



UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D-53153 Bonn
Germany

DET NORSKE VERITAS
Certification AS
Climate Change Services
Veritasveien 1
NO-1322 Høvik
Norway
Tel: +47-6757 9900
Fax: +47-6757 9911
<http://www.dnv.com>
NO 945 748 931 MVA

Att: CDM Executive Board

Your ref.:
CDM Ref 1929

Our ref.:
RAFI/MLEH

Date:
11 November 2008

Response to request for review “Nantong Coalmine Methane” (1929)

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 “Nantong Coalmine Methane” (1929) and would like to provide the following initial response to the issues raised by the requests for review.

Comment 1: *The DOE shall further clarify how the quantity of coalmine methane to be generated from the project are estimated and verified.*

DNV Response:

DNV's confirmation of the estimates of the coalmine methane (CMM) to be generated from the project was based on CMM extraction values of 2006 given in the PDD. This estimated amount was cross checked during site visit with production records at each of the coal mines under the proposed project activity, values listed in the FSR of March 2006, baseline thermal energy demand study of 14 February 2007, and mines extraction data from 2004 to 2006 that were reviewed during validation. Since no in depth review of the estimated quantity of coalmine methane to be generated was done previously, DNV asked the project proponent (EcoSecurities Group PLC) to provide additional information. The following discussion focuses on the information provided by PP and DNV's assessment of the information provided.

The total quantity of coal gas released per year (for 2006) due to mining has been estimated to be 90,220,200 m³, which is based on 2.1 million tonnes of coal to be extracted during the year and an average value of 42.962 of coal gas released in m³ per tonnes of coal extracted. These values were derived from “Nantong Drainage plans 2005” document developed by the Nantong Mining Company that was provided to DNV. As per this document, it was assumed that 25% (i.e. 22,555,050 m³) of the total gas released during mining activities would be captured through the underground drainage network and 0.7% of the captured gas (i.e. 160,000 m³) would also come from adjacent mines that are not part of the project activity. These assumptions were found reasonable by DNV. This resulted in a value of 22,400,000 m³ of coal gas released from all 5 coal mines under the project activity for year 2006. The Nantong Mining Company has made similar projections for years 2007 and beyond, details of which are given in the PP response and again found reasonable by DNV.

Furthermore, using a combination of historic gas drainage records, gas content analysis and field tests carried out by the coalmines, the total estimated amount of methane that stand to be released

was estimated to be 4,810,000,000 m³. This implies that at the 2006 drainage rate there would be enough gas to ensure over 50 years of operation including the need for safe gas drainage. Based on historic records of the hourly and daily CMM methane concentration an adjustment factor for each of the 5 coal mines was calculated, which represented the methane volume where the methane concentration within the CMM would be above 30%. This resulted in extraction of 15,876,000 m³ of methane per annum for all 5 mines for year 2006. Similarly, future extraction rates of methane gas have been calculated based on future projections of the mining activity details of which are provided in the PP's response.

Comment 2: *The PP/DOE shall further clarify the baseline conditions regarding the gas supply network to the residents, and the boilers to be replaced. Also the work programme for laying of gas network, and thus the timing for the full delivery of methane to the residents shall be reported.*

DNV Response:

The baseline conditions regarding the gas supply network to the residents and the boilers to be replaced have been provided in the PP's response and the same has been verified by DNV during the site visit in September 2006. In addition, a Baseline Thermal Demand study conducted by Ruby Canyon Engineering has been prepared as per the requirements of ACM0008 and was reviewed by DNV, details of which have been provided in the validation report.

The actual work programme for laying of gas network and fuel switch for boilers up to November 2008 has been provided in detail in the PP's response that was prepared by EcoSecurities Group PLC. The information in the PP's response is based on information provided by Nantong Coalmine Company of October 2008 titled "CMM Utilization Overview of Nantong Coalfield" which has also been provided to DNV and reviewed during preparation of DNV's response. However, no other evidences (such as construction orders, completion certificates etc.) have been provided to DNV (the PP has stated that there is no national requirements or structure in place to issue such certificates for these types of projects). The actual implementation of the gas network will also be subject to verification by the verifying DOE. Nonetheless, from the PP's response and the above stated letter, DNV confirms that the proposed project has been implemented in full with completion of last residential network connections for the Yanshitai area for 1,000 homes and repair of the existing network at the Hongyan area for 49 homes both of which are planned for November 2008 with expected completion in December 2008.

We sincerely hope that the Board accepts our aforementioned explanations.

Yours faithfully

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Michael Lehmann
Technical Director
Climate Change Services