Comment number	Date received	Submitter	Comment
1	07/10/2006	**Name:** Aman **City:** Hyderabad **Organisation:** Individual **Country:** India	Methodology: AMSID Version 9 has been said to be used, however grid emission factor is as per Version 8. Please make corrections. Baseline: Caclulations/or some evidences need to be provided that boiler capacity is less than 45 MWthermal. Fuel used in the plant: Is woodchip renewable biomass? Above points are normal errors which could be corrected, however there are some serious flaws in the project concept & addtionality which could not be corrected. I request DOE to look into following issues seriously to avoid such a free-rider project 1- PDD page 11: "The implementation of the biomass based cogeneration project activity is a voluntary step undertaken by RPML with no direct or indirect mandate by law. The main driving forces to this ‘Climate change initiative’ have been GHG reduction and subsequent carbon financing against sale consideration of carbon credits and Rural Development of the region by creating job opportunities for the local people." However the truth is as stated by Rama Paper Chairman Mr. Pramod Kumar himself while presenting year 2003-04 results "Energy is main concern of every paper unit. Decline quality , irregular way of supply and ever increasing cost of power supplied by State Electricity Board had forced your company for conceptualizing a captive power plant of 6MW. Company is in process to tie up external as well as internal funds for this project the expected outlay on which on a rough estimation is about Rs 2000 lacs. A fair payback period of captive power plant works out to be 3 years and would ensures a sustained growth of your company." Above statement clearly show that a) project is coming up due to high grid electricity cost and not for GHG reduction as stated in PDD b) project is very attractive with a payback of only 3 years. This text is available on Rama paper website. And also I have screenshots of the same with me, if DOE wishes I would be glad to send the same. 2- PDD claims (page 11, Investment Barrier)that "In order to set up a cogeneration facility in the plant, RPML initiated dialogues with the financial institutions in June 2004 to finance the cogeneration power plant. However, due to RPML’s poor financial background, the financial institutions were apprehensive and reluctant to finance the project. RPML continued to approach various financial institutions and subsequently in the year November 2005 borrowed the debt from the financial institution at a higher rate of interest as against the normal rate offered. This has lead to financial burden on RPML who is in the process of recovering from its BIFR."

Above is a wrong fact as Company has applied for deregistration from BIFR in 2003-04 itself much before going for loans from banks/FIs, and as per annual report it was already out of BIFR before applying for loans from Banks/FIs.
Also the claim that company was in bad financial condition is also wrong as annual report provides following highlights of performance during 03-04 much before project started
"I am glad to inform you the tremendous exceptional performance during the year 2003-2004 has demonstrated its abilities and capabilities to cope with any emerging challenges. The highlights of the performance of your company in FY 2003-2004 are:
• Turnover reached to Rs 6211 lacs as compared to Rs 5096 lacs (FY 2002-2003) and Rs 4914 lacs (FY 2001-2002)
• Cash accruals from operations are Rs 330 lacs against cash losses of Rs 480 lacs (FY 2002-2003) and cash losses of Rs 577 lacs (FY 2001-02)
• Net profit after tax is Rs 534 lacs as compared to net loss of Rs 409 lacs (FY 2002-03) and net loss of Rs 708 lacs (FY 2001-02)
• Plant capacity utilization is 84% as compared to 72% in FY 2002-03 and 65% in FY 2001-02.
• Term loan reduced to Rs 1325 lacs as on March 2004 as compared to Rs 3737 lacs as on March 2003 and Rs 4289 lacs as on March 2002.
• Company is heading for debt free of existing debt by March 2006.
• Net worth of company became positive as on March'04 after remaining in red since 1999.
• 145% increase in sales and 116% growth in production over past five years.
• Company had already applied for de registration of its reference from BIFR, henceforth company is a non BIFR company."

3- PDD claims that company had an option of going ahead with coal as a fuel option but doesnt elaborate on this point regarding project cost, availibility of coal etc. Uttar Pradesh where this project is based doesnt have coal mines, so in all probability coal would be costilier. Also confirm this fact if coal linkage is possible for such a small project in UP, as without coal linkage no coal power plant can come up.

4- Increased fuel prices: This is a flimsy logic, please provide annual avergae fuel prices and not max prices seen in any one year.
Increasing biomass may also point toward shoratge of biomass in the region. PDD should also include leakage that may occur due to usage of biomass in the plant.

5-Please show comparison of grid electricity prices with electricity cost in the project activity.

6-PDD talks about additional burden due to higher interest rate, but what is the interest rate it has not been shown. Please provide details of additional burden due to higher interest rate.

