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Att: CDM Executive Board

Your ref.:  
 CDM Ref 0707

Our ref.:  
 MLEH/KCHA

Date:  
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**Response to requests for review of issuance request for project activity 0707 “India-FaL-G Brick and Blocks Project No.1”**

Dear Members of the CDM Executive Board,

We refer to the issues raised in the requests for review by three Board members concerning DNV’s request for issuance of emission reductions for the project activity “India-FaL-G Brick and Blocks Project No.1” (0707) and would like to provide the below initial response to the issues raised.

*Comment 1: The spreadsheet of the monitoring report shows that no electricity or diesel was consumed while bricks/blocks were produced (such as May - August 2004 at AP/VZM/I/14, August 2005 at AP/EG/I/10, April- June 2004 at AP/WG/I/9, August - October 2004 and March 2006 at AP/KRIS/I/6 and May 2006 at AP/KRIS/I/3). Further clarification is required on how the DOE verified the electricity and diesel consumptions of 13 sites of the project activity.*

**DNV Response:**

The electricity consumption during the reporting period was verified from the electricity bills issued by the state electricity board and the consumption of diesel oil from the logs and the purchase invoices. DNV acknowledges that the spreadsheet provided does not indicate the electricity/diesel consumption for the aforementioned duration at some of the sites. This was mainly due to two reasons of a) the energy consumption being reported in the subsequent month and b) the non-availability of the bills with the individual unit owners. However, DNV would also like to state that the lack of information on the electricity and diesel consumption has been compensated by considering conservative production levels (of bricks & blocks) as is explained below.

The electricity and diesel consumption in the project activity contribute to the project emissions. The baseline emissions are calculated as the product of the bricks production (m<sup>3</sup>) and the emission factor that has been fixed ex-ante. The production of bricks in turn is monitored and logged in the daily production sheet and has been cross checked against the sales invoices.

While the actual production was verified (and cross checked as stated above) during the site visit at all the individual units, the production of bricks considered for the calculation of the emission reduction is the lowest of the following three options: a) the actual production verified at the site

as reported in the production logs, b) the calculated bricks production arrived at as the product of the fly ash consumption (verified from records) and the fly ash specific consumption (fixed for each unit) and c) the calculated bricks production arrived at as the product of the verified electricity consumption (verified from bills) and the specific electricity consumption (fixed for each unit). For the few months in the years when the electricity consumption figures were not available, the calculation of the production by the above method is conservative as it leads to lesser production figures (as elaborated further in the below paragraph and the project proponents response) and hence leads to lesser baseline emissions. This approach is also in line with the QA/QC procedures mentioned in the section D.4 of the registered PDD and as stated in our verification report.

Hence the non availability of electricity/diesel consumption data for certain duration does not lead to over calculation of emission reduction as the lower electricity consumption is reflected in the lower production leading to lower baseline emissions.

The above stated conservativeness is demonstrated for the year 2004-05 for the unit AP/KRIS/1/3 as an example. The production as verified from the production logs is 3328.93 m<sup>3</sup>. The calculated production based on the fly ash consumption is 3729.33 m<sup>3</sup> (as provided in the uploaded excel worksheet ER Worksheet 04-07 Bundle 1 280507.xls - assessment page) and the production calculated by the electricity consumption is 3205.83 m<sup>3</sup> (same page as above). To be on the conservative side, the lowest of the three production figures has been used for the calculation of the emission reductions. This method of calculation is also conservative in comparison to the emission reductions calculated considering the actual verifiable production and the verifiable electricity consumption. This has been demonstrated in the project proponent's response along with the worksheet.

The same methodology has been adopted in the entire calculation and has been stated in our verification report and in the registered PDD. Hence, while the electricity data was not available for some months of the verification period, the method of the production calculation compensates for the same.

DNV acknowledges that this issue was not fully elaborated in the verification report, except for stating that *“the monthly production is being calculated as the aggregate of the daily production sourced from the daily production logs (which has further been verified from the sales invoices), the monthly production thus arrived at has been cross checked against the calculated production figure based on the consumption of the fly ash (whose availability is restricted) and the power consumption in the units and the benchmark values (specific consumption/m<sup>3</sup> of brick) for each individual unit. The lowest value has been used for the emission reduction calculation and is conservative. This is also stated in the registered PDD and is conservative in DNV's opinion”*.

Considering that the monitoring plan in the registered PDD is not clear on such QA/QC issues, DNV will also request the project proponent to revise the monitoring plan to clearly and explicitly state the alternative method of emission reduction calculations for/prior to future verifications.

We sincerely hope that the Board accepts our above explanations.

Yours faithfully  
for DET NORSKE VERITAS CERTIFICATION AS



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