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Att: CDM Executive Board

Your ref.:
CDM Ref 0402

Our ref.:
MLEH/ETEL

Date:
15 August 2007

Response to request for review SEO Biomass Steam and Power Plant in Malaysia (0402)

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by three Board members concerning DNV's request for issuance of CERs for project activity 0402 entitled "SEO Biomass Steam and Power Plant in Malaysia", and we would like to provide the following response to the issues raised by the requests for review.

Comment 1:

The project participant stated that "The old oil-fired boilers were properly sealed and not in the operation since 01/06/2006." However, the DOE stated in its verification report that "it was found that the boilers were on standby and have been operational since...This fact needs to be updated in the Monitoring Report." It is unclear whether the reported steam is only from the biomass boilers or also from the oil fired boilers when they were operating.

DNV Response:

SEO Energy Sdn. Bhd. is operating the biomass plant only and any steam supplied from SEO Energy to the refinery, namely Sandakan Edible Oils Sdn. Bhd. (SEO) is biomass steam from the biomass boilers. The oil-fired boilers are in the refinery's premises. Thus, the reported steam is only from the biomass boilers.

The project participants have submitted a revised monitoring report (see 2.0 Status of Project).

Comment 2:

The Board approved the deviation of the monitoring plan based on the use of EFB, palm kernel shell and mesocarp fibres. However, the DOE verified that the total steam productions are derived from four types of biomass fuel which are EFB, mesocarp fibres, palm kernel shell and palm kernel expeller. Further clarification is required on this issue.

DNV Response:

DNV acknowledges that the use of palm kernel expeller (PKE) was by mistake not included in the request for deviation which was approved by the Board.

During the reporting period in question (i.e. June - Sept 2006), which comprises the start-up phase of the project, different biomass were accumulated to ensure enough fuel was available and

enough heat was generated for steam production. However, PKE consumption was very minimal at 42.5 t only and no PKE was burnt for after this reporting period. The amount of PKE consumed in the period in question accounts for only 0.25% of total biomass used.

Hence, DNV has suggested that the project participants exclude the steam generated from PKE from the CER calculations, applying a conservative estimate of the share of total steam which can be attributed to burning of PKE.

We sincerely hope that the Board accepts our above explanations.

Yours faithfully
for DET NORSKE VERITAS CERTIFICATION AS



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