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Att: CDM Executive Board

Your ref.:
 CDM Ref 0546

Our ref.:
 MLEH/KCHA

Date:
 7 March 2008

Response to request for review SRGEL Non-Conventional Energy Sources Biomass Power Project in India (0546)

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 for the "SRGEL Non-Conventional Energy Sources Biomass Power Project" in India (0546) and would like to provide the following initial response to the issues raised by the requests for review.

Comment 1:

The reported electricity generations in the months of February and June 2007 are beyond the maximum generation capacity based on the operating hours reported in the respective months. Further clarification is required.

DNV Response:

DNV would like to state that in the state of Andhra Pradesh, where the project is located, the billing pattern for accounting the net exported power is carried out starting 23rd or 24th of every month, i.e. the billing cycle starts on the 23rd/24th of each month to the 23rd/24th of the subsequent month. Hence the gross generation reporting as a part of CDM project monitoring has also followed the billing pattern, and not the regular monthly pattern. Hence, for the month of February the period starts 24th of January and ends 23rd of February, that is 31 days of generation (which is different from the 28 calendar days in February). For June 2007 there is a similar explanation as the billing period for June cover 31 days starting from 24th May 2007 and ends 23rd June 2007, this is different from the period of 1st June to 23rd June (23 days). The below table clarifies this matter further.

(Installed Capacity of the Project: 5.5 MW)

Period	The actual reporting interval?	Number of days	Possible Gross generation (kWh) Based on number of days	Actual Generation as per MR (kWh)	Total Fuel Consumption (t)
24 th Jan'07 - 23 rd Feb'07	Yes	31	4092000	3872900	5771.720
1February –	No	28	3696000		

1 March					
24 May'07 - 23 rd June'07	Yes	31	4092000	3447500	6061.920
1 June'07 – 23 rd June'07	No	23	3036000		

It is also evident that even when considering the actual days of the month the actual generation has not exceeded the generation capacity at full rated capacity. The same can be confirmed based on fuel consumptions reported during period that the gross generation mentioned is for 31 days.

Hence DNV reiterates that it has been verified and ensured the gross generation in any given month during chosen monitoring period has not gone beyond maximum generation capacity based on operating hours reported during the respective months.

Comment 2:

The PDD states that the emission reduction shall be calculated based on the annual total clean power export to grid. However, in the monitoring report the total clean power export to grid includes both the power export to the grid and power export to third party. The monitoring plan includes the monitoring of “power export” measured at the substation, however, does not include the monitoring of power export to third party. Further clarification is required.

DNV response:

DNV acknowledges that while the sale of power to the third parties is mentioned in the registered CDM_PDD version 02 dated 05 May 2006 (chapter A.2.: “The generated power will be sold either to third parties and/or to the state grid”), the sale of power to the neighboring industry (a third party) through a dedicated transmission line and a separate calibrated meter is not explicitly mentioned in the monitoring plan.

DNV had verified that the electricity supplied to the neighboring industry and the grid is measured with separate meters. Both the invoices for the power exported to the neighboring industry and exported to the grid were cross checked with the project’s gross generation. The exported power is monitored daily and invoicing is done on monthly basis based on the daily readings.

During the first periodic verification of the project, for the period starting 18 February 2001 to 31 March 2006, a FAR was raised to include the power exported to the neighbouring industry (direct third party sale) also into the monitoring plan for calculation of emission reductions (DNV verification/certification report dated 10 May 2007).

During present verification activity, it has been verified that the monitoring of the power exported to neighbouring third party is monitored daily and the export meter is calibrated periodically along with meters used for export of power to APTRANSCO. The invoices raised to the neighbouring industry have been cross checked to confirm the power exported to the unit.

DNV would also like to state that the export of power from the project is all for third party sales only and while a majority of the export is through APTRANSCO transmission lines, a portion is through a dedicated line given that it is a neighbouring facility and that the baseline for all the third party sales is the use of grid power.

Nonetheless, if found necessary by the Board, DNV will request a revision of the monitoring plan prior to verifying and certifying emission reductions from the next monitoring period to include the monitoring of the direct sale of power to the neighbouring industry.

Comment 3:

Regarding the availability of biomass in the region, the monitoring report stated that the total biomass available in the region was 2,762,251 t and the total biomass utilization in the region is 1,438,346 t and therefore the total surplus biomass in the region after usage is 1,323,905 MT. However, the DOE verified that .it has been confirmed that the surplus biomass available in the region is around 94%. Further clarification is required.

DNV Response:

DNV confirms the biomass quantities mentioned above and in monitoring report are correct as per the surplus biomass assessment report submitted by SRGEL. However, the surplus biomass availability of 94% stated in the verification report is an error as the correctly calculated surplus is 92%. The verification report is corrected in this respect and attached for your reference.

We sincerely hope that the Board accepts our aforementioned explanations and we look forward to the issuance of CERs for the project activity.

Yours faithfully
for DNV CERTIFICATION AS



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