



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

MNA Biomass 9.7 MWe Condensing Steam Turbine Project (0407)

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

15/06/2006

Reasons for Request:

1. The project activity uses an old version of SSC methodology I.D, which is no longer valid. The PDD has to be adjusted to current version 8, valid from 3 March 2006 onwards.
2. It is not clear how much of fuel (PK Shell) would be used for producing steam for process heating and how much for generating electricity. It is also not clear how much is the demand for electricity in the existing palm oil refinery and how much additional electricity generation would be needed for the new unit of the refinery.

3. There is not enough information in the PDD to verify the appropriate definition and application of the North Sumatra Grid as the boundary for the "current generation grid".
4. The investment analysis used to demonstrate additionality is not complete and it is inconsistent. The PDD mentions that transportation costs are not considered for both diesel (baseline) and PK Shell (project), however investment analysis presented in Appendix 1 accounts for US\$18/MT as transportation costs of PK Shell. Also, the main variable used to compare the scenarios is the payback period, which would not be enough for investment decision (IRR should be also calculated). Moreover, the project used the North Sumatra Grid average emission factor (0.66kgCO₂/kWh) to estimate GHG reduction. But while estimating project's payback period under the CDM, the emission factor of diesel (0.9kgCO₂/kWh) was applied. This is inconsistent. If the North Sumatra Grid average emission factor (0.66kgCO₂/kWh) were used in this calculation, the payback period would be higher (5.8 years) than that determined in the PDD (5.2 years).