VALIDATION OPINION FOR REVISION OF REGISTERED MONITORING PLAN

Kalyani Steels Limited

Electricity generation at 8 MW captive power plant using enthalpy of flue gases from blast furnace operations of Kalyani Steels Limited, in Karnataka state of India

UNFCCC Ref. No. 0427

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Project Title:	
Electricity generation at 8 MW captive power plant using enthalpy of flue gases from blast furnace operations of Kalyani Steels Limited, in Karnataka state of India. UNFCCC ref. no. 0427.	
Organisation:	**Client:**
SGS United Kingdom Limited	Kalyani Steels Limited
Subject:	
Validation opinion for revision of Registered Monitoring Plan	
Validation Team:	
Vikrant Badve – Lead Assessor	☒ No Distribution (without permission from the Client or responsible organisational unit)
Technical Review: / **Trainee Technical Reviewer:**	
Date: 12-07-2008 Name: Sanjeev Kumar / NA	☐ Limited Distribution
Authorised Signatory:	
Name: Siddharth Yadav Date: 09/01/2009	☐ Unrestricted Distribution

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1. Validation Opinion

Paragraph 57 of the modalities and procedures for the CDM allow project participants to revise monitoring plans in order to improve accuracy and/or completeness of information, subject to the revision being validated by a Designated Operational Entity.

SGS United Kingdom Ltd has been contracted by Kalyani Steels Limited to perform such a validation of the revision of monitoring plan according to the procedure detailed in annex 34 to EB 26 meeting report, the original monitoring plan is part of the PDD of registered CDM project: Electricity generation at 8 MW captive power plant using enthalpy of flue gases from blast furnace operations of Kalyani Steels Limited, in Karnataka state of India.; UNFCCC ref. no. 0427. The purpose of a validation is to have an independent third party assessment of the revision of monitoring plan. In particular, the level of accuracy or completeness in the proposed revision of the monitoring plan, and the conformity with approved monitoring methodology applicable to the project activity.

By applying the proposed revision of monitoring plan, the grid emission factor will not be monitored in annual frequency during the selected crediting period, since the grid emission factor for the southern regional grid has been determined ex-ante using combined margin approach, following approved consolidated methodology ACM0004 version 02 which refers ACM0002 for grid emission factor calculations and this has been well documented in registered PDD under baseline information section and in Validation Report under section 3.4 on page 15 and 16. The other monitoring parameters in the original monitoring plan remain unchanged. This revision improves the accuracy of information.

Theoretically, there should be no impact on the calculation of the emissions reduction achieved by this project activity because the revision is aiming to fix the grid emission factor which was calculated ex-ante during the validation time. During last two verifications the DOE has accepted the ex-ante fixed value of grid emission factor as 1.110 tCO_2/MWh as mentioned under Annex 3 Baseline information of regd. PDD. This is inline with validation report section 3.4 which mentions that the combined margin approach was used for grid emission factor calculation and thus same is fixed for the entire crediting period and also inline with the baseline and monitoring methodology ACM0004 version 02.

This revision improves the accuracy of information provided and consistency in registered PDD and the monitoring plan.

Furthermore, we confirm that:

(a) the proposed revision of the monitoring plan ensures that the level of accuracy or completeness in the monitoring and verification process is not reduced as a result of the revisions;

(b) the proposed revision of the monitoring plan is in accordance with the approved monitoring methodology applicable to the project activity.

(c) the project activity has successfully completed two verifications.

Signed on Behalf of the Validation Body by Authorized Signatory

Signature: 

Name: Siddharth Yadav

Date: 9th January 2009

2. Introduction

2.1 Objective

Paragraph 57 of the modalities and procedures for the CDM allow project participants to revise monitoring plans in order to improve accuracy and/or completeness of information, subject to the revision being validated by a Designated Operational Entity.

SGS United Kingdom Ltd has been contracted by Kalyani Steels Limited to perform such a validation of the revision of monitoring plan according to the procedure detailed in annex 34 to EB 26 meeting report, the original monitoring plan is part of the PDD of registered CDM project: Electricity generation at 8 MW captive power plant using enthalpy of flue gases from blast furnace; UNFCCC ref. no. 0427. The purpose of a validation is to have an independent third party assessment of the revision of monitoring plan. In particular, the level of accuracy or completeness in the proposed revision of the monitoring plan, and the conformity with the approved monitoring methodology applicable to the project activity.

The Validation was performed in accordance with the UNFCCC criteria for the Clean Development Mechanism (CDM) and host country criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

SGS reviewed of the project design documentation, using a risk based approach and conducted follow-up interviews.

2.2 Scope

The scope of the validation is defined as an independent and objective review of the project design document, the project's baseline study and monitoring plan and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations. SGS has employed a risk-based approach in the validation, 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 Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

2.3 GHG Project Description

As per http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view web page there is no change in the project activity description. The project was registered on 29th September 2006 with reference number 0427.

2.4 The Names and Roles of the Validation Team Members

Name	Role	Affiliate
Vikrant Badve	Lead Assessor	SGS India

3. Methodology

3.1 Review of CDM-PDD and Additional Documentation

The validation is performed primarily as a document review of the publicly available project documents. The assessment is performed by trained assessors using a validation protocol.

A site visit is usually required to verify assumptions in the baseline.

