



Mr. Rajesh Kumar Sethi
Chair, CDM Executive Board
UNFCCC Secretariat
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1st September 2008

Dear Mr. Sethi

RE: Initial response to the request for review for the CDM project activity “Methane Extraction and Fuel Conservation Project at Tamilnadu Newsprint and Papers Limited (TNPL), Kagithapuram, Karur District, Tamilnadu” (0124) for the monitoring period 01/01/2007 to 31/12/2007.

SGS has been informed that the request for issuance for the CDM project activity “Methane Extraction and Fuel Conservation Project at Tamilnadu Newsprint and Papers Limited (TNPL), Kagithapuram, Karur District, Tamilnadu” (0124) for the monitoring period 01/01/2007 to 31/12/2007 is under consideration for review because three requests for review have been received from members of the Board.

The requests for review are based on the reasons outlined below. SGS would like to provide an initial response to the issues raised by the requests for review:

Request for Review 1, Issue 1:

The purported accuracy of flow meter readings seems to indicate that measurement was not in fact used, but that estimates were made instead.

SGS’ Response to Issue 1:

During site visit on 5th March 2008, SGS verified that all the parameters were monitored as per the registered monitoring plan except for one place i.e. Parameter D.3.11 “ Stack gas flow rate” for which deviation was observed and the approval of the same was sought with CDM EB. The deviation was approved by CDM EB http://cdm.unfccc.int/UserManagement/FileStorage/AM_CLAR_4NTR9C9DJVSLSOA4HMO3REMAKGTEM6. The biogas flow rate at three points namely digester outlet (Tag No. FT 6002), flare inlet (Tag No. FT 6003) and lime kiln inlet (Tag No. FT 6009) are being measured using three flow meters. The photographs of the three flow meters are attached as Annexure 1. The calibration of these flow meters were checked during site visit and found ok. The calibration details of these flow meters are attached here with as Annexure 2. There is a quality plan for calibration available which was checked and found that the monitoring instruments were periodically calibrated as per the schedule of the quality plan. The quality plan is attached as Annexure 3. The quantity of flows are recorded once in every shift (i.e., once in 8 hours) by the shift operator and then cumulated to arrive at the day’s quantity. The quantities of flow in each shift are recorded as follows:

Shift	Cumulative flow reading at start of shift	Cumulative flow reading at end of shift	Difference (Flow during shift) – to be recorded in log books
	M ³	M ³	M ³
A (6 AM to 2 PM)	344200	349377	5177
B (2 PM to 10 PM)	349377	354234	4857
C (10 PM to 6 AM)	354234	358751	4517
Total for day	344200	358751	14551

There are two log books maintained in the plant namely the gas plant log book (Annexure 4) and lime kiln log book (Annexure 5). It may be noted that the “digester outlet” flow meter and “flare inlet” flow meter are located within the gas plant. The “digital flow display” (Annexure 6) of these two meters is located in the gas plant control room and the measured values of these two parameters are recorded in the gas plant log book.

The limekiln inlet flow meter is located at the limekiln which is at around 500 m from the gas plant. The digital flow display (Annexure 7) of this parameter is located in the limekiln control room where this measured lime kiln inlet value is recorded in the limekiln log book. Since the measured value of limekiln inlet gas is not available at the gas plant, the same is calculated (digester outlet – flare inlet) and recorded in the gas plant log book. During the site visit on 5th march 08, the gas plant log book where the calculated value is recorded was verified and accepted because the same was found matched with the internal reports which were made to the head of departments.

A daily performance report indicating the biogas generation, biogas flared and biogas to limekiln (calculated) is submitted by the biogas plant to all the heads of departments (Annexure 8 – Biogas plant daily performance report).

Similarly, the daily specific¹ furnace oil consumption and specific biogas consumption are important performance parameters for the limekiln. A daily performance report indicating the furnace oil consumption and biogas consumption in limekiln is submitted by the limekiln to all the heads of departments (Annexure 9 – Limekiln daily performance report). The furnace oil consumption reduces due to biogas in the limekiln.

As stated the biogas to limekiln value reported by the gas plant is calculated from the measured values of biogas generation and biogas flared. The biogas flow to limekiln indicated in the limekiln performance reports was the measured value at the limekiln inlet earlier. However, it was changed to calculated value due to the below reason:

The above performance reports are reviewed in the “Daily production performance review meeting”. It was often observed during these meetings that the daily biogas to limekiln values reported by the gas plant and limekiln had significant deviations. Though this was identified to be due to the difference in the timings of data recording, it created contradictions between the performance reports of the two departments. To resolve this matter, it was instructed that the calculated biogas to limekiln value reported by the gas plant shall be considered for the purpose of performance reports (Annexure 10 – Circular). Therefore, only the calculated “biogas to limekiln” values was adopted for internal performance reporting and for CDM purposes.

As discussed above, the limekiln inlet gas quantity is calculated from the **measured** values of biogas generation and biogas flared. This value was decided to be used for all internal performance reporting and costing purposes. Therefore, to maintain consistency between their internal reports and CDM data, and since the difference between the total measured and calculated values were very small, the same was produced for CER verification. PP will ensure that the measured values are hereafter considered for all CDM purposes and has submitted the revised MR (Annexure 12) and emission reduction calculation sheet (Annexure 13) based on measured value of lime kiln inlet. After the review was requested for this project a re-site visit was conducted on 30th August 2008, the measured values of lime kiln inlet gas was checked with the lime kiln log book and found in order. To resolve all these issues PP is in the process of installing a DCS to eliminate the manual recording.

TNPL is a quasi-governmental organization listed in the National Stock Exchange. They are also covered by a “Vigilance department” appointed by the government to prevent any fraudulent activities. Their annual records are also externally audited. The annual reports (Annexure 11) contain the following details as mandated by the applicable laws:

- Annual power and **fuel** consumption details (including **biogas and furnace oil**) and specific energy consumption details – mandated by the Company’s Act, 1956 of India
- Board of Directors’ report including the overall performance and **paper production data**
- External Auditor’s certificate on Corporate Governance and compliance with “Clause 49” of the Listing agreement with the Stock exchanges
- External Auditor’s report of the annual report

¹ Litres of furnace oil per tonne of limekiln production

Request for Review 2-3, Issue 2:

As RIT member pointed out, the three flow rates are questionable even though they claimed it have been monitored but too accurate to believe. More clarification is required.

SGS' Response to Issue 2:

Same as above

We feel that the clarification sought by board members has been taken into account. We do however apologize if this was not sufficiently clear from the earlier verification and certification report.

Nikunj Agarwal (+91 98717 94661) will be the contact person for the review process and is available to address questions from the Board during the consideration of the review in case the Executive Board wishes.

Yours sincerely,

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Enclosures:

1. Annexure 1 – Flow meter Photograph
2. Annexure 2 – Flow meter Calibration
3. Annexure 3 – Quality Plan for Calibration Schedule
4. Annexure 4 – Gas plant log book
5. Annexure 5 – Lime kiln log book
6. Annexure 6 – Measured Flow Display of digester outlet and flare inlet
7. Annexure 7 – Measured flow display of lime kiln inlet
8. Annexure 8 – Biogas plant daily performance report
9. Annexure 9 – Limekiln daily performance report
10. Annexure 10 – Circular for change over to calculated value from measured value.
11. Annexure 11 – Annual Report
12. Annexure 12 – Revised Monitoring Report version 4 dated 29.08.2008
13. Annexure 13 – Revised ER calculations