Comments from international stakeholder to be address by the project proponent

Date: 07th October 2006 Raised by: Aman

Comment	Issue	Ref
1	Methodology: AMSID Version 9 has been said to be used, however grid emission factor is as per Version 8. Please make corrections. Baseline: Caclulations/or some evidences need to be provided that boiler capacity is less than 45 MWthermal. Fuel used in the plant: Is woodchip renewable biomass? Above points are normal errors which could be corrected, however there are some serious flaws in the project concept & addtionality which could not be corrected. I request DOE to look into following issues seriously to avoid such a free-rider project	
[Comment Reply Client] The PDD version 2.0 includes the details as per the latest version of AMS ID. The calculations for 45 $MW_{thermal}$ are also included in the revised PDD. Woodchips as per the UNFCCC is a renewable biomass.		
[DOE Comment] The revised PDD mentions latest version of AMS-1D i.e. Version 10. The reply was accepted and is OK.		

Date: 07th October 2006 Raised by: Aman

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2	1- PDD page 11: "The implementation of the biomass based cogeneration project activity is a voluntary step undertaken by RPML with no direct or indirect mandate by law. The main driving forces to this 'Climate change initiative' have been GHG reduction and subsequent carbon financing against sale consideration of carbon credits and Rural Development of the region by creating job opportunities for the local people." However the truth is as stated by Rama Paper Chairman Mr. Pramod Kumar himself while presenting year 2003-04 results "Energy is main concern of every paper unit. Decline quality , irregular way of supply and ever increasing cost of power supplied by State Electricity Board had forced your company for conceptualizing a captive power plant of 6MW. Company is in process to tie up external as well as internal funds for this project the expected outlay on which on a rough estimation is about Rs 2000 lacs. A fair payback period of captive power plant works out to be 3 years and would ensures a sustained growth of your company." Above statement clearly show that a) project is coming up due to high grid electricity cost and not for GHG reduction as stated in PDD b) project is very attractive with a payback of only 3 years. This text is available on Rama paper website. And also I have screenshots of the same with me, if DOE wishes I would be glad to send the same.	
[Comments reply from project developer] The 6 MW biomass based cogeneration unit of Rama Paper Mills was conceived on 30/04/2004 as indicated from the CDM evidence of the Board resolution. Rama Papers had initiated the dialogue with the consultant to prepare the DPR in July 2004 for which evidence has been given to the		

DOE. The decision to go ahead with the project was taken before the Annual General Meeting for which the evidence has been given to the DOE. However due to financial constraints and non-support of Banks to provide loans as indicated to the DOE during the site visit, the project could not be implemented. As Rama Papers had not initiated any work on claiming carbon credits generated from the project, it was not mentioned in the AGM.
[DOE Comments] The DOE has gone through the board resolution , DPR also. The financial constraint documentation and IRR calculation sheet was also checked and found to be OK. The loan rejection letter was also verified. This was accepted.

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3	2- PDD claims (page 11, Investment Barrier)that "In order to set up a cogeneration facility in the plant, RPML initiated dialogues with the financial institutions in June 2004 to finance the cogeneration power plant. However, due to RPML's poor financial background, the financial institutions were apprehensive and reluctant to finance the project. RPML continued to approach various financial institutions and subsequently in the year November 2005 borrowed the debt from the financial institution at a higher rate of interest as against the normal rate offered. This has lead to financial burden on RPML who is in the process of recovering from its BIFR." Above is a wrong fact as Company has applied for deregistration from BIFR in 2003-04 itself much before going for loans from banks/FIs, and as per annual report it was already out of BIFR before applying for loans from Banks/FIs. Also the claim that company was in bad financial condition is also wrong as annual report provides following highlights of performance during 03-04 much before project started "I am glad to inform you the tremendous exceptional performance during the year 2003-2004 has demonstrated its abilities and capabilities to cope with any emerging challenges. The highlights of the performance of your company in FY 2003-2004 are: • Turnover reached to Rs 6211 lacs as compared to Rs 5096 lacs (FY 2002-2003) and Rs 4914 lacs (FY 2001-2002) • Cash accruals from operations are Rs 330 lacs against cash losses of Rs 480 lacs (FY 2002-2003) and cash losses of Rs 577 lacs (FY 2001-02) • Net profit after tax is Rs 534 lacs as compared to net loss of Rs 409 lacs (FY 2002-03) and net loss of Rs 708 lacs (FY 2001-02) • Plant capacity utilization is 84% as compared to 72% in FY 2002-03 and 65% in FY 2001-02. • Term loan reduced to Rs 1325 lacs as on March 2004 as compared to Rs 3737 lacs as on March 2003 and Rs 4289 lacs as on March 2002. • Company is heading for debt free of existing debt by March 2006. • Net worth of company became positive as on March'04 after remaining in red since 1999. • 145% increase in sales and 116% growth in production over past five years. • Company had already applied for de registration of its reference from BIFR, henceforth company is a non BIFR company."	
[Comment reply from Project Proponent] Though company came out of BIFR but it does not mean that financial position of company had improved suddenly. Company of its own applied for de registration from BIFR and decided to meet the liability of Banks and Financial Institutions after negotiating with them for one time settled amount. It was a gesture shown by the company to fulfil commitments through better working in the future. Company had One		

