

 <p>CDM project activity registration review form (F-CDM-RR) <i>(By submitting this form, a Party involved (through the designated national authority) or an Executive Board member may request that a review is undertaken)</i></p>	
Designated national authority/Executive Board member submitting this form	
Title of the proposed CDM project activity submitted for registration	Yuyao Electricity Generation Project using Natural Gas.; Project activity 1227
<p>Please indicate, in accordance with paragraphs 37 and 40 of the CDM modalities and procedures, which validation requirement(s) may require review. A list of requirements is provided below. Please provide reasons in support of the request for review, including any supporting documentation.</p>	
<p><input type="checkbox"/> <i>The following are requirements derived from paragraph 37 of the CDM modalities and procedures:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> The participation requirements as set out in paragraphs 28 to 30 of the CDM modalities and procedures are satisfied; <input type="checkbox"/> Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity (DOE) on how due account was taken of any comments has been received; <input type="checkbox"/> Project participants have submitted to the DOE documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party; <input checked="" type="checkbox"/> The project activity is expected to result in a reduction in anthropogenic emissions by sources of greenhouse gases that are additional to any that would occur in the absence of the proposed project activity, in accordance with paragraphs 43 to 52 of the CDM modalities and procedures; <input type="checkbox"/> The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the Executive Board; <input type="checkbox"/> Provisions for monitoring, verification and reporting are in accordance with decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP/MOP; <input type="checkbox"/> The project activity conforms to all other requirements for CDM project activities in decision 17/CP.7, the CDM modalities and procedures and relevant decisions by the COP/MOP and the Executive Board. <p><input type="checkbox"/> <i>The following are requirements derived from paragraph 40 of the CDM modalities and procedures:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> The DOE shall, prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development; <input type="checkbox"/> In accordance with provisions on confidentiality contained in paragraph 27 (h) of the CDM modalities and procedures, the DOE shall make publicly available the project design document; <input type="checkbox"/> The DOE shall receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available; <input type="checkbox"/> After the deadline for receipt of comments, the DOE shall make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated; <input type="checkbox"/> The DOE shall inform project participants of its determination on the validation of the project activity. Notification to the project participants will include confirmation of validation and the date of submission of the validation report to the Executive Board; <input type="checkbox"/> The DOE shall submit to the Executive Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party and an explanation of how it has taken due account of comments received. <p><input type="checkbox"/> There are only minor issues which should be addressed by the DOE / project participants prior to the registration of the project.</p>	
Section below to be filled in by UNFCCC secretariat	
Date received at UNFCCC secretariat	09/10/2007

Reason for request:

1. The PP shall further demonstrate the additionality of the project activity.
2. The East China Sea Chunxiao gas field production capacity will be 2-2.5/Gm3/a from 2007 onwards. Expected consumption of the project activity of approximately 0.570 Gm3/a., represents about 22.8 to 28.5% of the total production of the gas field. Further clarification is required regarding how much of the field production will be used for power generation besides the amount used in the proposed project activity. If a significant amount of the gas produced in the field (more than 50%) will be supplied for power generation, the project activity is part of a much bigger regional power initiative that necessarily includes the development of the gas field (and natural gas was made available in the region or country because of the project activity). In addition, it is required to include in the common

practice analysis an appraisal of the last 2-3 Zhejiang Provincial electric power 5-year expansion plans (see reference 9 at validation report) to check the assumptions made for power generation with natural gas.

3. The IRR analysis should consider issues related to higher levelised cost of electricity for power plants operating with natural gas, as the plant will operate as peak and medium load power. Because it is known that peak load power plants do not operate with high capacity factor, it is very common to pay availability tariffs to the plants during stand-by periods. It is also very common to have different feed-in tariffs for peak/medium load power plants (usually higher than base load plants).
4. Additionality is demonstrated primarily using benchmark analysis. Assumed benchmark for the sector: IRR = 8%. IRR of the project without CERs = 6.69%. The mentioned source for all the data used in the IRR calculation is the feasibility study report of the proposed project. The PP shall further clarify the assumptions and data sources for that internal document as it is the core of the additionality demonstration and the DOE shall further clarify how they have validated the benchmark analysis.
5. The assumed efficiency in the power plant is 43.2% (based on the NG consumption and electricity generated) while Board decisions already used as a conservative proxy 50% efficiency for CCGT power plants. Using the Board efficiency and the assumed consumption of NG (570,024,00 Nm³/a, very likely under a long term contract) the project would be able to generate 15.8% more electricity and the IRR would be very different.
6. Further sensitivity analysis against more appropriate parameters is required to demonstrate that the project IRR cannot achieve the benchmark IRR.
7. Information is required on incentives available to a similar project being developed by a multinational corporation without CDM.
8. Further information on evidence of CDM consideration prior to the start of the project activity is required.
9. Specific investment barriers faced by the project activity without CDM should be identified and documented.