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Att: CDM Executive Board

Your ref.:
 CDM Ref 1130

Our ref.:
 ETEL/KCHA

Date:
 25 July 2007

Response to request for review

Rice husk based cogeneration plant (5 MW) at Shibzada Ajit Singh Nagar District, Punjab by M/s Nahar Industrial Enterprises (1130)

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 registration of the "Rice husk based cogeneration plant (5 MW) at Shibzada Ajit Singh Nagar District, Punjab by M/s Nahar Industrial Enterprises limited" (1130) and would like to provide the following clarifications for your perusal and review.

The points raised and our response to the same are indicated below.

Comment 1:

The PDD does not provide strong evidence that CDM has been seriously considered in the decision to undertake the project activity.

DNV Response:

In response to the comment raised, the following is clarified as under:

- The starting date of the project activity is 26 June 2001. This is the date of the invoice for the 40TPH boiler from Thermodyne Technologies Limited and was verified by DNV during validation.
- The fact that the incentive from the CDM was seriously considered prior to the project activity is evidenced by the decision to proceed with the project activity (i.e., rice husk based cogeneration), by the project proponent, verified by DNV through the corporate documentation of Nahar i.e., 'minutes of the board of directors' (dated 11 January 2001). The document containing the extract of the 'minutes of the board of directors', which addresses that the potential project activity can benefit from CDM revenues, is submitted by NIEL in their response to the request for review as Annex-3.
- Moreover, further evidence is substantiated from the fact that CDM revenues were considered by the project proponent for their rice husk based cogeneration prior to the project activity is verified from the 'Internal Memo' (final version dated 3 Nov. 2000) related to project investment, which seeks approval for the project activity subject to consideration of carbon credit benefits for viability of the project. This document is submitted by NIEL in their

response to the request for review as Annex-2. This memo has also been referred-to in DNV's validation report.

From the above it is clear that the incentive from the CDM was indeed seriously considered in the decision to proceed with the project activity by Nahar.

Comment 2:

The monitoring plan does not include the annual evaluation of whether there is a surplus of biomass in the region and any leakage that may need to be estimated and deducted from the emission reductions in accordance with the Board's "General guidance on leakage in biomass project activities (Version 2)".

DNV Response:

It is acknowledged that NIEL shall evaluate whether there is a surplus of biomass in the region every year (ex-post) and any leakage shall be deducted from the emission reductions in accordance with the Board's "General guidance on leakage in biomass project activities (version 2)".

NIEL has therefore in their response addressed that if it is demonstrated (e.g. using published literature, official reports, surveys etc.) that the quantity of available biomass in the region (the region is defined as the area within 100 km radius of the project activity area of NIEL), is at least 25% larger than the quantity of biomass that is utilised including the project activity, then this source of leakage can be neglected. Otherwise this leakage shall be estimated and deducted from the emission reductions. DNV is able to confirm that the formula (as given in the separate response by NIEL) for calculation of leakage emissions is correct.

Further, from the response provided by NIEL, DNV is able to confirm that NIEL has evaluated (ex-ante) the leakage based on data from official sources (this document is submitted by NIEL in their response to the request for review as Annex-4) and correctly estimated the leakage as zero.

Moreover, DNV is able to confirm that the monitoring plan of the revised PDD (under section D.2. and in section E.1.2.2.) also includes the aforementioned requirement. The revised PDD is also attached in the response to the request for review by NIEL.

We sincerely hope that the Board accepts our aforementioned explanations and we look forward to the registration of the project activity.

Yours faithfully
for DET NORSKE VERITAS CERTIFICATION AS



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