

 CDM project activity registration review form <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>	
Designated national authority/Executive Board member submitting this form	
Title of the proposed CDM project activity submitted for registration	Project 0389, Waste Heat Recovery Project on technology up-grading at Apollo Tyres, Vadodara, India.
<p>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.</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"> <input type="checkbox"/> The participation requirements as set out in paragraphs 28 to 30 of the CDM modalities and procedures are satisfied; <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; <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; <input checked="" type="checkbox"/> X 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; <input checked="" type="checkbox"/> X The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the Executive Board; <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; <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. <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"> <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; <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; <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; <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; <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; <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. 	
Section below to be filled in by UNFCCC secretariat	
Date received at UNFCCC secretariat	20/05/06

Reasons for Request:

1. The investment test has not been done properly by the developer and not been appraised properly by the validator. The validator has not recognized that the alternative to the project "Power and steam Generation with boiler and steam turbine

using Indian coal as fuel” is unrealistic due to the shortage of domestic coal which is thus not delivered to private industries but only to power plants and state industries. So only the alternative “Generation with boiler and steam turbine using Petcoke and imported coal as fuel” is realistic. The PDD does not give the assumption about the price of imported coal used to derive the IRR for the alternative. Moreover, the PDD does not include the enclosures mentioned on p. 13 so it is impossible for me to check the IRR calculations. The natural gas price assumption for the project case is unrealistically high. According to the Indian Ministry of Oil, the price per m³ was 2.85 Rs in 2004 (see petroleum.nic.in/petstat.pdf, table 30). Even if pipeline costs of 1.1 Rs/m³ are taken into account, the price is still just half of the price quoted in the PDD. I strongly suspect the project case to become the most attractive if a realistic natural gas price is used. The sensitivity analysis is designed in a way (assumptions about price changes) that always make the project case less attractive than the alternative. The EB should require project developers using an investment analysis to state all assumptions and to publish the excel sheets as annex to the PDD. In case of confidentiality issues, the sheets should at least be made available to the DOE and the RIT members to check the calculations.

2. The PDD does not contain any documentation on the sources of the electricity grid emission factor. It is just mentioned in Table A.4 of the PDD as 760 g CO₂/kWh. While the validator states on page A-10 that supporting information was provided and therefore closed NIR 4, the supporting information has not been integrated in the PDD.
3. The validation findings overview (p.3) states that the investment barrier is used for additionality, then mentions a technology barrier but only gives an argument on the barrier according to prevailing practice. A letter from the producer of a specific type of equipment that this equipment (produced by the same producer) has not been used in the host country is not sufficient evidence for a prevailing practice barrier, as similar equipment manufactured by other producers could be widespread in the host country. Moreover, this letter does not fulfil the requirements specified by the DOE to close NIR 4 stated on page A-9 of the validation report: “ Under Common practice analysis, please provide other same kind of project’s name and distinctions between them & project activity”.
4. The spreadsheet in Annex 4 (calculations) attached to the CDM-SSC-PDD (version 02) has columns missing which was not noted by the DOE.