3.2 Use of the Validation Protocol

The validation protocol used for the assessment is partly based on the templates of the IETA / World Bank Validation and Verification Manual and partly on the experience of SGS with the validation of CDM projects. It serves the following purposes:

- it organises, details and clarifies the requirements the project is expected to meet; and
- it documents both how a particular requirement has been validated and the result of the validation.

The validation protocol consists of several tables. The different columns in these tables are described below.

Checklist Question	Ref ID	Means of verification (MoV)	Comment	Draft and/or Final Conclusion
The various requirements are linked to checklist questions the project should meet.	Lists any references and sources used in the validation process. Full details are provided in the table at the bottom of the checklist.	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.	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.	This is either acceptable based on evidence provided (Y), or a Corrective Action Request (CAR) due to non-compliance with the checklist question (See below). New Information Request (NIR) is used when the validation team has identified a need for further clarification.

3.3 Findings

As an outcome of the validation process, the team can raise different types of findings

In general, where insufficient or inaccurate information is available and clarification or new information is required the Assessor shall raise a **New Information Request (NIR)** specifying what additional information is required.

Where a non-conformance arises the Assessor shall raise a **Corrective Action Request (CAR).** A CAR

is issued, where:

I. mistakes have been made with a direct influence on project results;

II. validation protocol requirements have not been met; or

III. there is a risk that the project would not be accepted as a CDM project or that emission reductions will not be verified.

The validation process may be halted until this information has been made available to the assessors' satisfaction. Failure to address a NIR may result in a CAR. Information or clarifications provided as a result of an NIR may also lead to a CAR.

Observations may be raised which are for the benefit of future projects and future verification or validation actors. These have no impact upon the completion of the validation or verification activity.

Corrective Action Requests and New Information Requests are raised in the draft validation protocol and detailed in a separate form. In this form, the Project Developer is given the opportunity to "close" outstanding CARs and respond to NIRs and Observations.

3.4 Internal Quality Control

Following the completion of the assessment process and a recommendation by the Assessment team, all documentation are forwarded to a Technical Reviewer. The task of the Technical Reviewer is to check that all procedures have been followed and all conclusions are justified. The Technical Reviewer either accepts or rejects the recommendation made by the assessment team.

4. Validation Findings

4.1 Participation Requirements

As per http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available on UNFCCC webpage http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view No Change.

4.2 Project Design

As per http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available on UNFCCC webpage http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view No Change.

4.3 Eligibility as a Small Scale Project

No Change. Project activity is large scale project activity.

4.4 Baseline Selection and Additionality

As per http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available on UNFCCC webpage http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view No Change.

4.5 Application of Baseline Methodology and Calculation of Emission Factors

As per http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available on UNFCCC webpage http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view No Change.

4.6 Application of Monitoring Methodology and Monitoring Plan

The project activity registered with CDM – EB uses ACM0004, version 02 as monitoring methodology. The registered monitoring plan of the project activity is required to be revised; as the monitoring plan inadvertently mentions that project proponent will monitor the grid emission factor with annual frequency during the crediting period. But the annual monitoring of grid emission factor is not required as the registered PDD under baseline information section and Annex 3 mentions that the grid emission factor is calculated using combined margin of operating margin and build margin data available at the time of validation and thus fixed ex-ante for the entire crediting period as 1.110 tCO_2/MWh which is mentioned in regd. PDD under Annex 3 baseline information. The validation report under section 3.4 confirms that baseline emissions are calculated as per combined margin approach which is in line with the information provided in PDD on page 15 and 16. Hence project proponent is not monitoring the grid emission factor in annual frequency at ex-post scenario. During ex-ante grid emission factor estimation, the power data has been referred from power sector data published by Central Electricity Authority, Ministry of Power, Government of India. This fact has been well documented in registered PDD under Annex 3 and evidenced through Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available at http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view. Ex-ante determination of grid emission factor is well consistent with the requirement of ACM0002 which was referred for the grid emission factor in ACM0004 version 02, thus it has been accepted.

Rest of the monitoring plan remains the same as mentioned in the registered PDD available at UNFCCC website http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 and revised monitoring plan is attached with the revised validation opinion.

There is no other change in the validation report available on UNFCCC website http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available on UNFCCC website http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view.

4.7 Choice of the Crediting Period

As per http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available on UNFCCC webpage http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view No Change.

4.8 Environmental Impacts

As per http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available on UNFCCC webpage http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view No Change.

4.9 Local Stakeholder Comments

As per http://cdm.unfccc.int/UserManagement/FileStorage/XPSY6OU1C5VZPBKCA2OMPESBIR0WM4 Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04) available on UNFCCC webpage http://cdm.unfccc.int/Projects/DB/BVQI1146639607.87/view No Change.

5. List of Persons Interviewed

Date	Name	Position	Short Description of Subject Discussed
04/06/2008	Ms. Deeksha Vats and Mr. Vivek Sen	Project Consultant	Monitoring practice adopted at plant site and requirement under registered PDD monitoring plan

6. Document References

Category 1 Documents (documents provided by the Client that relate directly to the GHG components of the project, (i.e. the CDM Project Design Document, confirmation by the host Party on contribution to sustainable development and written approval of voluntary participation from the designated national authority):

/1/ Revised Monitoring plan date 11th July 2008
/2/ Registered PDD version 03 dated 17th August 2006
/3/ Validation Report (BVQI/INDIA/1.49 dated 2006-08-07; revision 04)
/4/ ACM0004 Version 02

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