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Your ref.:  
CDM Ref 1806

Our ref.:  
LAICK/MAVI

Date:  
25 September 2008

## Response to request for review

### Emission reductions through partial substitution of fossil fuel with alternative fuels in three cement plants of Holcim Philippines Inc. (1806)

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 the project activity 1806 "Emission reductions through partial substitution of fossil fuel with alternative fuels in three cement plants of Holcim Philippines Inc" and we would like to provide the following response to the issues raised by these requests for review.

*Comment 1: The DOE should provide details what evidence has been validated to determine the prohibitive nature of the technological barrier.*

#### **DNV Response:**

We refer to the response to the requests for review submitted by the project participants with regards to the project investments. The investments have been summarised for the years 2006, 2007, 2008 and 2009 for all three kilns, namely Bulacan, Lugait and Davao. During validation, it was verified that no significant investments have yet been undertaken by Holcim Philippines, Inc prior to 2008. The sources of the input values to the investment analysis in the revised PDD version 3 have not in detail been validated by DNV due to the short timeline. However, these sources will be checked prior to submission of the corrected validation report after the conclusions from the requests for review.

During site visit on 27 June 2007, DNV evidenced the results from the Fuel Mix Optimiser modelling tool along with simulations and constraints faced. It was confirmed that minor adjustment had been carried out to the installation facilities which had to be tailor made in accordance with the kilns and fuel mix of the biomass. It was also presented during the site visit that various operating points and right fuel mix composition were studied. A roadmap per plant was presented, explaining bottlenecks and possible solutions.

The above has confirmed that technological barrier is indeed prohibitive to the project.

*Comment 2: The DOE shall explain how cross-checks with the Host Party DNA is considered a suitable means of validation to determine that no similar projects are occurring without CDM.*

#### **DNV Response:**

We refer to the response to the requests for review submitted by the project participant. The DNA of Philippines is part of the Department of Environment and Natural Resources (DENR). At the

time of DNA consultation on 24 June 2007, the DNA of Philippines has confirmed that there were a few projects using alternative fuels in a trial stage in the cement industry. Confirmation from the DNA of the Philippines was perceived as appropriate and reliable information, since details of project plan/management and programs have been reported and submitted to DENR for EEC (Environmental Compliance Certificate) application for projects to proceed. The EEC application approval requires documents related to Environmental Impact Assessment to be submitted to the DNA of the Philippines. In addition, after DNV interviewed the DNA of the Philippines in June 2007; two other fossil fuel substitution projects in cement industry have been submitted for validation, which further confirms that the information from the DNA of Philippines was a suitable means of validation.

***Comment 3:** The DOE should provide details regarding how the applicability of the methodology has been validated, in particular the installed clinker production capacity and the surplus availability of biomass.*

**DNV Response:**

The applicability of the methodology with respect to installed capacities of the Bulacan, Lugait and Davao plants was validated during the site visit by reviewing the original design capacity documents, 'permits to operate' and 'Environmental Certificates of Compliance' issued by the Department of Environment and Natural Resources (DENR). It can be confirmed that the installed clinker production capacity has been validated in accordance with the methodology.

We refer to the response to the requests for review submitted by the project participant regarding surplus availability of biomass. At the time of validation, biomass availability data was validated from various statistical data of the Philippines<sup>1</sup> and the 2007 self-survey conducted by HPHI during stakeholder consultation on existing suppliers. Rice mill owners were also surveyed recently after the project was submitted for registration. The survey was performed in regions of the three plants, and confirmed that biomass residues are indeed available in surplus, in accordance with the methodology. The surplus of biomass will also be monitored ex-post in line with the methodology.

***Comment 4:** The PP/DOE should explain why a baseline scenario "reflecting the likely evolving fuel mix portfolios" has not been established and assessed.*

**DNV Response:**

We refer to the response to the requests for review submitted by the project participant. The baseline scenarios have been revised and the PP has included the evolving fuel mix scenario. The baseline is deemed appropriate since the fuel mix from 2002 to 2005 has been used as the evolving fuel mix portfolio which has been verified.

This baseline was established and assessed to be included in the identification of baseline scenario in the revised version 3 of the PDD.

We sincerely hope that the Board accepts our above explanations.

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CDM Country Guide for the Philippines 2nd edition: <http://enviroscope.iges.or.jp/modules/envirolib/upload/252/attach/CDM-038.pdf>.

Philippines Bureau of Agricultural Statistics, 2005

Sugar Regulatory Administration of Annual Synopsis for the Crop Year 2003-2004

National Statistics Office & Solid Waste Management Manual.

Yours faithfully  
for DET NORSKE VERITAS CERTIFICATION AS



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