

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

June 21<sup>st</sup> 2007

Re Request for review of the request for registration for the CDM project activity "Grid-connected electricity generation from renewable sources at Kadavakallu, Putluru Mandal, Dist" (Ref. no. 1071)

Dear Mr. Stehr,

SGS has been informed that the request for registration for the CDM project activity "Grid-connected electricity generation from renewable sources at Kadavakallu, Putluru Mandal, Dist" (Ref. no. 1071) 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 reasons outlined below. SGS would like to provide a response to the issue raised by the request for review:

Request for clarification to the DOE:

1. Evidence must be provided regarding the starting date of this specific project activity. It is not clear that the statement made to the Board on 3 January 2000 relates to this specific project or that the actual decision to proceed with the project activity was taken on this date and not earlier. Validated evidence specific to the project activity is required.

#### **SGS Reply:**

The starting date of the project activity was verified as 3<sup>rd</sup> Jan 2000 with board note in which the decision was taken to go ahead with the project activity. In order to provide evidence that the incentive from the CDM was seriously considered in the decision to proceed with the project activity, minutes of a Board meeting of the project participant were provided. These minutes were reviewed and discussed during the site visit and the excerpts of the meeting duly signed by the corporate engineering head have been submitted to the validator. It has been verified that the relevant meetings took place on 3<sup>rd</sup> Jan 2000.

Subsequently, the letter from Das Lagerwey and purchase order (attached as Annex1) released on 4<sup>th</sup> Jan 2000 clearly states the nos. of machines supposed to be installed on the site. The capacity mentioned in the PDD was verified with this document during site visit. The statement made to the board relates to this specific project as it is preceding to this meeting that the Purchase Orders have been dispatched. The board statement is directed to this specific project activity as no other installations have been undertaken in the state of Andhra Pradesh by this project participant. Further to these actions undertaken by the proponent the initiated correspondence letters between NEDCAP an Andhra Pradesh state government company and project proponent for sale of CO2 benefit (attached as Annex 2) was verified. This series of evidences point out the approach and girth of efforts towards the specific activity as mentioned in the Board note.

2. The input values used in the IRR calculations should be validated. It is not sufficient to rely on the report of the Chartered Accountants which specifically states that they do not “vouch for the reliability of the figures stated”.

**SGS Reply:**

The input values and assumptions used in the IRR calculations had been verified and only due to this reason the CA report for arithmetic accuracy was accepted for further clarity. The same has been already reviewed by SGS and found reliable. The project participant has made available one more document on the reliability of the calculations. The copy of the same is attached as Annex 3.

3. Section E.1.2.4 of the PDD states that “it was found after calculations that the baseline emission factor (EFy) was more conservative when based on the weighted average emissions (as per Step 7b), as hence this value has been used for baseline calculations”. The validation report also states that the weighted average emission approach has been used. However, the emission reduction calculations are based on a combined margin of 0.810 tCO<sub>2</sub>/MWh. The calculation and application of the baseline emission factor should be clarified.

**SGS Reply:**

The weighted average emission factor was produced in the PDD made available for validation which stated that this is more conservative and used for baseline calculations. The most recent data were not used in the calculation and NIR4 was raised. In response to that the PP adopted the combined margin grid emission factor calculations with most recent data available and fixed the grid emission factor ex-ante for the entire crediting period. The factor was specified in the revised PDD but the section E.1.2.4 was not updated accordingly. The revised PDD (Annex 4) and validation report (Annex 5) is being submitted with the corrections.

Therefore, with the above explanation, corrections and evidence enclosed, we feel that the clarifications sought by the EB have been duly answered. We do however apologize if this was not sufficiently clear from the validation 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

Irma Lubrecht  
Technical Reviewer  
[Irma.lubrecht@sgs.com](mailto:Irma.lubrecht@sgs.com)  
T: +31 181 693293  
M: +31 651 851777

Shivananda Shetty  
Lead Auditor  
[Shivananda.shetty@sgs.com](mailto:Shivananda.shetty@sgs.com)  
T: +91 124 2399990-98  
M: +91 987 17194706

**Encl:**

Annex 1 Letter from Das Lagerwey and purchase order  
Annex 2 Nedcap Letter  
Annex 3 Chartered Accountant Letter  
Annex 4 Revised PDD  
Annex 5 Revised validation report

- o0o -