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Att: CDM Executive Board

Your ref.:
 CDM Ref 0650

Our ref.:
 MLEH/ETL

Date:
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Response to request for review “Paramount Integrated Corporation Methane Recovery and Electricity Generation” (0605)

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by four Board members concerning DNV’s request for registration of the “Paramount Integrated Corporation Methane Recovery and Electricity Generation” project (Ref 0605). DNV herewith provides an initial response to the issues raised by the requests for review.

The baseline emissions for diesel based electricity generation are calculated as 644 tonnes CO₂e/year (PDD section E.1.2.4). However, the same has been estimated as 1200.34 tonnes CO₂e/year (PDD section E.2). This results in stating different total baseline emissions/ emission reductions in sections E1.2.4 and E.2. This needs to be corrected and reported consistently both in PDD and validation report as well (p. A-29, Table 3, CL3 and emission reduction calculation of 7582 vs 8809 t, p. A-21).

The correct baseline emission forecast for diesel based electricity generation is 644 tonnes CO₂e per year as stated in section E.1.2.4. Due to an unfortunate oversight, the baseline emissions forecast stated in section E.2 was not updated when the PDD was revised. The PDD has been corrected accordingly and revised PDD is submitted with the project participants’ response to the requests for review.

It must be noted that the estimate for the average annual emission reductions in section A.4.3.1 of the PDD is correctly calculated based on the correct baseline emission forecast for diesel based electricity generation of 644 tonnes CO₂e per year.

The validation protocols documents the history of the validation. The request for clarification CL 3 on page A-21 and A-29 thus refers to the earlier reported 1200 tonnes CO₂e, which likelihood DNV questioned in CL 3. As a result of DNV’s CL 3, the PDD was revised and the estimate was corrected to 644 tonnes CO₂e.

The validation report mentions that the surplus biogas will be flared. The validation report states in other sections in the document as well as regards flare efficiency. Table 3, page 24 mentions that the actual flare and generator efficiency will be monitored. But the PDD mentions that no flare system is installed. This needs clarification.

During the validation of the project it was DNV's understanding, that - while it was the intention that all biogas will be used to generate electricity - surplus biogas may be flared. Hence, DNV requested to include the monitoring of the flare efficiency in case surplus biogas will be flared. However, the project participants have confirmed that the project has been implemented without a flare. All references to a flare and the monitoring of the flare efficiency have thus been removed in the revised PDD submitted with the project participants' response to the requests for review.

The PDD states that the generator is a dual fuel system and Liquefied Petroleum Gas (LPG) will be used in case of bio-digester failure. The validation report does not mention anything about LPG. Hence the project developer should provide clarification on the use of LPG and if so, include LPG consumption as one of the monitoring parameters.

As part of the validation, the project participants clarified that in situations where no or not sufficient electricity is generated, the existing diesel generator will be used as backup (see response to CL 3 on page A-29 of the validation report). Hence, as a result of the validation the monitoring plan was amended to include monitoring of possible backup diesel consumption. Although the generator does have the technical provision to run on LPG in case of bio-digester failure, LPG has never been used and is not expected to be. Nonetheless, monitoring of LPG has been included in the revised PDD for the unlikely event that LPG will be used.

The DOE has not appropriately dealt with all the validation requirements. The DOE has not summarized the local stakeholder (LSH) comments. The validation report states that the LSH comments were received through a public forum held on 6th May 2006 and also mentions that no adverse comments were received. However the PDD mentions that the stakeholders' meeting was held on 16 June 2006 and also provides the detailed minutes and summary of the meeting. The concerns raised by the LSH about the project are strong and critical. Hence the DOE has to assess whether stakeholder comments were adequately taken into account.

DNV acknowledges that the discussion of the comments by local stakeholders in the main part of the validation report (section 3.7) may give the impression that DNV has not assessed the comments made by local stakeholders. However, DNV would like to emphasize that the comments by local stakeholders reported in the PDD and how the project participants have taken due account of the comments were thoroughly assessed by DNV. This is shown in section 2.2 of the validation report which documents that the local stakeholder consultation process was discussed with the project participant PhilBio and the DNA of the Philippines during the follow-up interviews.

It must also be noted that the comments by local stakeholders related to the pollution of the local creek by the farm prior to the implementation of the proposed CDM project activity when wastewater of the farm may have been discharged into the creek without sufficient treatment. However, the proposed CDM project activity, i.e. the treatment of manure in the covered in-ground anaerobic reactor (CIGAR), has significantly improved the discharge of effluents to creek and the effluent meets the requirements of the Clean Water Act. The comments thus do not relate to the proposed CDM project activity, but the situation prior to the implementation of the proposed CDM project activity.

We sincerely hope that the Board accepts our abovementioned explanations.

Yours faithfully
for DET NORSKE VERITAS CERTIFICATION LTD



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