” and therefore is referred in the validation report.</p> <p>Before these policies, the private sector participation in the small hydropower sector was negligible, since there was no encouragement and clarity for setting up the hydropower projects. While interviewing project developer they have repeatedly mentioned the barriers faced in project acceptance and financing in absence of any available tariff policy. This had led them to go ahead with the project by negotiating with a private company and agree on a price lower than a price which this private company would buy power from the State distribution company. (Please see page 26 of the validation report no BVQI/IND/2005-9.49)</p>

<p>2. The validation report does not give sufficient information on the date(s) of stakeholder consultation and the participants.</p>	<p>The project developer had provided us with documentary evidence of stakeholder consultation in local language. Now the same has been attached in both local language as well as English translation of the same. (Please refer evidence nos. 4 & 5). The document clearly indicates that stakeholder consultation process had been conducted on 31st March 2000. The approval document had been signed by (i) Government representative for Village and (ii) Elected Chief of Village Council. (This had been referred in section G.1.2 on page 38 of our validation report no BVQI/IND/2005-9.49).</p> <p>Comments from other stakeholders identified in the PDD viz. Maharashtra State Pollution Control Board, Maharashtra State Electricity Board, Consultants and Equipment Suppliers had also been evidenced (reference nos. 7, 8 and 10 of page no. 15 and reference nos. 16,17,19 and 20 of page no.16. of our validation report no BVQI/IND/2005-9.49).</p>
<p>3. The validation report does not clarify whether the DOE reviewed the intention of the project participant to start the project under CDM (expecting the revenue of CERs...) when the project was prepared, in the late 1990s.</p>	<p>While related to starting date of project activity, we had gathered following evidences for CDM consideration:</p> <ul style="list-style-type: none"> 3) Internal communication of Vindhyachal Hydro Power Ltd management dated 23rd February 2000 and 4) Minutes of the VHPL Board meeting conducted on 31st March 2000. <p>Therefore the intention of the project developer as mentioned in PDD page no. 15, Section 'revenue generation' has been validated. However, mention of these documents has been inadvertently missed out. The above two documents are enclosed for reference. (Please refer evidence nos. 1 & 2).</p>