

Indian Farmers Fertiliser Cooperative Limited
New Delhi

Date: 28.03.2005

Sub: Proposal for award of Consultancy work to M/s Ernst & Young Pvt. Ltd. for providing Carbon Advisory Services and CDM Project Development Services for Carbon Credit generated through recovery of CO₂ from flue gas of reformer stack at Phulpur & Aonla plant and Fuel & Feed Switch from Naphtha to Natural Gas at Phulpur.

The meet the requirement of CO₂ for production of Urea after implementation of the energy efficiency projects and due to change in the feed stock from Naphtha/Natural Gas it is planned to recover CO₂ from reformer stack flue gas at Phulpur and Aonla plant and to switch from Naphtha for Fuel and Feed requirement to Natural Gas (NG). This schemes are estimated to reduce the emission of CO₂ by around 5.14 lakh MT per annum and may provide CDM benefit for IFFCO.

After Kyoto Protocol becoming effective since February, 2005 the price of Certified Emission Reduction (equivalent to reduction of CO₂ by 1 MT) have gone up, with indications from the market the CERs are at present being traded @ US\$ 6 per CER. Accordingly, the realisation through the sale of Carbon Credit generated from CO₂ Recovery Project at Aonla & Phulpur and switch over from Naphtha to NG at Phulpur are estimated to Rs. 13.40 crore per annum.

To get the CDM benefit out of these saving of CO₂ it was decided to discuss with M/s Ernst & Young Limited, presently providing Carbon Advisory Services and CDM Project Development Services for Energy Saving Scheme Projects being implemented at Kalol, Phulpur and Aonla plant vide WO No. ES/6/8169/867 dated 1st September, 2004 as approved by the Competent authority vide Note dated 12th January, 2005 (Annexure-I). M/s E&Y vide letter dated 24th January, 2005 have submitted their proposal to provide Carbon Advisory Services as under:

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1. Fixed fee for these two schemes will be as under:

- a. CO2 recovery from flue gas at Phulpur & Aonla plant:
- b. Fuel and Feed switch from Naphtha to NG at Phulpur plant.

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2. Success fee @ [REDACTED] of net amount received & credited in IFFCO's account against Carbon Credit, Scope of Services, and other terms and conditions will be same as per IFFCO's Work Order No. ES/6/8169/867 dated 1st September, 2004.

The fee quoted by M/s E&Y was reviewed and observed that there was a scope for reduction in prices if negotiated. Accordingly, negotiation was held with M/s Ernst & Young Pvt. Ltd. on 10th March, 2005 as approved by the Competent Authority vide Note dated 16th February, 2005 (Annexure-II).

During negotiation, M/s E&Y agreed to reduce the success fee from Rs. [REDACTED] for CO2 recovery from flue gas at Phulpur & Aonla plants, [REDACTED] lakh for Fuel and Feed switch from Naphtha to NG at Phulpur plant and also agreed to reduce the success fee from [REDACTED] in case same buyer (against W.O. referred above for Energy Saving Scheme Projects) agrees to procure the carbon credits of these projects. The fixed fee payable at above will be adjustable against the success fee received against respective scope. The Minutes of the Meeting is placed at Annexure-III.

The negotiated total fixed fee of Rs. [REDACTED] for providing Carbon Advisory Services and CDM Project Development Services for Carbon Credit generated through CO2 recovery from Flue Gas at Phulpur & Aonla plants and Fuel and Feed switch from Naphtha to NG at Phulpur plant is found to be justified looking to the scope of work involved, quantity of CERs expected to be generated etc. This fee is lower than the present fee being paid against Energy Saving Scheme Projects.

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In view of above, it is proposed to award the Consultancy work to M/s Ernst & Young Pvt. Ltd. for providing Carbon Advisory Services and CDM Project Development Services for Carbon Credit generated through recovery of CO₂ from flue gas of reformer stack at Phulpur & Aonla plants and Fuel & Feed Switch from Naphtha to Natural Gas at Phulpur at a fixed fee of Rs. [redacted] lakh in each case and success fee of @ [redacted] of net amount received & credited in IFFCO's account against Carbon Credit in case same Buyer (against W.O. referred above for Energy Saving Schemes Projects) agrees to procure the carbon credits of these projects also. However, if it is decided to sell the credit to other buyer, the success fee will be [redacted]. The fixed fee payable at above will be adjustable against the success fee received against respective scope.


Sr. Executive Director is requested to kindly approve the award of Consultancy work to M/s Ernst & Young Limited as proposed above.


(N K Verma)
Manager (Process)

Jt. GM (PS) 

Sr. GM (Tech.) 

Sr. ED (Tech.) 


8/4/15