



CDM project activity registration review form (F-CDM-RR)
(By submitting this form, a Party involved (through the designated national authority) or an Executive Board member may request that a review is undertaken)

Designated national authority/Executive Board member submitting this form	
Title of the proposed CDM project activity submitted for registration	Beijing Taiyanggong CCGT Trigeneration Project; Project activity 1320

Please indicate, in accordance with paragraphs 37 and 40 of the CDM modalities and procedures, which validation requirement(s) may require review. A list of requirements is provided below. Please provide reasons in support of the request for review, including any supporting documentation.

☐ *The following are requirements derived from paragraph 37 of the CDM modalities and procedures:*

- ☐ The participation requirements as set out in paragraphs 28 to 30 of the CDM modalities and procedures are satisfied;
- ☐ Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity (DOE) on how due account was taken of any comments has been received;
- ☐ Project participants have submitted to the DOE documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party;
- ☒ The project activity is expected to result in a reduction in anthropogenic emissions by sources of greenhouse gases that are additional to any that would occur in the absence of the proposed project activity, in accordance with paragraphs 43 to 52 of the CDM modalities and procedures;
- ☒ The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the Executive Board;
- ☐ Provisions for monitoring, verification and reporting are in accordance with decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP/MOP;
- ☐ The project activity conforms to all other requirements for CDM project activities in decision 17/CP.7, the CDM modalities and procedures and relevant decisions by the COP/MOP and the Executive Board.

☐ *The following are requirements derived from paragraph 40 of the CDM modalities and procedures:*

- ☐ The DOE shall, prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development;
- ☐ In accordance with provisions on confidentiality contained in paragraph 27 (h) of the CDM modalities and procedures, the DOE shall make publicly available the project design document;
- ☐ The DOE shall receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available;
- ☐ After the deadline for receipt of comments, the DOE shall make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated;
- ☐ The DOE shall inform project participants of its determination on the validation of the project activity. Notification to the project participants will include confirmation of validation and the date of submission of the validation report to the Executive Board;
- ☐ The DOE shall submit to the Executive Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party and an explanation of how it has taken due account of comments received.

☐ There are only minor issues which should be addressed by the DOE / project participants prior to the registration of the project.

Section below to be filled in by UNFCCC secretariat

Date received at UNFCCC secretariat	12/12/2007
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Reasons for request:

1. The PDD has applied investment analysis in order to demonstrate that project IRR (6.01 %) without CDM revenue do not exceed benchmark rate of return (8 %) and the project would have not happened in absence of the CDM benefits. However, further clarification is required on the IRR analysis, particularly on:
 - a. the assumptions regarding natural gas prices and load hours; and
 - b. the 20-year period of analysis.



2. In addition, further clarification and justification is required regarding how DOE has assessed and validated:
 - a. The assumptions in the feasibility study report (FSR), in particular regarding lifetime of the project activity. Section C.1.2 of the PDD mentions lifetime of the project as 30 years, whereas IRR for the project has been calculated using 20 years as the operation period.
 - b. Sensitivity analysis in the PDD states that changes in the gas prices and electricity generation would strongly impact IRR of the project. The DOE shall further clarify how it has validated that such variations are not possible.
3. The DOE shall further clarify why and by whom an IRR of 8% “is regarded as benchmark for investment in fossil fuel fired power plants”.
4. The DOE shall further clarify why this project applies the benchmark for electrical engineering retrofit projects as the project activity “will comprise the installation of a 780 MW natural gas fired combined cycle power generation system” which is a newly built gas fired combined cycle.
5. The DOE shall further clarify why the IRR of 8% is acceptable as a benchmark if the Interim Rules used in this case were issued by the “former” State Power Corporation of China and which is the current status of that corporation.
6. The DOE shall further clarify why the sensitivity analysis does not include variation in prices of net electricity generated as this variable is included in the revenue stream.
7. Further justification is required on why the project activity is not a common practice.
8. Further clarification is required on how DOE has validated the common practice analysis.
9. Further justification is required regarding the technological risk mentioned in the PDD.
10. The DOE shall further clarify if the construction of the newly built Shaanxing Number 2 line for the provision of natural gas does not create the conditions for a CCGT as a business as usual activity.
11. The DOE shall further clarify if during the process of consultations with local stakeholders the same stakeholders participated of the four different meetings, as there is a reference to a final unanimous support of the construction of the project, and why the number of participants in the survey changed over time.
12. Approved methodology AM0029, version 01 has been applied to prepare the PDD. As per the methodology baseline scenario should be identified as the most economical plausible alternative scenario. Based on financial analysis of levelised cost, construction of a new 2x600 MW sub critical coal fired power plant has been selected as the plausible baseline scenario. As specified in the methodology baseline emission factor should be selected as the lowest value of following three options (a) Build Margin (b) Combined Margin (c) Emission factor of technology and fuel identified as the baseline scenario. Calculations in the PDD assume that option (c) gives the lowest value 0.8731 tCO₂/Mwh. However further clarification is required on following points:
 - a. The PDD has included assumptions and parameters to calculate the levelised cost of electricity production. Further justification is required on how DOE has validated assumptions about various parameters of FSR.
 - b. How DOE has validated the coal prices mentioned in Table 5 on page 12 of the PDD which has been used in the levelized cost analysis. PDD mentions that this has been taken from FSR of Shanxi Zhongshan.
 - c. Further clarification is required on how the DOE has validated the assumptions on the various parameters for the levelized cost analysis including coal and gas prices and currency exchange rate.
13. In addition, the DOE shall further clarify how they have verified the statistics published by the Chinese DNA regarding thermal power plants, that are used to determine the levelized cost analysis and whether the DNA is the only source of official statistics.
14. The monitoring plan should specify the means of determining the natural gas and diesel consumption.