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

October 10th 2007

Re Request for review of the request for registration for the CDM project activity "NSSM – Narkatiaganj Biomass Power Project" (Ref. no. 1294)

Dear Mr. Stehr,

SGS has been informed that the request for registration for the CDM project activity "NSSM – Narkatiaganj Biomass Power Project"(Ref. no. 1294) 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 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/PP:

1. Further demonstration of the additionality of the project activity is required.
2. As the project involves the installation of a new 10MW turbine generator and retrofitting of one of the existing boilers, further clarification is required on how paragraph 4 and/or paragraph 11 of the methodology has been met.
3. As the electricity exported at 11kV is metered at the plant site, clarification is required as how the transmission losses will be taken in to consideration.
4. 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).

SGS Reply:

1. Further demonstration of the additionality of the project activity is required.

As explained in the validation report section 3.2, the project faced several barriers due to which no sugar industry in the state (Bihar) was exporting power to the grid. The validated project is to be the **first of its kind** which took the initiative to export power to the grid in the expectation of CDM benefits. The same was verified with the board resolution and the letter given by Bihar State Electricity Board. These documents were also uploaded with the request for registration. As per Attachment A to Appendix B: (c) prevailing practice would have led to implementation of the technology with higher emissions. Thus, it was concluded that the

project was not the most likely scenario and hence additional to any that would occur in absence of project activity.

2. As the project involves the installation of a new 10MW turbine generator and retrofitting of one of the existing boilers, further clarification is required on how paragraph 4 and/or paragraph 11 of the methodology has been met.

As per the Para 4 of the methodology, the project activity is the addition of a 10MW turbine and modifications in the earlier boiler. This renewable energy generation units is an addition to the existing renewable power generation facility, the added capacity of the units added by the project is lower than 15 MW and is physically distinct from the existing units. The project activity is capable of generating electricity without the operation of existing units and do not directly affect the mechanical, thermal, or electrical characteristics of the existing facility. The project activity will result in exports of electricity to the grid. There was no ability to export electricity to the grid prior to the implementation of the project activity as there was no grid connection and only the new turbine is capable to export the electricity to the grid. Furthermore, the project activity only claims the emission reduction from electricity exported to the grid.

In terms of para 11, the project activity modifies the existing boiler and increases its capacity from 80 to 96TPH. This has no impact on grid exports as it is the installation of the turbine that permits exports to the grid. In the absence of the CDM project activity, the existing facility would continue to provide electricity to the sugar plant and was not capable to export power to the grid. The project activity will meet the electricity requirement of the plant and the surplus will be exported to the grid. The lifetime of the boiler was checked and the modification does not affect the lifetime of the boiler. The same boiler is not likely to be replaced during the crediting period.

Therefore, the EGbaseline is equal to zero and the baseline emissions (BEy in tCO2) are the product of the baseline emissions factor (EFy in tCO2/MWh) times the electricity supplied by the project activity to the grid as follows: BEy = (EGy)· EFy

3. As the electricity exported at 11kV is metered at the plant site, clarification is required as how the transmission losses will be taken in to consideration.

The exports of electricity at 11kV will be monitored only at the site while as the exports at 132kV will be monitored at the substation. If electricity is exported at 11kV in the future till the 132 KV line has not been completed, the transmission losses will be accounted for from the invoice of the state electricity board as this states the transmission loss that is deducted from the on-site meter reading. The 2% transmission losses have been deducted from the final readings; Invoice from state electricity board has been attached with this letter as Annex 1. The QA/QC procedures in the monitoring of exports will therefore take account of transmission losses and the emission reduction will be claimed after deducting the transmission losses from the net exported power. The same has been incorporated in the revised PDD version 4 in section B.7.1 as attached Annex 2

4. 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).

The sugar plant itself has sufficient availability for biomass required to the project activity. The plant would not take biomass from outside sources. However the monitoring of surplus biomass has been incorporated in the monitoring plan of the revised PDD version 04.

Therefore, we feel that the clarification sought by board members has been taken into account. We do however apologize if this was not sufficiently clear from the validation report.

Nikunj Agarwal (0091 9818433756) 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 Bihar State Electricity Board (BSEB) Invoice
Annex 2 Revised PDD