Dear CDM Executive Board,

The reply to the request for review of issuance for the RSCL Cogeneration Project (0127), please find below our clarifications.

The request for review is based primarily on the following reason:

> A decision of the EB, i.e., paragraph 24./EB20 taken on July 6-8 2005 (the PDD ver. Aug. 5 2005 was published by the validating DOE on Sep 8th 2005), established that for prompt start projects such as this one, "when ex ante or ex post options for the calculation of the baseline emissions are allowed, the ex post option should be selected." It appears therefore that both OM and BM should have been included in the monitoring plan as quantities to be computed ex post each year, rather than being fixed ex ante, and that therefore they should have been recalculated

Response:

The EB guidance referred to (EB 20 paragraph 24) states:
"The Board considered the recommendation by the Meth Panel on the type of information to be considered in the calculation of baseline emissions when a project activity is requesting retroactive credits. The Board agreed that the most recent information, corresponding to the vintage of data appropriate to the project, which is available at the validation stage shall be used for the calculation of baseline emissions. When ex ante or ex post options for the calculation of the baseline emissions are allowed, the ex post option should be selected. For cases where the methodology establishes that the lower value of ex ante and ex post must be used, the prescription of the methodology must be followed. When the option (ex ante or ex post) is explicitly established in the methodology, the prescription must be followed."

This guidance is based on the report of the sixteenth meeting of the methodologies panel, which reads:

"The Meth Panel recommends that for calculation of baseline emissions the most recent information, for the vintage of data appropriate to the project, available at the validation stage shall be used. When ex ante or ex post options are allowed, the ex post option should be selected. For the cases where the methodology establishes that the lower value among ex ante and post must be used, the prescription of the methodology must be followed. When the option (ex ante or ex post) is explicitly established in the methodology, the prescription must be followed[1]."

The registered project RSCL Cogeneration Expansion Project (0127) followed methodology **AM0015**, which was applicable at the time of registration. AM0015 explicitly establishes the data sources to be used and the prescription in that methodology is followed in the PDD. AM0015 is explicitly mentioned in the footnote to the above methodologies panel recommendation as a methodology that combines ex-ante and ex-post calculations i.e. it falls under the criteria of the last sentence of the guidance paragraph. The project was validated and submitted for registration following AM0015 using an ex-ante simple OM and BM grid electricity factor as per the prescription in AM0015. This is acceptable and the verification

[1] Approved methodologies that so far combine an ex-ante and ex-post approach include: AM0008, AM0013, AM0015, ACM0002.

protocol follows that outlined in AM0015 and the PDD. Furthermore, the PDD explicitly states that an ex-ante factor will be used (Section D 2.1.4).

The above EB guidance refers to baseline emissions as opposed to grid emission factors. (Baseline emissions are the product of electricity generation and the grid emission factor. Electricity generation is determined ex-post.)

CERs have to date been **issued** for **sixty one** CDM projects for which the start of the crediting period is **before** the date of registration and for which as outlined in the verification report, an **ex-ante** grid emission factor has been used. Details of these projects are contained in Annex 1.

A further point raised during one of the requests for review is as follows:

> In the course of this appraisal the PDD was found to be not transparent with respect to issues relating to additionality, in relation to both step 0 (no actual documents were produced showing that CDM income had been considered during its planning phase) and calculations indicating financial barriers, which cannot be reproduced by a reader.

We find it slightly odd that these issues have been raised at issuance – the two points relate to registration of the project activity and not issuance of the CERs. However we are happy to provide the following response:

- The PDD clearly states that the project was submitted to the Austrian JI/CDM Programme in September 2003 but that the starting date was January 2004. (The submission was accepted and a contract with the Austrian JI/CDM Programme signed). The validation report details that documents underlying this submission were presented during validation and that the CDM incentive was therefore clearly considered (page 6 of the validation report). Evidence of the consideration was provided through a complete chronology of the development stages of the CDM project activity with associated substantiating evidence. This chronology is shown in Annex 2.
- Financial spreadsheets and analyses were also provided to the validator and are explicitly discussed in the validation report (page 7).

