



Mr. Hans Jurgen Stehr
Chair, CDM Executive Board
UNFCCC Secretariat
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August 18th 2007

Re: Request for review for the request for issuance for the CDM project activity "Grasim Cement: Energy efficiency by up-gradation of clinker cooler in cement manufacturing" (Ref. no. 0858) for the monitoring period from 1 October 2004 to 31 March 2007

Dear Mr. Stehr,

SGS has been informed that the request for issuance for the CDM project activity "Grasim Cement: Energy efficiency by up-gradation of clinker cooler in cement manufacturing" (Ref. no. 0858) for the period from 1 October 2004 to 31 March 2007 is under consideration for review because three requests for review have been received from members of the Board.

The requests for review are based on the same reason outlined below. SGS would like to provide an initial response to the issues raised by the request for review:

Request 1, 2 and 3:

1. The approved methodology requires "(b) Metering the energy use of the industrial facility, processes or the equipment affected by the project activity." However, the verified monitoring report and the verification report is not accordance with the methodology. Further clarification is required.
2. The monitoring report stated that gross calorific value of fuel consumed is based on analyses by an independent lab. The average calorific values of the fuel from April 2005 to March 2006 in the PDD are different from the values of the fuel in the monitoring report; these changes should be clarified as the date of registration was 3 March 2007.
3. There is a discrepancy of the formula for the calculation of the total energy savings between the PDD and the monitoring report, which result in more energy savings for this monitoring period. Further clarification is required.

SGS's Response to the Comments:

- The project proponent is monitoring all the parameters according to validated and registered PDD. The Small Scale Methodology (AMS-IID version 07) states that (6b) Metering the energy use of the industrial facility, processes or the equipment affected by the project activity and also (6c) states calculating the energy savings using the metered energy obtained from subparagraph (6b). The same approach of calculation was adopted in the registered PDD and was accepted.

According to the methodology applied for the project activity, the energy used is metered by the way of metering of fuel used. The registered CDM project activity will reduce GHG emission by reduction

of fuel consumption and at the same time is being measured in the plant as mentioned in the monitoring report.

The industrial facility is a cement manufacturing plant, where energy from burning of fuel is utilized as heat energy. The performance of the retrofit CDM project therefore is dependent on the energy efficiency of equipment i.e. 'clinker cooler'.

In the present case if the emission reduction would have been calculated based on fuel used which is metered continuously, the emission reductions would be inaccurate/higher due to other small unaccounted energy efficiency improvement in other part of cement manufacturing in same process line. Therefore the registered project activity is following an accurate and conservative way and follows the methodology by metering the energy use by which efficiency is calculated. Therefore the project activity is inline with the methodology AMS II-D version 7. This was checked during validation and same was also verified and mentioned in the verification report.

2. In the validated PDD the calorific value used was measured daily and taken as monthly weighted average for both the fuels (coal and petcoke) and referred in the excel spreadsheet. During verification it was found that the weighted average calculations are not correct and involves calculations error. This was corrected during verification and also cross-checked with the plant records (SAP record extract for Fine coal is attached herewith as Annex2); thus calorific values mentioned in verification excel spreadsheet were accepted. In terms of materiality this change is not reflecting different values of emission reduction. The excel sheet is attached with the actual calorific values presented in the monitoring report and with the calorific value of registered PDD.

Table 1: Emission reductions for April 2005 – March 2006 period as mentioned in request for issuance review comment

Month	CER as per actual calorific value used in the monitoring report	CER as per calorific value of registered PDD
April 2005	1407.00	1406.00
May 2005	1407.00	1406.00
June 2005	1469.00	1468.00
July 2005	1335.00	1347.00
August 2005	1408.00	1408.00
September 2005	819.00	818.00
October 2005	1007.00	1005.00
November 2005	1397.00	1396.00
December 2005	1392.00	1390.00
January 2006	1417.00	1415.00
Feb 2006	1312.00	1312.00
March 2006	1452.00	1451.00
Total	15822.00	15822.00

It is clear from above table that calorific value has no significant impact on emission reductions. In monitoring report actual calorific value is used which was verified during the verification site visit. Please find attached Annex1 ER calculation sheet (Refer to Emission reduction Apr05-Mar06 sheet) discussing the impact of calorific value used in PDD and in monitoring report on the Emission reductions.

3. The increase in energy saving is mainly because of the change in kiln running hours. In the validated PDD the emission reduction estimation was done based on the estimated average kiln running hours (27 days in a month and 24 hrs operations i.e. 648 hrs). While in the monitoring report the actual kiln running hour were considered, which was monitored and recorded in SAP system (Annex3 Actual kiln run hour). This was accepted since the data used in the monitoring report is accurate and also in line with the registered PDD. This data was verified during the verification site visit as mentioned in the verification report.

We did not identify any other discrepancy in formula used for calculation of energy saved. The detailed description of the increase in energy saving is given here and attached in the Annex1 ER calculation sheet (Refer to Emission reduction sheet Oct 04-Mar 05, Emission reduction sheet Apr 05-Mar 06 and Emission reduction sheet Apr 06-Mar 07).

Table 2: Change in operating hours and emission reductions for the period October 2004 to March 2007.

Description	Oct-2004 to March 2005	April 2005 to March 2006	April 2006 to March 2007
Actual running hours	4329	8187	7338
Average Running hours as in registered PDD	3888	7776	7776
Difference	441	411	-438
% difference in running hrs	+11.33%	+5.29%	-5.64%
ER as in monitoring report	8199	15822	12049
ER as in registered PDD	7370	15179	15179
Difference	829	643	-3130
% difference	+10.11%	+4.06%	-25.98%

It is clear that the difference in energy saving and in-turn in emission reduction is because of the actual running hours in monitoring report and it was also discussed in the verification report and accepted because the actual kiln running hours giving the accurate data and it was also inline with the registered PDD.

Therefore, we feel that the clarification sought by board members has been taken into account. We do however apologize if this was not sufficiently clear from the earlier verification and certification report.

Sanjeev Kumar (0091 9871794628) will be the contact person for the review process and is available to address questions from the Board during the consideration of the review in case the Executive Board wishes.

Yours sincerely

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Annex1 – ER calculation sheet
Annex2 – Fine Coal details
Annex3 – Actual kiln run hours