time settlements (OTS) with PNB and Financial Institutions and repayment schedule was stretched as long as March, 2006. In Annual Report for 2003-04, if the turnover is better and cash accrual are Rs. 330 lacs (As against cash losses of Rs. 480 lacs for 2002-03) does not suggest that company has no financial crunch. Even as on 31.03.04 there were term liabilities of Rs. 1325 lacs out of which Rs. 625 lacs was to be repaid in 2004-05 and Rs. 700 lacs was to be repaid in 2005-06 alongwith interest thereon. Hence until, March, 2006 company had to repay old debts and whatever cash generated from operations was drained out in repayment of old debts. In view of prior commitment to repay old debts banks were reluctant to finance us in 2004 and were ready to give us further exposure only after old debt burden is totally wiped off. A copy of the bank rejecting the loan application to set up the power plant is given to the DOE as evidence. Contemplating our company referred initially to BIFR and later did OTS with Banks and FI's, the credit rating of our company (Done by Banks to determine rate of interest to be charged) was always poor and bank charged higher rate of interest in respect of WCTL. Bank interest rates are based on certain factors such as rating of the borrower, industry segment and so on. While on one hand OTS gave us some breathing to recover on the other hand it affected our future earning by way of paying higher rate of interest. Company applied for term loan for financing Power project to IREDA and HUDCO for lessor rate of interest. Whereas banks are charging interest rate at BPLR, IREDA and HUDCO offer comparatively lower rate of interest. An indication of the rate chart of IREDA is given to the DOE as evidence. Company applied for term loans to IREDA and HUDCO for lessor rate of interest alongwith Bank of Baroda. But due to non sanction of loan from IREDA and HUDCO company had to accept loan offer from Bank of Baroda though at higher rate of interest and presently company is paying interest @11.5% on term loan for power project.
[DOE Comment] The loan documents provided were checked and found to be OK. The loan rejection letter mentions about the poor financial condition of the PP and also mentions the other parameters which proves the poor financial health of the company and above all the company is already paying the debt of other bank. These statements from the bank made it more clearer. Hence This was accepted and hence the reply is found to be OK.

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4	3- PDD claims that company had an option of going ahead with coal as a fuel option but doesnt elaborate on this point regarding project cost, availibility of coal etc. Uttar Pradesh where this project is based doesnt have coal mines, so in all probability coal would be costilier. Also confirm this fact if coal linkage is possible for such a small project in UP, as without coal linkage no coal power plant can come up.	
[Comment reply from Project Proponent] The details of the comparative cost of power plant and the cost of generation using coal, diesel and biomass are given to the DOE. It can be seen that the fuel cost of coal is high due to the increase in the transportation cost of coal to the plant as there are no coalmines in Uttar Pradesh. Though the cost of setting a power plant is approximately same for coal and biomass the cost of generation is high for biomass as against coal.		
[DOE Comment] The documentary evidence DPR provided was checked and found to be OK hence This can be accepted.		

Date: 07th October 2006 Raised by: Aman

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5	4- Increased fuel prices: This is a flimsy logic, please provide annual avergae fuel prices and not max prices seen in any one year. Increasing biomass may also point toward shoratge of biomass in the region. PDD should also include leakage that may occur due to usage of biomass in the plant.	
[Comment reply from Project proponent] The detail of the biomass availability is given to the DOE as evidence. The revised PDD includes the annual average prices of the biomass. The PDD already has included the leakage due to the transportation of biomass.		
[DOE Comment] The documentary evidence received was found to be OK. This is in accordance with methodology as well. This was accepted.		

Date: 07th October 2006 Raised by: Aman

Comment	Issue	Ref
6	5-Please show comparison of grid electricity prices with electricity cost in the project activity.	
[Comment Reply from Project proponent] The prices per unit of generation from the gird and the project activity are given hereunder: Grid: INR 3.77 kWh Project Activity: INR 3.17/kWh		
[DOE Comment] This is OK.		

Date: 07th October 2006 Raised by: Aman

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7	6-PDD talks about additional burden due to higher interest rate, but what is the interest rate it has not been shown. Please provide details of additional burden due to higher interest rate.	
[Comment Reply from Project proponent] The project has taken loan from Bank of Baroda at a rate of interest of 11.5% as against the interest rate offered by IREDA of 10.5%. The evidences for the same have been given to the DOE.		
[DOE Comment] The loan documents provided were checked and found to be OK.		