ANNEX 1: CDM PROJECTS FOR WHICH CERS HAVE BEEN ISSUED USING EX-ANTE GRID EMISSION FACTORS AND FOR WHICH THE REGISTRATION DATE IS AFTER THE START OF THE CREDITING PERIOD

CDM Project Activity	CDM Reference No	Grid Emission Factor	Start of Crediting Period	Registration Date	Issuance Date	Issuance Volume
Jilin Taonan Wind Power Project	599	Ex-ante	01-Jan-06	02-Dec-06	19-Jan-07	71,385
UTE Barreiro S.A. Renewable Electricity Generation Project	143	Ex-ante	01-Jan-04	22-Jan-06	12-Jan-07	67,954
3.5 MW Rice Husk based Cogeneration Project at Nahar Spinning Mills Ltd.	117	Ex-ante	10-Dec-05	11-Dec-05	12-Jan-07	5,768
Jaguari Energética S. A. – Furnas do Segredo Small Hydro Power Plant	480	Ex-ante	16-Sep-05	08-Sep-06	08-Jan-07	17,220
Perpetual 7.5 MW Non-Conventional Renewable Sources Biomass Power Project	390	Ex-ante	24-Mar-03	16-Jun-06	08-Jan-07	93,053
Indur 7.5 MW Non-Conventional Renewable Sources Biomass Power Project	391	Ex-ante	16-Feb-03	10-Jun-06	08-Jan-07	103,675
Koblitz - Piratini Energia S. A – Biomass Power Plant – Small Scale CDM Project	228	Ex-ante	01-Feb-02	11-Feb-06	03-Jan-07	564,804
Rickli Biomass electricity generation project	114	Ex-ante	01-Jan-05	29-Sep-06	03-Jan-07	48,527
Irani Biomass Electricity Generation Project	404	Ex-ante	01-Oct-04	07-Jul-06	02-Jan-07	45,984
Moema Bagasse Cogeneration Project (MBCP)	190	Ex-ante	20-May-01	09-Mar-06	02-Jan-07	4,576
KMS Power 6 MW Renewable Sources Biomass Power Project.	374	Ex-ante	23-Jul-02	04-Jun-06	02-Jan-07	89,593
Coinbra-Cresciumal Bagasse Cogeneration Project (CCBCP)	215	Ex-ante	10-Jul-03	03-Mar-06	28-Dec-06	11,336
Hapugastenne and Hulu Ganga Small Hydropower Projects.	85	Ex-ante	01-Jan-03	30-Oct-05	28-Dec-06	105,902

Liaoning Kangping 24.65MW Wind Farm Project	537	Ex-ante	01-Jul-03	13-Oct-06	27-Dec-06	71,331
Passo do Meio, Salto Natal, Pedrinho I, Granada, Ponte and Salto Corgão Small Hydroelectric Power Plants - Brascan Energética S.A.	519	Ex-ante	01-Jun-03	02-Oct-06	27-Dec-06	189,621
Rithwik 6 MW Renewable Sources Biomass Power Project	253	Ex-ante	25-Dec-05	02-Mar-06	27-Dec-06	16,310
Liaoning Zhangwu 24.65MW Wind Farm Project	539	Ex-ante	01-Jul-03	13-Oct-06	27-Dec-06	58,934
Clarion 12MW (Gross) Renewable Sources Biomass Power Project	75	Ex-ante	21-Feb-04	06-Aug-05	20-Dec-06	44,833
Ningxia Tianjing Shenzhou 30.6MW Wind-farm Project	398	Ex-ante	01-Jul-04	13-Jul-06	18-Dec-06	56,930
Ningxia Helanshan Wind-farm Project, Ningxia Autonomous Region, China	316	Ex-ante	01-Jun-05	25-May-06	18-Dec-06	121,396
Nova Sinceridade Small Hydroelectric Power Plant - Brascan Energética Minas Gerais S.A. (BEMG) Project Activity	543	Ex-ante	09-Apr-01	24-Sep-06	24-Nov-06	102,770
Cachoeira Encoberta and Triunfo Small Hydroelectric Power Plants - Brascan Energética Minas Gerais S.A (BEMG) Project Activity	520	Ex-ante	01-Jan-04	02-Oct-06	24-Nov-06	105,830
Cruz Alta Bagasse Cogeneration Project (CABCP)	216	Ex-ante	10-May-03	06-Mar-06	22-Nov-06	31,229
Palestina Small Hydroelectric Power Plant - Brascan Energética Minas Gerais S.A. (BEMG) Project Activity	477	Ex-ante	28-Nov-03	28-Aug-06	10-Nov-06	98,638
10.25MW Chunchi Doddi Grid-connected SHP in Karnataka, India	103	Ex-ante	01-Jan-05	16-Dec-05	08-Nov-06	25,038
Bundled wind power project in Chitradurga (Karnataka in India) managed by Enercon (India) Ltd.	276	Ex-ante	03-Jun-02	12-May-06	06-Nov-06	186,602
Lucélia Bagasse Cogeneration Project (LBCP)	43	Ex-ante	12-Jul-02	03-Mar-06	30-Oct-06	16,971

