

 <p><b>CDM project activity registration review form (F-CDM-RR)</b>  <i>(By submitting this form, a Party involved (through the designated national authority) or an Executive Board member may request that a review is undertaken)</i></p>	
<b>Designated national authority/Executive Board member submitting this form</b>	
<b>Title of the proposed CDM project activity submitted for registration</b>	LG Chem Naju plant fuel switching project; Project activity 1185
<p><b>Please indicate, in accordance with paragraphs 37 and 40 of the CDM modalities and procedures, which validation requirement(s) may require review. A list of requirements is provided below. Please provide reasons in support of the request for review, including any supporting documentation.</b></p> <p><input type="checkbox"/> <i>The following are requirements derived from paragraph 37 of the CDM modalities and procedures:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The participation requirements as set out in paragraphs 28 to 30 of the CDM modalities and procedures are satisfied;</li> <li><input type="checkbox"/> Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity (DOE) on how due account was taken of any comments has been received;</li> <li><input type="checkbox"/> Project participants have submitted to the DOE documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party;</li> <li><input checked="" type="checkbox"/> The project activity is expected to result in a reduction in anthropogenic emissions by sources of greenhouse gases that are additional to any that would occur in the absence of the proposed project activity, in accordance with paragraphs 43 to 52 of the CDM modalities and procedures;</li> <li><input checked="" type="checkbox"/> The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the Executive Board;</li> <li><input type="checkbox"/> Provisions for monitoring, verification and reporting are in accordance with decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP/MOP;</li> <li><input type="checkbox"/> The project activity conforms to all other requirements for CDM project activities in decision 17/CP.7, the CDM modalities and procedures and relevant decisions by the COP/MOP and the Executive Board.</li> </ul> <p><input type="checkbox"/> <i>The following are requirements derived from paragraph 40 of the CDM modalities and procedures:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> The DOE shall, prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development;</li> <li><input type="checkbox"/> In accordance with provisions on confidentiality contained in paragraph 27 (h) of the CDM modalities and procedures, the DOE shall make publicly available the project design document;</li> <li><input type="checkbox"/> The DOE shall receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available;</li> <li><input type="checkbox"/> After the deadline for receipt of comments, the DOE shall make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated;</li> <li><input type="checkbox"/> The DOE shall inform project participants of its determination on the validation of the project activity. Notification to the project participants will include confirmation of validation and the date of submission of the validation report to the Executive Board;</li> <li><input type="checkbox"/> The DOE shall submit to the Executive Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party and an explanation of how it has taken due account of comments received.</li> </ul> <p><input type="checkbox"/> There are only minor issues which should be addressed by the DOE / project participants prior to the registration of the project.</p>	
<b>Section below to be filled in by UNFCCC secretariat</b>	
Date received at UNFCCC secretariat	17/08/2007

Reason for request:

1. PP is assessing additionality using the investment barrier analysis. The investment comparison analysis using NPV as an indicator has been applied for 2 baseline alternatives: (i) continuation of usage of bunker fuel oil C; and (ii) project activity without CDM. Analysis is presented in Excel spread sheet and shows the advantage of status quo scenario. The following issues require further clarification in PDD:
  - a. PA is not clearly described. It is not clear how many boilers are installed at the LG Chem plant and how many of them are retrofitted and how many natural gas burners are installed for each boiler. If one burner is installed for each boiler that would mean existence of more than two boilers. Are then they of the same age, same type, same efficiency? Clarification is thus required regarding how many boilers are to be retrofitted,

- how many burners are to be installed and whether the burners are of sufficient capacity for the amount of natural gas to be consumed.
- b. Are there taxes for SO<sub>2</sub> emissions in Korea and if yes, why they are not considered in investment barrier analysis?
  - c. In PDD it is stated that “Even with the expected amount additional income, the Project activity is still economically unattractive” (p.10) but not explained where this additional income comes from.
  - d. In addition, the following changes are needed in Appendix:
    - i. To change titles “Baseline emissions” (corresponds to the baseline emissions) and “Project emissions” (corresponds to the project emissions) on sheet “CER”
    - ii. It is not clear what should be calculated in cells G2:G7 (sheet CER).
    - iii. Exchange rate for KRW has to be presented
2. Clarification is required regarding why an oxidation factor has not been used in calculating the emission reductions.
  3. The monitoring plan includes monitoring of steam expressed in TJ, which in the project scenario is calculated using the monitored fuel consumption data and energy efficiency of the project boiler, i.e. not direct measurement. Clarification is required.
  4. There is also an inconsistency in the monitoring plan regarding the energy efficiency of the boiler with bunker fuel oil C (ebaseline). The source of this data parameter in Section B.6.2 (p. 13) is “Manufacture specification” while in Section B.4 (p. 9) – “LG Chem”.
  5. The validation report states that, “...the validation team is of the opinion that the LG Chem Naju Plant Fuel Switching Project is in full compliance with all the major requirements for the CDM...”. The validation report should confirm that all applicable requirements of the CDM have been met.