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Att: CDM Executive Board

Your ref.: CDM Ref 0003 Our ref.: MLEH/ETEL Date: 14 June 2007

Response to request for review HFC Decomposition Project in Ulsan (0003)

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by three Board members concerning DNV's request for issuance of the "HFC Decomposition Project in Ulsan" project (0003) and would like to provide the following initial response to the issues raised by the requests for review. We also refer to the response provided by the project participants.

The applied monitoring methodology requires the participant to review certain emission coefficients (for natural gas, steam generation, and electricity consumption) used in the calculation of emission reductions as they may vary every year. Further clarification is required by the project participant and DOE if this requirement has been met, since the same emission factors have been applied in all monitoring periods.

DNV response

1) Fuel gas

The emission factor used in the monitoring report is provided from the gas supplier. As stated in the registered PDD (sec. B.3, footnote 7), the time variation effect of the emission factor on the amount of emission reductions is very small and hence the fixed value $(0.0024 \text{ t } \text{CO}_2/\text{Nm}^3)$ is to be used. Thus the value provided in the monitoring report is deemed reasonable.

2) Steam

Similar to "fuel gas", the registered PDD (sec. B.3) also explains that the effect of the emission factor on the emission reductions is very small. The fixed value (0.15 t CO_2/t steam) obtained from the supplier is applied. Also here, the value provided in the monitoring report is deemed reasonable.

According to the requests for review, the above values may vary every year. AM0001 states "the values may vary over time". However, their time variation effects on emission reductions are negligible. Thus the project proponent in the registered PDD has proposed the above fixed values for "fuel gas" and "steam" and this was accepted and registered by Board.

3) Electricity

Up to the monitoring period April-June 2006, an emission factor for electricity of 0.77 kg CO₂/kWh was used. This was derived from the latest published data (as of 2001) from KEPCO, the main Korean electricity supplier. Subsequently, KEPCO published new data, "Statistics of Electric Power in 2005", which has been used for the subsequent period of time. This new value, at 0.7559 kg CO₂/kWh, has been applied by the project proponent as the latest value for the monitoring period during July-September 2006 and onwards. No more recent data was published prior to the issuance of the monitoring report supporting the above request for issuance. However, new and updated emission factors are expected to be published shortly.

We sincerely hope that the Board accepts our aforementioned explanations, and look forward to the issuance of the certified emission reductions.

Yours faithfully for Det Norske Veritas Certification AS

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Einar Telnes Director International Climate Change Service

Michael Cehman

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