Termoelétrica Santa Adélia Cogeneration Project (TSACP)	200	Ex-ante	07-May-03	06-Mar-06	30-Oct-06	77,100
San Jacinto Tizate geothermal project	198	Ex-ante	01-Jun-05	08-Apr-06	26-Oct-06	26,941
Vale do Rosário Bagasse Cogeneration (VRBC)	199	Ex-ante	09-Jun-01	03-Mar-06	13-Oct-06	119,387
Santa Elisa Bagasse Cogeneration Project (SEBCP)	178	Ex-ante	01-Jan-06	20-Feb-06	13-Oct-06	12,957
Santa Elisa Bagasse Cogeneration Project (SEBCP)	178	Ex-ante	07-Apr-03	20-Feb-06	13-Oct-06	96,561
Clarion 12MW (Gross) Renewable Sources Biomass Power Project	75	Ex-ante	21-Feb-04	06-Aug-05	05-Oct-06	41,716
Fujian Zhangpu Liuao 30.6 MW Wind Power Project	388	Ex-ante	01-Jan-06	27-Jul-06	02-Oct-06	22,202
Zillo Lorenzetti Bagasse Cogeneration Project (ZLBC)	202	Ex-ante	15-Jun-01	06-Mar-06	25-Sep-06	211,982
Horizonte Wind Power Generation Project	486	Ex-ante	01-Feb-04	28-Aug-06	18-Sep-06	11,849
Alto Alegre Bagasse Cogeneration Project (AABCP)	207	Ex-ante	04-May-04	04-Mar-06	15-Sep-06	15,791
Cucaú Bagasse Cogeneration Project (CBCP)	485	Ex-ante	05-Sep-01	28-Aug-06	15-Sep-06	6,686
Equipav Bagasse Cogeneration Project (EBCP)	205	Ex-ante	11-Jun-02	09-Mar-06	11-Sep-06	115,849
Usinas Itamarati Cogeneration Project	211	Ex-ante	01-Sep-01	06-Apr-06	11-Sep-06	43,486
BT Geradora de Energia Elétrica S. A. – Ferradura Small Hydro Power Plant – Small Scale CDM Project	229	Ex-ante	01-Jan-04	22-Apr-06	08-Sep-06	46,920
Central Energética do Rio Pardo Cogeneration Project (CERPA)	209	Ex-ante	01-May-03	09-Mar-06	08-Sep-06	55,056
Yojoa Small Hydropower Project	157	Ex-ante	01-Sep-05	02-Mar-06	06-Sep-06	803
CECECAPA Small Hydroelectric Project	156	Ex-ante	01-Dec-05	02-Mar-06	06-Sep-06	547
RIO BLANCO Small Hydroelectric Project	28	Ex-ante	01-Aug-04	11-Jan-05	06-Sep-06	26,622
Colombo Bagasse Cogeneration Project (CBCP)	180	Ex-ante	01-Jul-03	03-Mar-06	06-Sep-06	39,927
Irani Biomass Electricity Generation Project	404	Ex-ante	01-Oct-04	07-Jul-06	04-Sep-06	179,397

