

Mr. Hans Jürgen Stehr
Chair, CDM Executive Board
UNFCCC Secretariat
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8th May 2007

Re Request for review of the request for registration for the CDM project activity "Lianghekou 15 MW Small Hydropower Project, Gansu Province" (Ref. no. 0989).

Dear Mr. Stehr,

Zhouqu County Linghekou Hydropower development Co., Ltd has been informed that the request for registration for the CDM project activity "Lianghekou 15 MW Small Hydropower Project" (Ref. no. 0989) was put under consideration for review

In response to the three issues raised from the request for review by the CDM Executive Board, we would like to provide to you, and through you, to the CDM Executive Board, our clarifications and explanations to address the concerns by the Executive Board, as following.

The first issue raised in the request for review is:

"The maximum output capacity of the project activity has not been transparently shown to conform to the small scale threshold of 15MW."

We would like to state that the proposed project conforms, and will continue to conform in future, to the small-scale threshold of 15 MW. This project has been approved by the government authority with the maximum installation amount of 15 MW, and the real installation amount shall not be over this approved maximum amount without further approval by the same government authority. In addition, the proposed project would not be able to expand technically beyond 15 MW because of the limitation of water flow of the river. Further, the contract of purchase of turbines for this project also shows clearly that the installation equipments are 15 MW.

The second issue raised in the request for review is:

"It is unclear whether the calculation of tCO₂e emissions in tables A1, A2, A3 of Annex 3: Baseline Information of the PDD is correct. It should be transparently demonstrated that:

- *the amounts and units of fuel, and their exponents (e.g. Natural gas 28.60 10⁷ m³), calorific values and carbon content have been accurately recorded on the tables; and*
- *the operating margin emission factor has been calculated correctly."*

In the calculation of tCO₂e emissions in tables A1, A2, A3 of Annex 3, the amounts and units of fuel, and their exponents, country-specific values for net calorific values of each type of fossil fuel are from China Energy Statistical Yearbook 2000-2005, which are authoritative and official statistics. We have checked all data again and do not find any data wrong. In addition, the latest 2006 IPCC default values for the carbon content

of each type of fossil fuel are selected, which is recommended for use by EB. All of the data sources are from official channel that are publicly accessible and reliable, and also the calculation methods conform to the calculation method of OM in methodology ACM0002 and EB guidance, therefore, it is our believe that data are accurately record, and the calculation is also accurate. Detailed information please see the EXCEL Sheet of Annex 1.

Since the calculation of operating margin emission factor completely follows the calculation methods of OM in methodology ACM0002 and guidance by EB, the operating margin emission factor is calculated correctly by method. Further, the OM emission factor (1.0234tCO₂e/MWh) calculated is more conservative because we took more conservative coefficients when calculating, which is lower than the official value (1.0329tCO₂e/MWh) from Determination of Baseline Grid Emission Factor by China DNA at <http://cdm.ccchina.gov.cn>. We do hope that our conservative manner in calculating GHG emission reduction of this project would be welcome and accepted by EB.

The third issue raised in the request for review is:

"The proposed start date of the crediting period is before the date of registration. This crediting period should be adjusted."

We apologized for this mistake as we thought that our project would have been registered earlier. We agree that the proposed start date of the crediting period shall be adjusted after the date of registration.

The above clarification and explanation are reflected in the revised PDD (version 2.5). We sincerely hope that with above clarifications and explanations and more information as provided above, the CDM EB would accept approve our project and register it in a timely manner.

Yours sincerely



Li Hong

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