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Att: CDM Executive Board

Your ref.:
CDM Ref 0304

Our ref.:
MLEH/ETEL

Date:
28 June 2006

Response to request for review
Request of registration of the “Response to request for review” (0304)

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by three Board members concerning DNV’s request for registration of the “GACL blended cement projects in India” (Ref 0304) and would like to provide an initial response to these requests for review.

Request for review # 1:

There is a clear lack of information on initial data and different coefficients calculation process. Final data are directly put in the table without references to their origination. Baseline and project emissions calculation part should be revised and all details on calculations according to the formulas should be added.

DNV response:

DNV hereby clarifies that all data, applicable coefficients and related calculation process are in line with the approved methodology ACM0005. Detailed spreadsheets have been provided by the project proponent and the same have been verified to be correct, for all the units under the project activity. We reiterate that the formulae applied for the estimations of the project emissions and baseline emissions are as elaborated in sections D.2.1.2 and D.2.1.4 respectively and confirm that the same is in line with the approved methodology ACM0005.

We also draw your attention to our validation report, section 3.3:

Based on the criteria stipulated in the ACM0005, the project proponents have chosen the regional markets instead of the national market. The baseline has been selected by determining the common prevailing clinker percentage of PPC in other manufacturing plants in the selected region that use similar raw material as the project and face similar economic, market and technical circumstances. The data published by the Cement Manufacturers Association of India (CMA) has been sourced for the same. Moreover, the benchmark for baseline emissions has also been estimated based on the lowest values of the three options stipulated in ACM0005, determined as follows for the individual units:

- *Based on the production weighted average mass percentage of clinker in the top 20% (in terms of share of additives) of the total production of the blended cement type in the region, - for units such as Maratha, Ropar, Gujarat, Himachal and Rabriyawas units, and*
- *Based on the mass percentage of clinker in the relevant cement type produced in the proposed project activity plant before the implementation of the CDM project activity for the Bhatinda unit.*

As the project activity is located at sites spread across the northern and western parts of India, the power for grinding and clinker manufacturing activities are drawn from the respective regional grids. Consequently, the grid emission factors have been estimated for the northern regional grid and western regional grid and the same have been verified to be appropriate. The baseline emission factor has been calculated as a combined margin (CM), consisting of the combination of simple operating margin (OM) and build margin (BM) factors, as per ACM0002 and as required in ACM0005.

It has been evidenced that the project proponent has the relevant records of operating history for the period 2000 to 2004 for the units in question and it has been demonstrated that in the absence of the project activity, it is likely that the existing practice of cement production would have continued.

As the underlying data used are company specific and for reasons of confidentiality, the same have not been elaborated in the PDD. However, the detailed underlying data have been evaluated and verified to be correct during our validation.

Request for review # 2:

Applying the ACM0005 the PP should identify the “region” for benchmark. The methodology states that the “Region” for the benchmark calculation needs to be clearly determined and justified by project participants. The tables which try to show the “regions” are not readable for foreigners. It is not possible to follow the logic and information from these tables not knowing the geographical regions and states of India. There are no maps and all sections under A.4.1 are inappropriately filled

DNV response:

DNV hereby clarifies that based on the criteria stipulated in the ACM0005, the project proponent has chosen the regional market instead of the national market. The baseline has been selected by determining the common prevailing clinker percentage of PPC in other manufacturing plants in the selected regions that use similar raw material as the project and face similar economic, market and technical circumstances. The data published by the Cement Manufacturers Association of India (CMA) has been sourced for the same and the project proponent has correctly established the baseline regions to be (as indicated in the PDD):

Cement Plant	Region
Maratha	Maharashtra, Madhya Pradesh
Gujurat	Maharashtra, Gujarat
Himachal	Haryana, Punjab, Himachal Pradesh
Ropar	Haryana, Punjab, Uttar Pradesh, Himachal Pradesh
Bhatinda	Haryana, Punjab, Uttar Pradesh, Rajasthan
Rabriyawas	Rajasthan, Delhi

The chosen ‘regions’ are justified as per the regional selection criteria of ACM0005 and meets all the conditions required, as

- (i) at least 75% of project activity plant’s cement production is sold in the chosen ‘region’ (percentage of domestic sales only);
- (ii) includes at least 5 other plants with the required published data; and
- (iii) the production in the region is at least four times the project activity plant’s output.

Section A.4.1, clearly describes the exact location of the various units by means of the full addresses provided. Addresses include the respective location districts and the state. The revised and attached PDD (version 10, dated 16 June 2006) now clearly highlights the unit concerned and the respective states involved through a map of India.

Request for review # 3:

No explanation from PP or DOE is given why some plants will produce cement only for 3-4 years.

DNV response:

We draw your attention to the ACM0005, wherein under project activity emissions, it has been stipulated that *in case, the emissions per tonne of clinker are higher during the crediting period than the baseline. This could be due to declining efficiency or a fuel switch or some other reason. In this case, there is a possibility that project activity emissions exceed the baseline emissions for some years in the crediting period. In this case, the project does not get new credits for emissions reduction until the net balance for the project is positive. In the case that overall negative emission reductions arise in a year, ERs are not issued to project participants for the year concerned and in subsequent years, until emission reductions from subsequent years have compensated the quantity of negative emission reductions from the year concerned. (For example: if negative emission reductions of 30 tCO_{2e} occur in the year t and positive emission reductions of 100 tCO_{2e} occur in the year $t+1$, 0 CERs are issued for year t and only 70 CERs are issued for the year $t+1$.)*

In line with the above requirement, for some of the locations, for some years, where the sum of the project emissions and leakage estimations exceed the baseline estimations, estimated emission reductions have been indicated to be zero, owing to negative emissions being generated by the project activity.

Based on the above clarifications, we sincerely hope to that the Board accepts our aforementioned explanations and we look forward to the registration of the project activity.

Yours faithfully

for DET NORSKE VERITAS CERTIFICATION



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