



Chair, CDM Executive Board
UNFCCC Secretariat
CDMinfo@unfccc.int

30 January 2007

Re Request for review of the request for issuance for "RSCL cogeneration expansion project" (0127).

Dear Mr. Miguez,

SGS has been informed that the request for issuance for the CDM project activity "RSCL cogeneration expansion project" (Ref. no. 0127), is under consideration for review because three requests for review have been received from members of the Board.

Through this letter we would like to comment on the reasons for review and provide additional information.

The requests for review are based on the following reasons:

Issue raised by reviewer 1, 2 and 3:

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 ex post in the current monitoring report as well.

Reply from SGS:

In the case of AM0015, which is applicable to this project, baseline emissions as mentioned in the guidance are a result of the baseline emission factor times the electricity produced by the project activity. AM0015 allows for ex-ante or ex-post determination of the baseline emission factor depending on the vintage of the available data. The baseline emission factor ($EF_{\text{electricity},y}$) is multiplied by the electricity generated by the project which is determined ex-post. The registered PDD of this project has adopted this approach and clearly states that the baseline emission factor has been determined ex-ante and is fixed for the crediting period. As per CDM Modalities and Procedures (paragraph 62), the verification by the DOE will address if the project documentation provided is in accordance with the registered PDD and if the emission reductions have been calculated consistent with the procedures and approach that is contained in the registered PDD. In that regard SGS considered that the project is following the CDM requirements and hence issuance of CERs was requested.



Issue raised by reviewer 1

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.

Reply from SGS:

It is the interpretation of SGS that the additionality of the project activity is specifically addressed during the validation and subsequent registration process.

If you require further information, Sanjeev Kumar (+91 987 179 4628) 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

Robert Dornau
Director, Director Climate Change
Program

Robert.dornau@sgs.com

T: +41 22 739 92 54

M: +41 79 689 22 42

Marco van der Linden
CDM Product Coordinator

Marco.vanderLinden@sgs.com

T: +31 181 693293

M: +31 651 345590

Enclosure:

- Reply from project participants