

**4. "The DOE is requested to explain how it has validated that the starting date of the project activity complies with the Glossary of CDM terms."**

When the project was submitted for registration with the CDM Executive Board (EB) (9<sup>th</sup> April, 2008), version 03 of CDM glossary of terms was applicable. As per this, the start date of a project activity was defined as:

***"Starting date of a CDM project activity (P - SSC)***

*The starting date of a CDM project activity is the earliest date at which either the implementation or construction or real action of a project activity begins. Project activities starting between 1 January 2000 and the date of the registration of a first clean development mechanism project have to provide documentation, at the time of registration, showing that the starting date fell within this period, if the project activity is submitted for registration before 31 December 2005."*

Since project was stalled due to the change in the proposed project site, soon after the Letter of Intent (LOI) was placed by MMTC, the date of LOI could not be considered as the start date of the project. The next milestone in terms of implementation, construction or real action was considered as the commissioning of the project. Therefore, we considered it appropriate to assume the date of commissioning of the project (24<sup>th</sup> March 2007) as the start date of the project activity in the PDD.

However, in the recent EB 41 meeting, the start date of the project was further explained as (CDM glossary of terms version 04):

*"The start date shall be considered to be the date on which the project participant has committed to expenditures related to the implementation or related to the construction of the project activity. This, for example, can be the date on which contracts have been signed for equipment or construction/operation services required for the project activity. Minor pre-project expenses, e.g. the contracting of services /payment of fees for feasibility studies or preliminary surveys, should not be considered in the determination of the start date as they do not necessarily indicate the commencement of implementation of the project. For those project activities which do not require construction or significant pre-project implementation (e.g. light bulb replacement) the start date is to be considered the date when real action occurs. In the context of the above definition, pre-project planning is not considered "real action". The Board further noted that there may be circumstances in which an investment decision is taken and the project activity implementation is subsequently ceased. If such project activities are restarted due to consideration of the benefits of the CDM the cessation of project implementation must be demonstrated by means of credible evidence such as cancellation of contracts or revocation of government permits. Any investment analysis used to demonstrate additionality shall comply with the requirements of paragraph 7 of the "Guidance on the assessment of investment analysis" (version 02)."*

In light of the new guidance in EB 41, the PP would like to re-present the major milestones in the implementation of the project in the table below to arrive at the appropriate start date of the CDM project activity:

Date	Milestones	Document
25-09-2006	Letter Of Intent to RRB Vestas	Letter of Intent to Vestas RRB
19-10-2006	Supplier's Letter to intimate about change in location of the project. Project put on hold	Letter from Vestas RRB
12-12-2006	Approval for the project with alternate site by ICOD <sup>1</sup> (CDM revenues sought)	Agenda dated 11/12/06 and Minutes of meeting of ICOD
12-12-2006	Acceptance letter to Vestas RRB	Letter from MMTC
15-12-2006	Acceptance letter by Vestas RRB	Letter from Vestas RRB
24-03-2007	Commissioning of first turbine	Certificate already submitted to DOE
30-03-2007	Commissioning of the complete project.	-do-

On the 25<sup>th</sup> September, 2006, MMTC placed the Letter of Intent to Vestas RRB for a 15 MW wind power plant at Mudipirra, Mangalore District, Karnataka. However, Vestas RRB vide their letter 19<sup>th</sup> of October 2006, informed MMTC that the proposed project site at Mudipirra could not be allotted to MMTC for their project, as the Government of Karnataka planned to acquire the land for Special Economic Zone (SEZ) and upcoming ONGC project. The new site that was offered to them was Gajendragarh in Gadag District, Karnataka. Thus, Vestas RRB did not give its acceptance to the LOI of MMTC and requested MMTC to give its approval to the alternate site.

On the 12<sup>th</sup> of December 2006, the Investment Committee of Directors of MMTC after carrying out an analysis of the impact of change in the project location found that the project can become viable only if CDM revenues are received by them. Accordingly, the ICOD gave its approval for acceptance of the new site. Accordingly, a letter of acceptance was sent by MMTC to the suppliers giving its approval for the project at the new location. The same was accepted by Vestas RRB through its letter dated 15<sup>th</sup> December 2006. They also submitted an activity chart which showed the sequence of activities to be carried out for setting up the project at the new site.

Hence, on the agreement and commitment by both the parties on 15<sup>th</sup> of December 2006, the project activity commenced and the project was finally commissioned the 24<sup>th</sup> and 30<sup>th</sup> March 2007.

In the context of the above definition of start date of a CDM project activity, PP's commitment to the implementation of the project can be considered only when MMTC's letter of approval along with other terms and conditions was accepted by Vestas RRB through their letter on the 15<sup>th</sup> of December 2006. The activity chart attached with this letter further proves that implementation of the project started on the same day. Thus, we propose to consider 15<sup>th</sup> December 2006 as the start date of the project activity in view of the new guidelines and request the EB to accept the same.

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<sup>1</sup> Investment Committee of Directors of MMTC (PP)