



AMBIKA SOLVEX LIMITED

Registered Office : 304, Satyageeta Apartment,
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Tel. : 91-731-2362251, 4094522, 4094523 Fax No. : 91-731-2471655
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25-September-2007

Kind Attention
Chairman, Executive Board
UNFCCC

Subject: Clarification on request for review for "Biomass based renewable energy project in a Solvent Extraction Plant, India" by Ambika Solvex Limited; (Reference No 1221)

Dear Sir,

This is with reference to the request for review raised by Executive Board members for the project "Biomass based renewable energy project in a Solvent Extraction Plant, India" by Ambika Solvex Limited; (Reference No 1221). We are enclosing herewith our clarifications on the comments raised for your consideration.

The undersigned is the nodal point for all communication for this process.

Thanking you,

Yours sincerely,

KC Garg
Director

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Reasons for Request 1:

1. The validation report should clearly state how the barriers listed in the PDD have been validated and on which basis the DOE considered the project to be additional.

Reply from PP:

The technological issues associated with the project activity along with financial resources constraints were major barriers faced by the project activity which made this project as not a Business as Usual case. During validation of the project activity, following documents were submitted to DOE as support to additionality –

Technical paper(s) suggesting that there are a number of operational problems related to biomass firing for steam generation as described in the PDD due to the presence of alkalies and other salts and chlorine were submitted. Copies of the same are also enclosed with the reply (annex 1- i, ii, iii).

Balance sheets from the audited books of M/s Ambika Solvex Limited for the year 2003-04 and 2004-05 show the company's fund availability, which is Rs. 33.5 million in the year 2004-05. Report for the year 2003-04 shows that company's profit after tax was only Rs. 5 million in that year (annex 2, i & ii). A Chartered Accountant (certified entities by Indian Chartered Accountants of India, ICAI, a statutory body established under the Chartered Accountants Act, 1949 for the regulation of the profession of chartered accountancy in India) letter is also attached (annex 3) as a proof of the fact that ASL has not taken any loan for the project activity and project activity is proposed to be funded through internal accruals only. PP is carrying out the project activity in a phased manner due to shortage of available funds at its disposal.¹

This is suggested in the PDD that steam generation at higher pressures require treatment of water at a higher degree (project activity) compared to that at low pressure (baseline). This needs more in terms of facility/ equipments required for the feed water treatment at the project site. Document from equipment supplier M/s Cheema Boilers Limited (CBL) on water requirements for boiler at low pressure and high pressure steam systems was provided to DOE (annex 4), which clearly demonstrates that water quality requirements change substantially with change in pressure of the system. The norms become more stringent as the system pressure goes up. It may be noted that in the baseline scenario, PP had been generating steam at very low pressure of 17.5 kg/cm² while in the project activity, PP have installed system that works at 45 kg/cm² pressure.

The project activity is one-of-its-kind for the soya industries of the region. Letter from India Soya Foundation (ISA) is attached which says that ASL's is the first of its kind project activity and no other similar unit generates energy based on biomass firing and that these other units use only coal as fuel for steam/ energy generation (annex 5).

2. The remaining lifetime of the existing boiler should be validated to confirm that it would not be required to be replaced during the crediting period of the project.

¹ Estimated investment on the project activity is Rs. 64 million. In earlier version of PDD, it was erroneously mentioned as Rs. 640 million. This has been corrected in the revised PDD.



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Reply from PP:

The biomass boiler in the project activity is new. The two coal fired boilers (Regn. no MP 4267 & MP 4528) in the baseline are kept as standby unit to the project activity. These will support the steam energy needs of the plant in the event of non-availability of biomass fired boiler in the project activity due to shutdown/breakdown of the system. The residual life certificate(s) for the two coal-fired boilers are attached from Chartered Engineer (Government of India approved entity) (annex 6, i & ii). Biomass fired boiler alone would be able to meet the plant process steam requirement in normal course.

3. The Monitoring Plan does not include the annual evaluation of whether there is a surplus of biomass in the region and any leakage that may need to be estimated and deducted from the emission reductions in accordance with the Board's "General guidance on leakage in biomass project activities (Ver.2)"

Reply from PP:

This is now included as part of monitoring plan in the revised PDD (version 1.6). PP will demonstrate using published literature, official reports, surveys etc that the quantity of available biomass in the region, is at least 25% larger than the quantity of biomass that is utilized including the project activity, then this source of leakage can be neglected otherwise this leakage shall be estimated and deducted from the emission reductions in accordance with the Board's "General guidance on leakage in biomass project activities (Ver.2)"

Reasons for Request 2:

1. The validation report should clearly state how the barriers listed in the PDD have been validated and on which basis the DOE considered the project to be additional.
2. The remaining lifetime of the existing boiler should be validated to confirm that it would not be required to be replaced during the crediting period of the project.
3. The monitoring plan does not include the annual evaluation of whether there is a surplus of biomass in the region and any leakage that may need to be estimated and deducted from the emission reductions in accordance with the Board's "General guidance on leakage in biomass project activities (Ver.2)"

Reply from PP:

Same are answered as against Request 1 above.

Reasons for Request 3:



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1. The validation report should clearly state how the barriers listed in the PDD have been validated and on which basis the DOE considered the project to be additional.
2. The remaining lifetime of the existing boiler should be validated to confirm that it would not be required to be replaced during the crediting period of the project.
3. The Monitoring Plan does not include the annual evaluation of whether there is a surplus of biomass in the region and any leakage that may need to be estimated and deducted from the emission reductions in accordance with the Board's "General guidance on leakage in biomass project activities (Ver.2)"

Reply from PP:

Same are answered as against Request 1 above.