

UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D-53153 Bonn
Germany

Att: CDM Executive Board

Re: Response to request for review "Fujian Dongshan Wujiaobay 30MW Wind Power Project" (0995)

Dear Members of the CDM Executive Board,

This refers to the requests for review raised by three EB members concerning our project under quest for registration "Fujian Dongshan Wujiaobay 30MW Wind Power Project", CDM Ref No. 0995. We would like to provide the following clarifications to the issues raised under requests for review.

Comment:

The project proponents and DOE should clarify the elements in the common practice analysis, as there are already three existing wind farm projects in Fujian and one of those is implemented as a CDM activity.

Response:

Common practice analysis

Analyze other activities similar to the proposed project activity

As of December 2004, wind power only represented 0.077% of Fujian's total installed capacity, power generation of wind farms accounted for only 0.029% of the total generation of Fujian Grid¹, and of December 2005, wind power only represented 0.295% of Fujian's total installed capacity, power generation of wind farms accounted for only 0.047% of the total generation of Fujian Grid².

There were four wind farms in Fujian Province at the end of 2005. See details in the table.

¹ Date source: *China Electric Power Yearbook, 2005*. P485-486

² Date source: *China Electric Power Yearbook, 2006*. P571-572

Table³

Project Name	Model	Individual capacity	Number	Installed time	Installed capacity (kW)
Fujian Pingtan Windfarm	Spanish Bazan	600	10	Sep.2000	6000
Fujian Dongshan Windfarm	Spanish Bazan	600	10	Sep.2000	6000
Fujian Nanridao Windfarm	Gamesa	850	19	Oct. 2005	16150
Fujian Zhangpu Liu'ao ⁴ Windfarm	Spanish Gamesa	859	36	Nov. 2005	30600

In March, 2002, the State Council approved *Reform Plan of Power System*⁵ in terms of which, the power companies and grid companies must be divided to introduce the competition into the power generation, and the power capital managed by the state power corporation should be divided into two parts, power generation and power grid. In accordance with the modern enterprises system, the power generation department reorganized or recomposed the power capital of the state power corporation into 5 state individual power generation corporations, and they could be connected to the grid through prices competition.

At present, Fujian government has implemented *Interim Measurement of Development and Utilization of Wind Energy*⁶, and the tariff of the wind power projects will be guided by the government, formed in accordance with the bidding and implemented after the approval of the Price Bureau.

Fujian Pingtan Windfarm and Fujian Dongshan Windfarm are two wind projects connected to the grid prior to the reform of the Chinese electric power market starting in Fujian Province in 2002. At that time, such projects often receive high tariffs as no bidding process was required and power companies and grid companies share the same interests. Therefore, both of the two wind farms as above received 0.75 Yuan/KWh (Including VAT) as the tariff⁷.

Fujian Nanridao 16.15MW Wind Power Plant and Fujian Zhangpu Liu'ao 30.6MW Wind Power Plant have fulfilled the installation of wind turbines in Oct.2005 and Nov.2005 respectively after the implementation of the power system reform; both of them can not

³ Data source: Installed Capacity of Wind Farm in China in 2005 by Shi Pengfei, Vice Chairman of Chinese Wind Association

⁴ <http://cdm.unfccc.int/Projects/DB/DNV-CUK1145978917.74/view.html>

⁵ <http://www.shp.com.cn/sdzt/dltzgg/#2>

⁶ <http://www.taxchina.com/ssfg/2006-03/30/cms476118article.shtml>

⁷ Data source: Approval of the Tariff of Pingtan and Dongshan Wind Farms from Fujian Administration of Commodity Prices (Min Prices[2000]Business Zi NO.461 Dec.16,2000
<http://www.fsou.com/html/text/lar/169079/16907959.html>

benefit from the high tariffs and have applied for CDM project. Fujian Zhangpu Liu'ao 30.6MW Wind Power Plant has been registered successfully in the EB.

As we can see, wind farms constructed in Fujian Province have either got high tariffs or been developed under CDM. The expected tariff of the proposed project is 0.65 Yuan/KWh (Including VAT) in the feasibility study report, which is optimistic under current situation, so it is difficult to develop the proposed project without the support of CDM.

Therefore it demonstrates that wind farms are not common practice in Fujian Province.

We hope that the above comments will clarify the issues raised for this project.

Best Regards,

Dongshan Aozaihan Wind Power Development Co.Ltd.



A handwritten signature in black ink, consisting of stylized Chinese characters.