



**CDM project activity/programme of activities registration request review form (CDM-REGR-FORM)  
(Version 03.0)**

**Section 1. General Information**

<b>Designated national authority/Executive Board member submitting this form (Name in print)</b>	
<b>Title and UNFCCC reference number of the proposed project activity or programme of activities (PoA) submitted for registration</b>	6814 Busan Metro Line 1 Dadae

**Section 2. Basis for review request**

*Please indicate, in accordance with paragraphs 37 and 40 of the CDM modalities and procedures (the annex to decision 3/CMP.1), which validation requirements may require review. Please tick the appropriate boxes in the list of requirements below. For requesting a review of a proposed afforestation or reforestation project activity or PoA, please refer to paragraphs 12 and 15 of the CDM modalities and procedures for afforestation and reforestation project activities (the annex to decision 5/CMP.1), and tick the equivalent boxes below mutatis mutandis.*

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

- The participation requirements as set out in paragraph 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 of 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 3: Comments supporting review request

*Please elaborate the reason for requesting a review on the requirements you indicated in section 2 above.*

1) The DOE is requested to further substantiate how it has validated the "start of the construction contract" on 4 November 2009 as project start date as there have been cash outflow observed since 2006 according to the submitted investment analysis spreadsheet. In addition, the DOE shall clarify whether "contract start" refers to the date when the contract was signed or when it became effective. In case the project start date is revised, please ensure the validity of the input values to the investment analysis and the prior considerations. Please refer to VVM version 1.2 paragraphs 99-103 and Guidelines on the assessment of investment analysis version 5 paragraph 6..

2) The DOE is requested: a) to clarify the inconsistencies in the NPV figures, -36,000 million KRW and -42,500 million, indicated in the validation report ( p 42); and b) to submit spreadsheet for the NPV calculation with the risk rate as the NPVs calculated with and without the risk rates appear to be identical in the submitted spreadsheet. Please refer to VVM version 1.2 paragraph 111..

3) The DOE is requested to further substantiate the following input values:

a) the total investment: how it has considered the range of 60-180 million USD for metro lines world wide (Bus-systems for the future, IEA, 2002) and 50-150 million USD/km mainly for European Metros in "another study" published in the year 2008 comparable, considering that: i) the project activity is an extension of an existing line, and ii) there are several metro projects in the host country and neighboring countries;

b) the operational cost: how it has validated: i) the relatively high operational cost per passenger compared to other metro lines in the host country, ii) the suitability of every component of the operational cost; and iii) the cost which is specific to the extended part of the line, i.e. the project activity; and

c) the fare box revenue: how it has validated the passenger projection. Please refer to VVM version 1.2 paragraph 111..

4) The DOE is requested to further substantiate how it has validated the common practice analysis as: a) the set of cities used for comparison includes cities with population less than 1 million while the methodology (page 6) states "If the larger urban zone (LUZ) of the city of the project activity contains more than one million inhabitants, then the set of cities for comparison includes all cities (including the city of the project activity) in the host country with a LUZ that contains more than 1 million inhabitants"; and b) excluding the cities with less than 1 million at the time of the investment decision, there would be 7 cities for comparison out of which 5 cities already have MRTS in place while the methodology states "The proposed project activity is regarded as common practice if MRTS have already been implemented in 50% of the cities in the set of cities for comparison". Please refer to VVM version 1.2 paragraph 120..

5) The DOE is requested to further substantiate how it has validated the identification of the baseline scenario as the DOE has validated only the baseline scenario as per "Step 2: Investment analysis" of the applied methodology while the methodology (page 5) requires to "conduct an investment comparison analysis for all alternatives that are remaining after Step 1" i.e. "realistic and credible alternative scenario(s) to the project activity that are in compliance with mandatory legislation and regulations. Please refer to VVM version 1.2 paragraphs 83-86, Tool for the demonstration and assessment of additionality version 05.2. Step 1 and 2..

6) The DOE is requested to clarify how it has validated the following values determined ex-ante:

a) specific fuel consumption of passenger cars, sourced from Korea Energy Economics Institute, 2009 as other similar projects validated by the same DOE sourced the data from Korea Energy Economics Institute, 2010;

b) specific fuel consumption for motor cycles, Korea Energy Economics Institute, 2008, as it is not clear whether it was the most recent data available at the start of validation in November 2011; and

c) occupancy Rate of the passenger cars, sourced from Korea Transport Institute, 2010, as it appears that two other similar projects validated by the same DOE have used the same reference but different values of 1.21 and 1.25. Please refer to VVM version 1.2 paragraph 91..

Date received at UNFCCC secretariat

12 Oct 12