Rithwik 6 MW Renewable Sources Biomass Power Project	253	Ex-ante	18-Sep-02	02-Mar-06	24-Aug-06	59,155
Santa Cândida Bagasse Cogeneration Project (SCBCP)	65	Ex-ante	11-Jun-02	24-Feb-06	18-Aug-06	32,993
Nova América Bagasse Cogeneration Project (NABCP)	179	Ex-ante	20-May-01	20-Feb-06	18-Aug-06	36,791
Small Hydropower Projects at Alupola and Badulu Oya.	100	Ex-ante	01-Jun-04	30-Oct-05	18-Aug-06	14,469
Alta Mogiana Bagasse Cogeneration Project (AMBCP)	181	Ex-ante	06-May-02	20-Feb-06	16-Aug-06	50,033
Pesqueiro Energia Small Hydroelectric Project (PESHP)	242	Ex-ante	27-Jan-03	26-Feb-06	13-Jul-06	136,727
Iturama Bagasse Cogeneration Project (IBCP)	212	Ex-ante	07-May-03	04-Mar-06	07-Jul-06	38,921
Campo Florido Bagasse Cogeneration Project (CFBCP)	208	Ex-ante	05-May-02	03-Mar-06	06-Jul-06	37,086
Jalles Machado Bagasse Cogeneration Project (JMBCP)	187	Ex-ante	23-Apr-01	03-Mar-06	06-Jul-06	35,689
San Isidro Hydroelectric Plant	174	Ex-ante	29-Jun-02	23-Jan-06	23-Jun-06	51,184
Cerradinho Bagasse Cogeneration Project (CBCP)	203	Ex-ante	01-Jul-02	03-Mar-06	15-Jun-06	63,221
Matanzas Hydroelectric Plant	172	Ex-ante	29-Jun-02	21-Jan-06	12-Jun-06	111,367
RIO BLANCO Small Hydroelectric Project	28	Ex-ante	01-Aug-04	11-Jan-05	20-Oct-05	7,304
La Esperanza Hydroelectric Project	9	Ex-ante	01-Jun-03	19-Aug-05	20-Oct-05	2,210

Annex 2

CHRONOLOGY OF CDM DEVELOPMENT OF RSCL PROJECT
October 2005

Date	Event
August 2003	Discussions took place between RSCL and Agrinergy on the CDM and its applicability to bagasse cogeneration
5th September 2003	Letter sent to CDM Executive Board outlining our intention to register the proposed bagasse cogeneration project as a CDM.
29th September, 2003	PIN submitted to Austrian government CDM tender through Kommunalkredit for the sale of the proposed cogeneration project as a CDM.
September 2005	PIN sent to Austrian government in respect of their tender and to World Bank PCF.
29th October 2003	Contract signed between Agrinergy and RSCL for the development of the project as a CDM
31st October 2003	Cogeneration project Bhoomi Pooja was performed
5th March 2004	Civil construction works started
26th March 2004	Invitation from Austrian government to submit a formal proposal for the development and sale of the CDM project
28th May 2004	Boiler erection started
30th July 2004	Proposal submitted to the Austrian government based on Agrinergy's proposed methodology for bagasse cogeneration - NM0050
8th September 2004	Acceptance of proposal by Austrian government and proposal made for funding of CDM development costs.
15th November 2004	Contract signed for the funding of CDM development costs
20th December 2004	Turbo generator erection activities started
27th December 2004	Host country DNA approval received from Ministry of Environment and Forests
11th January 2005	Water treatment plant erection activity started
2nd February 2005	Air cooled condensor erection activity started
23rd May 2005	Water treatment plant commissioned
27th May 2005	Boiler commissioned
31st May 2005	Turbo generator commissioned
1st June 2005	Turbo generator synchronised with TNEB grid and power exported
September 2005	Validation of project activity