Response to the request for review for the CDM project activity "Laizhou Diaolongzui Wind Farm" with the registration number 1010

Attention: Mr. Hans Jurgen Stehr, Chairman
CDM Executive Board to Kyoto Protocol

June 25, 2007

Dear Sir, Madam,

We were informed that our project Laizhou Diaolongzui Wind Farm (Reference 1010) was requested for review by CDM Executive Board. As required by the Board, we would like to answer the questions, clarify the issues and provide additional information, as required by the Board, as follows.

Issue 1:

The Board required that **the project proponents and DOE should clarify the consistency in the use of the latest tools for the demonstration and assessment of additionality/Version 02 (28 Nov. 2005) as in identifying the technological barrier they state that the proposed project will use larger turbines than those commonly used in China, while in the common practice analysis it is stated that within the North China grid the wind farm capacity in 2004 accounted only 0.142% of the total installed capacity, and it has reached the 0.05% of actual supply to the North China Grid. (See Validation Report, pages 12 and 13)**

Our clarifications:

We understand that this issue covers two parts: one is the turbine capacity of this project compared with those that are not CDM project activities, and the second one is the wind power capacity of North China Grid compared with the electricity supplied by the wind farm of the North China Grid. We would like to clarify:

1. Laizhou Diaolongzui Wind Farm does use turbines with single set capacity of 1.25MW, while, most other wind farms connected to North China Grid that are in operation use the wind turbines with single set capacity of 600kW or 850kW. It is because that this project uses larger capacity of turbine that requires more expertise and experiences for maintenance, we, the project participants, have not enough such expertise and experience, and face more technical barriers and additional risks of constructing such wind farm and managing its operation.

2. It is true that in 2004, the wind farms accounted for 0.142% of the total installed capacity of the North China Grid. In general, wind farm can not generate electricity to grid as those thermal power plants, because the operation of wind farm highly relies on the wind resources.

When wind resources vary in different seasons. With weak wind, the electricity of wind farm can only generate less electricity to grid, or even can not operate. So, the electricity supplied by wind farm to grid is very unstable, and in fact this is one of the reasons why wind farm can not be comparable to thermal power plants, and thus has no economic attraction. Because of the unstable electricity supply to grid by wind farm, the ratio of electricity supply by wind farm to grid is, in general, lower than the ratio of the installation capacity of wind farm. This explains why the electricity supply by wind farm in North China Grid can only reach 0.05%, even though the installation of wind farm can reach 0.142%.

Issue 2:

They should also clarify which is the current percentage of wind energy provided to the North China Grid today rather than in 2004.

Our clarifications:

We believe that it is understandable and common practice that the electricity statistic data can only be published for public use behind a certain time frame. In China, such data is, in general, behind the time for more than one year. At the time when we concluded the formulation of this project PDD, and submitted it DOE for validation, we can only use the latest data of year 2004 as published in the *2005 China Electric Power Yearbook*. The *2006 China Electric Power Yearbook* was not available at the time when we submitted this project PDD for validation. This explains why this project PDD still uses the 2004 data, instead of the data 0f 2005 or even 2006, as provided in Table B.5 (PDD, p13) and Table 15 (PDD, p47).

For the time being, the 2006 *China Electric Power Yearbook* has been published, and we are very pleased to provide the additional data of power generation to North China Grid in year 2005, as required. The following table shows that the wind power supply to North China Grid in 2005 accounts for 0.075% of the total supply of the Grid (please see the appendix).

Issue 3:

In addition, clarification is needed about what is the meaning of "possible" in this statement made by DOE: "Consequently, it's possible to conclude that wind farm activities are not common within the Shandong Province;" (See Validation Report, page 13)

Our clarification:

According to the demonstration of additionality by application of addionality tool in the PDD and the further analysis above, it can be obviously and definitely concluded that this proposed CDM project activity, Laizhou Diaolongzui Wind Farm, has significant additionality, and thus is not a common practice. It is our believe that the wording "possible" as raised by the CDM Executive Board, in the validation report, is an editorial mistake. We believe that the DOE can provide their explanation and same conclusion.

With the above clarification, explanation and additional information, we wish that the CDM Executive Board would be satisfactory and will approve the registration of our project activity

in a sooner manner

Yours sincerely

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Appendix

Power Generation of the North China Grid in 2005

Power generation	Unit	Beijing	Tianjin	Hebei	Shanxi	Inner Mongolia	Shandong	Total
Thermal Power	MWh	20,880,000	36,993,000	134,348,000	128,785,000	92,345,000	189,880,000	603,231,000
Hydro Power	MWh	452,000	0	310,000	2,150,000	1,181,000	0	4,093,000
Wind Power and others	MWh	149,000	7,000	25,000	-	157,000	120,000	458,000
Total	MWh	21,481,000	37,000,000	134,683,000	130,935,000	93,683,000	190,000,000	607,782,000
Percent of Wind Power and others power generated to the total								0.075%

Data Source: 2006 China Electric Power Yearbook, P568.