



Mr. Rajesh Kumar Sethi
Chair, CDM Executive Board

UNFCCC Secretariat
CDMinfo@unfccc.int

14/07/2008

Re: Request for review of the request for issuance for the CDM project activity “CECECAPA Small Hydroelectric Project” (0156)

Dear Mr. Sethi,

SGS has been informed that the request for issuance for the CDM project activity “CECECAPA Small Hydroelectric Project” (0156) is under consideration for review because four requests for review have been received from members of the Board.

The requests for review are based on the reason as outlined below. Through this letter we would like to comment on the reason for review and provide additional information.

The concern in Requests states:

As indicated in the validated PDD, the installed capacity for the project activity is 2.86MW. However, the installed capacity has been verified by the DOE as 3.217 MW. In addition, the emission reduction claimed during this monitoring period is significantly higher (7.5 times) than the estimation in the PDD. Clarification is required on how the DOE verified that the project was implemented according to the registered PDD.

SGS response:

The following data is referenced in both the registered PDD (page 4) and the SGS Verification Report (page 5):

Installed power (Equipment Description and Type):

Turbines:	2 Francis units. 1,428
Nominal:	2,855.60 kW * A
Average:	1,792.2 kW
Firm:	321.7 kW

The nominal installed capacity for the two type Francis turbines is 1,428 kW each, giving a combined capacity of 2,856 kW. The SGS verification report does not refer to an installed capacity of 3.217 MW. The value of 321.7 kW corresponds to the Firm generation of the Cececapa Small Hydroelectric.

During the site visit, the SGS verification team checked that the nameplate capacity of each turbine was 1574 kW, i.e. a combined capacity of 3,148 kW. This value varies from that stated in the PDD but it does not change the category of the project in accordance with decision 17/CP.7 paragraph 6 (c), simplified modalities and procedures and the paragraph 28 of decision -/CMP.25.

During the verification process two CARs were raised, as stated in the verification report section 3.6; one for the exceptionally high emission reductions reported (vis-à-vis registered PDD) and the other due to the Emission Factor stated in the monitoring report being different to that in the registered PDD.



The estimated annual emission reductions as per the registered PDD are 1877 tCO₂e, however the total verified emission reductions during the reported monitoring period (monitoring report version 1) was 15,149.76 CERs. The project proponent was asked to clarify the unpredicted increase in the emission reductions; hence CAR1 was raised. The abrupt increase in the total emission reductions as compared with the expected emission reductions was questioned because this would have impacted on:

- a. Project Additionality.
- b. Installed Capacity.

As stated in the PDD (page 4) in the section for CER projections, the nominal capacity of the Operation Contract (2855.6 kW) was used. During the first periodic verification for the monitoring period 01 Dec 2005 to 31 Dec 2005, it was reported in the verification report dated 30/06/2006 that the installed capacity reported was checked from the nameplate of the installed units (1,574 kW each or a total of 3,148 kW); during the visit performed by the SGS verification team on September 24th, 2007 the nameplates were reviewed and these values were checked. This value in installed capacity does not change the category of the project in accordance with the definition for small scale project approved by UNFCCC - CDM.

During the verification process the verification team reviewed the electricity generation records of the project and they corroborated the data from the invoices submitted by the electricity buyer (ENEE) (see annexes of the MR where it is indicated the electricity delivered by the project to the grid). The above information was reviewed against the data stated in the registered PDD.

With the nominal capacity, the project does not exceed the small scale limits as defined in the UNFCCC decision 17/CP.7 paragraph 6 (c), simplified modalities and procedures and the paragraph 28 of decision -/CMP.25 and there is lack of predictability regarding electricity generation by the small hydro projects, hence the CAR 1 was closed out.

We hope that this letter addresses the concern of the Board. If further information is required, Emilio Doens (Emilio.Doens@sgs.com; +507 317 0828) will be the contact person for the review process and is available to address questions from the Board during the consideration of the review if necessary.

Yours sincerely,

Emilio Doens
Lead Assessor
Emilio.Doens@sgs.com
T: +507 317 0828
M: +507 67471425

Siddharth Yadav
Technical Reviewer
Siddharth.Yadav@sgs.com
T: +44 (0) 1276 697837
M: +44 (0) 7712 785772