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

Att: CDM Executive Board

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

Your ref.:	Our ref.:	Date:
CDM Ref 1947	MLEH/Tim Kuo	5 December 08

Response to request for review for project activity 1947 "Yingpeng HFC23 Decomposition Project"

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 for project activity 1947 "Yingpeng HFC23 Decomposition Project" and would like to provide the below initial response to the issues raised in the request.

Question 1: The DOE shall provide justification on how it has validated that CDM was considered prior to the project start date (7 November 2006) as per EB 41, Annex 46, paragraph 5 and 6.

DNV Response: DNV can confirm that the validation service agreement for the project between Yingpeng Chemical Co., Ltd (hereafter referred as Yingpeng) and DNV was signed on 19 May 2006. The PDD of the project activity was submitted to DNV on 30 October 2006, which was later published on the UNFCCC website from 14 November to 13 December 2006.

Furthermore, DNV verified the following documents during the validation process, which also demonstrate that CDM had been seriously considered by Yingpeng prior to the project start date (7 November 2006):

- The board of directors of Yingpeng made a decision to start-up the project activity due to CDM consideration on 18 October 2005. The signed decision has been validated by DNV.
- Yingpeng signed a CDM consultation agreement with Climate Experts Ltd (a Japan-based company located in Isshiki, 1433-3, Hayama, Kanagawa, 240-0111, Japan) on 1 January 2006 and engaged Dr. Naoki Matsuo to study the baseline and the PDD of the project activity. The agreement in between has been validated by DNV.
- Yingpeng signed the LOIs (Letter of Intent) with Enel (an Italy-based buyer) and Infinity (an Ireland-based buyer) on 4 October 2006 and 13 October 2006, respectively. The signed LOIs has been validated by DNV.
- The FSR of the project activity was approved by the Development and Reform Committee of Yongkang City on 7 November 2006, and this date was selected as the start date of the project activity. Since Yingpeng cannot carry out the project without the

official approval from local Development and Reform Committee, the date of approval was chosen as the starting date. The approval letter has been validated by DNV.

Other supporting evidences provided by Yingpeng have also been verified by DNV, which further support the claim that CDM had been considered prior to the project start date (7 November 2006)

- Yingpeng attended the International Workshop on HFC 23 CDM Projects Cooperation in China hold by the State Administration for Environmental Protection of P.R.C in 4 to 6 February 2004 in Sanya City of Hainan Province of P.R.C.
- Yingpeng attended the Sino-Italy International Workshop on HFC 23 CDM Projects hold by the State Administration for Environmental Protection of P.R.C and the Ministry of the Environment, Land and Resource of Italy on 24 January 2005 in Beijing

With the above evidences and consideration, DNV can confirm that CDM had been seriously considered by Yingpeng prior to the project start date (7 November 2006).

Question 2: The PP/DOE shall further explain how the measurement procedures, calculations and assumptions used to determine 'w' was carried out as per AM0001, version 5.2, page 6.

DNV Response: According to AM0001, version 5.2, page 5,*"The historical waste generation rate w shall be estimated for the three (3) most recent years of operation up to 2004. Direct measurement of HFC23 release is to be used where data are available, otherwise mass balance or other methods based on actual data are to be used. Uncertainty in emission rate estimates shall be quantified and conservative emission rate estimates shall be used when calculating expected emission reduction.*

In the absence of direct measurements of the HFC 23 generated during the period from 2000 to 2004, the mass balance method has been used since sufficient data is available. The 'w' has been estimated from the carbon and fluorine balance, which were worked out from the raw materials consumed and the HCFC production. In the updated PDD, Yingpeng used the mass balance method based on actual data in the three (3) most recent years of operation up to 2004 (i.e. 2002, 2003 and 2004) to determine 'w' due to insufficient evidence to support data of direct measurement of HFC23 release. The measurement procedure and assumptions are deemed to be in conformance with AM0001/version 5.2, and DNV validated this during the validation process.

AM0001, version 5.2 also states on page 5 *"The value of w is set at the lowest of the three historical annual values estimated as specified above and is not to exceed 3% (0.03 tonnes of HFC 23 produced per tonne of HCFC 22 manufactured"*

w value(%)	2002	2003	2004
By carbon balance	3.32	3.24	3.17
By flourine balance	3.83	3.55	2.89
The average of the above	3.58	3.39	3.03

- The estimation of the factor "w" at 2.89% is lower than the cutoff ratio of 3% as specified in the methodology, and therefore is reasonable and conservative.
- In the project, Yingpeng chose to use the lowest value calculated by fluorine balance in 2004 instead of the average value, and it is deemed to be even more conservative.

AM0001, version 5.2 states on page 6 "*If insufficient data is available for the calculation of HFC23 release for all three (3) most recent years of operation up to 2004, then the default value for w to be used is 1.5%.*"

During the validation, the data used in the Production Log was cross-checked with the monthly declaration records which had been archived according to authority's requirement in the database of the Statistics Bureau of Yongkang City. The result of the cross-check is deemed to be acceptable to demonstrate that sufficient data is available for the calculation of HFC23 release for all three (3) most recent years of operation up to 2004, and therefore the default value for w is not applicable in this project. The calculation formula and the worksheets used by Yingpeng to determine 'w' has been validated by DNV and are deemed to be conformed to AM0001/version 5.2.

Question 3: The PP/DOE shall clarify why sold HFC23 will be monitored using sales records and not metered as required by AM0001 version 5.2 (page 12).

DNV Response: DNV acknowledges that "the sold HFC23 will be monitored using sales records" is not fully in accordance with the requirements of AM0001. In reality the sold HFC23 will be monitored using flow meters and cross checked using the production and sales records. This has been clarified by the project participant and the validation report was revised accordingly. The updated PDD and validation report are therefore attached with this response.

We sincerely hope that the Board accepts our above explanations.

Yours faithfully
for DET NORSKE VERITAS CERTIFICATION AS

Michael Lehmann
Technical Director
Climate Change Services

Tim Kuo
Project Manager