



CDM project activity registration review form (F-CDM-RR)
(By submitting this form, a Party involved (through the designated national authority) or an Executive Board member may request that a review is undertaken)

Designated national authority/Executive Board member submitting this form	
Title of the proposed CDM project activity submitted for registration	2x5 Radhanagari Hydro Electric Project (0400)

Please indicate, in accordance with paragraphs 37 and 40 of the CDM modalities and procedures, which validation requirement(s) may require review. A list of requirements is provided below. Please provide reasons in support of the request for review, including any supporting documentation.

- The following are requirements derived from paragraph 37 of the CDM modalities and procedures:*
- The participation requirements as set out in paragraphs 28 to 30 of the CDM modalities and procedures are satisfied;
 - Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity (DOE) on how due account was taken of any comments has been received;
 - Project participants have submitted to the DOE documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party;
 - The project activity is expected to result in a reduction in anthropogenic emissions by sources of greenhouse gases that are additional to any that would occur in the absence of the proposed project activity, in accordance with paragraphs 43 to 52 of the CDM modalities and procedures;
 - The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the Executive Board;
 - Provisions for monitoring, verification and reporting are in accordance with decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP/MOP;
 - The project activity conforms to all other requirements for CDM project activities in decision 17/CP.7, the CDM modalities and procedures and relevant decisions by the COP/MOP and the Executive Board.
- The following are requirements derived from paragraph 40 of the CDM modalities and procedures:*
- The DOE shall, prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development;
 - In accordance with provisions on confidentiality contained in paragraph 27 (h) of the CDM modalities and procedures, the DOE shall make publicly available the project design document;
 - The DOE shall receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available;
 - After the deadline for receipt of comments, the DOE shall make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated;
 - The DOE shall inform project participants of its determination on the validation of the project activity. Notification to the project participants will include confirmation of validation and the date of submission of the validation report to the Executive Board;
 - The DOE shall submit to the Executive Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party and an explanation of how it has taken due account of comments received.
- There are only minor issues which should be addressed by the DOE / project participants prior to the registration of the project.

Section below to be filled in by UNFCCC secretariat

Date received at UNFCCC secretariat	13/06/2006
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Reasons for Request:

1. The demonstration of additionality is not sufficiently justified. In the analysis of investment barriers no real barriers are shown which relate to the CDM, i.e. it is not clear why the CDM is necessary to overcome these barriers. For example:

(a) In the PDD it is described that the project developers had to undergo a "tender and bid process" which includes, inter alia, the "invitation of financial bids from the selected promoters. It can therefore be concluded that other competitors submitted bids, too. Consequently, if the project developers which present the project as a CDM activity

had not been allotted the project, the project would probably have been carried out by one of the competitors, i.e. the project would have happened in the absence of the CDM project activity.

(b) Also, in the PDD it is stated: "The power from the grid under these circumstances has become unreliable, with frequent power cuts. This has affected the business of RMMTL in the past few years. RMMTL is a hundred percent export oriented process industry in an extremely competitive market. Thus in order to compete in the market while at the same time maintaining their production capacity, they decided to set up an Hydro Electric Project". From this statement it can be concluded that there are significant other incentives than the CDM to go ahead with this project. In order to stay competitive, this project may therefore have been implemented without the registration as a CDM activity. Neither the PDD nor the validation report addresses this aspect.

(c) Under technological barriers the authors mention that "R.M. Mohite Textiles Ltd. is a relatively inexperienced small scale hydro power entrepreneur and subsequently lacks trained manpower for such a project" and that "this has posed additional perceived risk for investors lending the project, and has necessitated that Mohite Textiles Ltd must meet additional cost for third party technical expertise". Seeking external advice is a normal aspect in project development. The other bidders of the tender certainly had to cope with this situation, too. It remains therefore unclear why these technological barriers are prohibitive for the implementation of the project without the recognition as a CDM project and how these barriers are overcome by the CDM.

(d) It is stated that "common practice is investing in medium or large scale fossil fuel fired power projects". However, the issue of prevailing practice should be discussed in the context of RMMTL's situation and of companies in similar situations.

2. The Validation protocol (Section B.2.1) is not consistent with the PDD since additional barriers are mentioned. This should be clarified.

3. The proposed methodology is potentially not applicable to this project activity for the following two reasons:

(a) According to the PDD the project involves "the addition of two hydropower generation units of 5MW capacity each, with total installed capacity of 10MW". The word "addition" implies that some hydropower generation units may already exist, and that this CDM project activity only *adds* new units to the existing system. If this is the case, then the overall installed capacity of hydropower may exceed 15 MW. AMS-I.D. reads with that respect: "To qualify as a small scale CDM project activity, the aggregate installed capacity after adding the new units [...] should be lower than 15MW". This means that if some hydropower generation units already exist with a capacity of at least 5MW, the threshold of 15MW would be reached, and the project would not qualify anymore as small scale project. The PDD does not address this issue. Judging from the validation report the DOE has not done so either. This should be clarified.

(b) Provided that the project activity is below 15MW, a wrong methodology may have been chosen. The project activity is meant to supply electricity for "captive consumption" (p. 3 PDD) or "100% self consumption" (p. 9 PDD). For that reason, the project may have to use AMS-I.A. ("Electricity generation by the user").

4. In the validation report (p. 7) diesel units are also mentioned for the calculation of the CEF. However, in the corresponding table in the PDD (p. 26) no diesel units appear. The calculation of the CEF may therefore not be correct. This should be clarified.

5. The estimated plant load factor is estimated to be 30.13% (p. 4). However, there is no justification that this estimate is reasonable. Although this does not constitute a problem, in order to tell whether the projected emission reductions are reasonable, the derivation of the plant load factor should be described better in the PDD (provide underlying data).