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Att: CDM Executive Board

Your ref.:
CDM Ref 1140

Our ref.:
KCHA/ MLEH

Date:
28 August 2007

Response to requests for review

“MSPPL WHR based power project at Chattisgarh, India” (CDM Registration Reference No 1140).

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by three Board members concerning DNV's request for registration of project activity 1140 entitled “MSPPL WHR based power project at Chattisgarh, India” and would like to provide the following initial response to the issues raised by the requests for review.

Comment 1:

The Project activity commenced in December 2005 and the PDD was only published for public comment in November 2006. As required by the guidelines for completing section B.5 of the PDD it should be clearly validated that “incentive from the CDM was seriously considered in the decision to proceed with the project activity.

DNV's response:

DNV would like to reiterate that consideration of CDM during project inception was indeed reviewed during the validation process. The following primary documentation was presented as a proof of CDM consideration during the validation process and found to be in order:

- “Minutes of meeting held on 05 April 2005 at the registered office of Mahendra Sponge & Power Pvt. Limited” duly authenticated by the Director.

The aforementioned document had been uploaded as Appendix 5 along with the “request for registration”. The said document is also enclosed herewith as **Enclosure I**.

Comment 2:

As the AFBC boiler will only be installed as a result of the project activity, it should be confirmed how any net increase in emissions resulting from the operation of this boiler will be accounted for.

DNV's response:

The project activity, undertaken at the existing plant of Mahendra Sponge & Power Pvt. Limited, involves the installation of 2 nos. of waste heat recovery boilers whose steam is routed to a 8 MW steam turbine for generation of power. Along with the project boilers, another AFBC has been

installed, whose steam is also utilised in the steam turbine for generation of power. The project activity is however, confined to the utilisation of the waste heat which in the absence of the project would have been vented to the atmosphere. The emissions reduction estimates for the project are likewise restricted to only that amount of electricity generation which is attributable to the steam generated from the waste heat recovery boilers. The mechanism for estimation of power from the steam generated from the WHRB's has been further streamlined to account for any steam diversion or loss of steam from steam generated that is not utilised for power generation. The revised PDD is enclosed herewith as **Enclosure II**. In the revised PDD the amount of steam generated from the AFBC boiler, WHRB's and steam received at the turbine inlet is monitored separately. Steam generated from the WHRB's and that calculated as a difference between the steam received at the turbine inlet and steam generated from AFBC boiler is compared and the lower of the two is taken for estimation of emission reductions from the project. The changes are incorporated in the monitoring plan, section B.7.1, and Annex 4 of the revised PDD and found to be in order.

As detailed in the final validation report, section 3.4, in the absence of the project the most likely baseline scenario is the installation of a 8 MW coal based power generation system of which AFBC (equivalent to 4 MW capacity) is a part there-of. The other viable baseline scenario for the project is import of power from the regional grid as it does not require any upfront investment but is costlier as compared to self generated power. In line with the guidance for baseline scenario (and as stipulated in the methodology), as the carbon intensity of power generated from the regional grid is lower than the coal based power, for conservative estimation of baseline emissions, import of power from the regional grid has been selected as the baseline for the project.

Thus the installation of an AFBC is not related to the CDM project activity and a business as usual scenario for the plant, CO₂ emissions associated with the AFBC is therefore not accounted for in the project plants emission reductions estimates.

We sincerely hope that the Board find our elaboration on the above satisfactory.

Yours faithfully
for DET NORSKE VERITAS CERTIFICATION AS



Michael Lehmann
Technical Director
International Climate Change Services



C Kumaraswamy
Manager – South Asia
Climate Change Services

Enclosures :

- I. Minutes of meeting held on 05 April 2005 at the registered office of Mahendra Sponge & Power Pvt. Limited
- II. Revised PDD, version 1.2 dated 17 August 2007

Enclosure I



MAHENDRA SPONGE & POWER (P) LTD.

Minutes of meeting held on 5-4-05 at the registered office of Mahendra Sponge & Power Pvt. Limited.

Present:

Ishwar Agrawal
Mahendra Agrawal
Munish Mahajan

Following points were discussed at the meeting:

1. Mr. Mahendra Agrawal informed that the company got the loans approved from IREDA for the 8 MW power plant at the sponge iron unit. He also informed that this plant would generate power from waste heat of sponge iron kilns and from coal fired boiler. The expected investment in the project would be approximately Rs 2750 lakhs
2. He also informed that power generation from waste gases from the kilns is considered clean power as this effects in avoidance of coal combustion in coal fired boilers for the equivalent power generation and that clean energy projects such as this are potential CDM projects.
3. He further explained that though power generation with waste gases from kilns can not be guaranteed as it is directly dependent on kiln operation and so carbon credits from CDM would also help reducing the financial uncertainty in the project.
4. Discussed the future plan of action and it was resolved that
 - a. Company should initiate the process of equipment procurement as early as possible.
 - b. All formalities for IREDA loans should be completed as listed in the approval documents
 - c. Mr. Mahendra Agrawal should initiate dialogue with reputed consultants in CDM area

Next meeting would be held on 9-5-2005 at the same venue.

For, Mahendra Sponge & Power (P) Ltd.

M. Agrawal
Director

Enclosure II

The revised PDD, version 1.2 dated 17 August 2007 is submitted as separate file