



**Rama
Paper
Mills
Limited**
October 10, 2007

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To,

The Manager
CDM Section
UNFCCC, Bonn
Germany

Subject: Reference: Request for review for: "6.0 MW Biomass based cogeneration power plant of Rama Paper Mills Limited, Kiratpur, Uttar Pradesh " (1181)

Dear Sir

Rama Paper Mills Limited (RPML) would like to thank the CDM executive board and the secretariat for giving us the opportunity to clarify on the four requests made on our project design document of the project viz 6.0 MW Biomass based cogeneration power plant of Rama Paper Mills Limited, Kiratpur, Uttar Pradesh.

We clarify and give our responses to each of your requests:

Request for review no. 1:

The PP shall further demonstrate the additionality of the project activity in relation to, inter alia, the denominated standard against which the IRR is compared, the energy costs and irregular supply of energy as main driver of the project, and the very fast recovery of the investment through a short payback period.

RPML Response:

As stated in the PDD version - 2, the IRR of the project has been computed at 10.1% which is less than the benchmark IRR of 16% as stipulated by the Central Electricity Regulatory Commission, New Delhi, India order dated 21/01/2004. In this regard it is to be noted that the IRR has been estimated with an assumption of the plant being operated at its maximum capacity which is an optimistic consideration for a biomass based power plant. Moreover the identified project activity is susceptible to the external factors like increase in the price of biomass or decrease in power generation and hence a sensitivity analysis has also been carried out with the same variables.

The project activity is located in the state of Uttar Pradesh which is very much afflicted with problems like dismal power condition and the documentary evidences towards the same are enclosed as **Annexure -1**. RPML had experienced and is continuing to experience similar problem of interrupted power supply and poor power quality. A sample record of poor quality and supply of power as experienced by RPML for a period of one month is enclosed as **Annexure-2**. Thus in order to ensure an uninterrupted and reliable power supply and also to avail CDM benefits, RPML decided to establish a biomass based captive power generation facility which is evidenced in the document enclosed in **Annexure-3**.

In the absence of the project activity the equivalent quantum of power was being imported from the local state grid and the project promoter had an option to continue with the grid power which does not entail any additional investment. During the implementation of the project activity RPML has come across many barriers such as obtaining financial closure, loan rejection from the financial institutions, high interest rate, increasing cost of biomass fuel, etc. which have been detailed in the PDD. Despite all such barriers and poor financial situation, RPML decided to go ahead establishing the identified project activity considering the availability of CDM revenue.



Rama Paper Mills Limited

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Request for review no. 2:

The DOE shall further clarify how they have taken into account the public inputs regarding the project activity as a business as usual project and how they have validated that these public comments are not valid.

RPML Response: The response is provided by the DOE.

Request for review no. 3:

The monitoring plan does not include the annual evaluation of whether there is a surplus of biomass in the region and any leakage that may need to be estimated and deducted from the emission reductions in accordance with the Board's "General guidance on leakage in biomass project activities (ver.2)".

RPML Response: The details of annual evaluation of surplus biomass is included in the revised PDD, version - 3 which is enclosed as Annexure- 4.

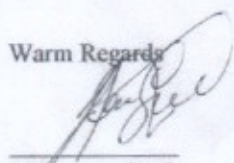
Request for review no. 4:

Clarification is sought to explain the inconsistency in the average annual emission figure that is stated in the project view page (24,640 tCO₂) from the PDD (24,742 tCO₂).

RPML Response: The emission factor has been erroneously considered as 0.736 kg of CO₂ / kWh in the PDD as against the actual value of 0.733 kg of CO₂ / kWh. The emission reductions have been recalculated using emission factor as 0.733 kg of CO₂ / kWh and included in the revised PDD, which is enclosed as Annexure-4.

We hope the above clarifications are in line with your requirements and we sincerely look forward to the registration of our project activity.

Warm Regards


Mr. Arun Goel
Director
Rama Papers Limited.