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**Response to Request for Review:
1064 Metrogas Watt's Alimentos Package Cogeneration Project**

29 June 2007

Dear Members of the CDM Executive Board:

In its Request for Review of the Project in question, the CDM Executive Board made the following comment:

"The DOE has validated that the project activity satisfies the prompt start criteria. However, in its assessment of the institutional barrier additionality test 2A, the DOE has concluded in its validation report that, "DNV could not validate this barrier and the test proved to be inconclusive". Therefore further evidence is required to determine whether the project activity is additional. AM0014 v2 requires, in the case of third party ownership, that the first three additionality tests result in the project activity being assessed as additional. However, the DOE has not validated that the project activity passes the institutional barrier additionality test 2A, and therefore additionality has not been assessed in accordance with AM0014 v2."

The project sponsor Metrogas and the CDM project developer MGM International would like to submit the following response to the question:

AM0014 ver. 2 provides 4 additionality tests, and states:

*"In the case of self owned Cogeneration project activities the project activity is additional if all the four additionality tests result in project being assessed as additional, whereas, only the first three tests **need be applied** in the case of third party ownership."*

There is no indication that a given third-party owned cogeneration project must meet all three tests additionality tests. Indeed, further down, AM0014, ver. 2 states:

*"If institutional barriers are not present, but there are no specific incentives to cogeneration, then the test indicated is inconclusive with respect to institutional barrier A. **Other barriers** (such as technological barrier or institutional barrier B) **will need to be considered to determine additionality.**"*

This clearly indicates that if one type of institutional barriers is not conclusive, another type of barrier can be considered to determine additionality. It does not say that **all** barriers must be present to demonstrate additionality. In this context, note that the Additionality Tool (in all its versions) does not require that **all** barriers must be met to demonstrate additionality.

Below we tabulate possible outcomes of additionality testing and reasonable outcome on additionality following the barrier analysis test of AM0014.



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Case	Result of testing	Outcome on additionality
1	A given project shows additionality by all three (or four) applicable tests	Project is clearly additional
2	A given project shows additionality by two (or three) applicable tests, but the remaining one is not inconclusive	Project is additional. (This is analogous to winning two games and drawing on the third.)
3	A given project shows additionality by two (or three) applicable tests, but is shown to be not additional in the remaining test.	Project is not additional. (This is unlike the game analogy of winning two out of three games. This is a knockout tournament: losing any game will mean losing.) This is clearly a conservative approach to additionality and should be followed.
4	A given project shows additionality by one (or two) applicable test, but is shown to be not additional in the remaining two tests.	Project is not additional.

The project in question corresponds to the second case, marked in blue in the table above.

In view of the above considerations, we submit that it is reasonable to conclude that the project is additional.

Respectfully submitted,

Gautam Dutt
For and on behalf of
Metrogas S.A.,
Project Participant, and
MGM International,
PDD Consultant