



# 深圳市利赛实业发展有限公司

## Shenzhen Lisai Development Co., Ltd.

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Mr. Hans Jürgen Stehr  
Chair, CDM Executive Board  
UNFCCC Secretariat  
CDMinfo@unfccc.int

28<sup>th</sup> March 2007

Re      *Request for review of the request for registration for the CDM project activity "Shenzhen Xiaping Landfill Gas Collection and Utilization Project" (Ref. no. 0887).*

*Dear Mr. Stehr,*

*Lisai has been informed that the request for registration for the CDM project activity "Shenzhen Xiaping Landfill Gas Collection and Utilization Project" (Ref. no. 0887) was put under consideration for review .*

*In response to the two issues raised from the request for review by the CDM Executive Board, we would like to provide to you, and through you, to the CDM Executive Board, our clarifications and additional information, to address the concerns by the Executive Board, as following.*

*The first issue raised in the request for review is:*

*"The comments raised in the stakeholder consultation process were not properly addressed. There was a comment collected in the global stakeholder process (posted on 29th December 2006 by Daniel Rogicki), which clearly states that there is legislation in place in China for LFG collection, while the PDD for this project activity states that there are no regulations in place. This could alter the additionality analysis asking for a stronger case with respect to financial and technological barriers apart from the barriers presented."*

*We would like to clarify that in China there are no laws to require the collection of landfill gas and use such gas, even though the government issued a regulation in 1997 to encourage the collection of landfill gas, and flaring if possible for security purpose. Nowadays, only limited projects with landfill gas collection and flaring have been implemented with government support, as demonstration cases. Such fact shows that, the regulation has not been implemented widely. We made mistake that we thought that it may not be necessary to elaborate such un-enforced regulation in the PDD. This is why the first version of our PDD did not discuss the regulation. After finding this mistake, we corrected this statement and we did elaborate this regulation in the latest PDD when we submitted our project to EB for registration. Obviously, this regulation is not enforced for implementation as said above, and therefore, this regulation will not change the status of our project that is really additional against the baseline scenario, even though China has such regulation.*

The second issue raised in the request for review is:

*“Project proponents use the Simple OM method to calculate the OM. The methodology states that Simple OM can only be used where low-cost/must run resources constitute less than 50% of total grid generation. Furthermore, it states that if coal is used as must-run, it should also be included in this list, i.e. excluded from the set of plants. The Project proponents have to clarify if in this region of the P.R. China, low-cost/must-run do no include coal, as might be logical to assume. This situation, if confirmed, will modify the calculation of OM.”*

*In Methodology ACM0002 (Consolidated methodology for grid-connected electricity generation from renewable sources --- Version 6), Low cost/must run resources is defined as “Low operating cost and must run resources typically include hydro, geothermal, wind, low-cost biomass, nuclear and solar generation. If coal is obviously used as must-run, it should also be included in this list, i.e. excluded from the set of plants.” As for South China Power Grid that is dominated by coal-fired electricity, obviously, coal-fired electricity does not belong to the one of “low operational cost” since the coal cost, the main part of the operational cost of coal-fired electricity, is much higher than hydro, geothermal and wind that have no such cost. And also as such, when the Grid would reduce the operation of parts of power plants, during the lower load demand period, some of the coal-fired power plants will be asked to undertake such function firstly so as to maximize the utilization of hydro, geothermal and wind power plants that will consume renewable resources for electricity generation with no cost. Therefore, obviously, coal-fired electricity in South China Power*

*Grid does not belong to the one of “must run”. Hence, coal-fired electricity of South China Power Grid should not be looked as “Low cost/must run”.*

*It is the common understanding by CDM experts in China, including Wei Zhi-hong who was a member of Meth Panel before, that coal-fired electricity shall not belong to low cost/must run resources. Chinese DNA organized to study the calculation method of grid GHG emission factor, and issued the grid GHG emission factors for all grids of China, and the calculation method does not consider coal-fired electricity as low cost/must run resources.*

*Many projects from South China that have been registered as CDM projects by CDM Executive Board, also do not consider coal-fired electricity as low cost/must run resources, when calculating GHG emission factors of South Grid. It is our understanding that CDM Executive Board has accepted this calculation method.*

*With the above clarification, explanation and additional information, we wish that the concerns raised by CDM Executive Board have been fully and adequately addressed, and we sincerely hope that the CDM Executive Board would approve this project for registration as early as possible.*

*Should you need further information or clarification, please feel free to contact Mr.Zhang guangyu whose contact details are listed as follows and he will always be available to provide to you the further information if you need for your decision-making.*

*Thank you very much for your time.*

*Yours sincerely,*

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