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

August 23rd 2007

Re Request for review of the request for registration of the CDM project activity "10MW Waste Heat Recovery based Captive Power Project at Vikash Metal and Power Limited "(Ref. no. 1149)

Dear Mr. Stehr,

SGS has been informed that the request for registration for the CDM project activity "10MW Waste Heat Recovery based Captive Power Project at Vikash Metal and Power Limited "(Ref. no. 1149) is under consideration for review because three requests for review have been received from members of the Board..

SGS would like to provide an initial response to the issues outlined below by the request for review:

1. Further evidence is required to determine whether or not a captive coal and char fired power plant is a more likely baseline scenario that the importation of electricity from the grid.

SGS Reply: The management of Vikash metal was also of view of importing electricity from the grid instead of having captive power plant. This is proved by the series of board minutes attached as Annex 1. This was also checked by the validator during the site visit. The common practice in the region is import of electricity from the grid which was verified with the Joint plant committee report page 38 which shows no plant out of 30 surveyed plants is having captive power plant. The copy of same is attached as Annex 2. This document was also checked during site visit. Above all, the plant has requested the grid to increase the contract demand from 11MVA to 18MVA. The copy of same is attached as Annex 3. The copy of this letter was also obtained during the site visit. Hence this was evident that the most likely baseline scenario would be import of electricity from the grid and this was more conservative too hence was chosen as the baseline. From the below stated figures of baseline emission factor from grid replacement and coal based CPP, the import of power from the grid is the conservative option for the CPP. The baseline emission reduction calculation sheet is attached as Annex 4. Hence in absence of this project activity the equivalent power would have been imported from the grid.

Baseline emission factor per GWh (Grid as baseline)	927.19	tCO2e/GWh
Grid emission factor based on Combined margin (as per baseline data base of Central Electricity Authority of India)	1058.2	tCO2e/GWh
Baseline emission factor per GWh (Coal based CPP as baseline)	1091.87	tCO2e/GWh

2. As the AFBC boiler will only be installed as a result of the project activity it should be confirmed how any net increase in emissions resulting from the operation of this boiler will be accounted for.

SGS Reply: There will be no net increase in emission reductions due to the operation of AFBC boiler as this is installed as stand by and will only be operated if there is any problem with the WHR boilers. This shows that the AFBC is put as a result of project activity. The WHRB boilers capacity is 40 TPH (10 TPH x 4 nos.) and the steam requirement to the turbine is also 40 TPH. Hence the AFBC can not be run when all WHRB are well operated however this will be monitored whenever this is operated and the project emissions due to fossil fuel combustion will be subtracted from the baseline emissions. This is to be noted that the plant is still importing power from the grid to meet its power requirement of 22MW because the plant turbine capacity is only 10MW. Whenever operated, the AFBC boiler will be using around 70% of char and 30% of coal only. The char is the waste of sponge iron industry which is otherwise dumped in the closed mines. The revised PDD is also attached as Annex 5 for more clarification.

3. The PDD states that the project is requesting a seven year renewable crediting period, the validation report states a 10 year fixed period, while the request for registration states a 6 year renewable period.

SGS Reply: The PDD is requesting seven year renewable crediting period which was checked with the PDD and the project proponent and based on the review the validation report is corrected and now mentions the 7 year renewable crediting period and attached as Annex 6.

Therefore, we feel that the decision by the EB has been taken into account. 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

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Annex 1 Minutes of Board Meetings
Annex 2 Joint Plant Committee Report - Page 38
Annex 3 Contract demand increase letter
Annex 4 baseline emission reduction excel sheet
Annex 5 Revised PDD
Annex 6 Revised Validation report