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Att: CDM Executive Board

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Your ref.:	Our ref.:	Date:
CDM Ref 0812	MLEH/HTKUO	7 October 2006

Response to request for review of issuance request for project acitivy 0812 "BOG and COG Utilisation for Combined Cycle Power CDM Project in Jinan Iron & Steel Works"

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by three Board members concerning DNV's request for issuance for project activity 0812 "BOG and COG Utilisation for Combined Cycle Power CDM Project in Jinan Iron & Steel Works" and would like to provide the below initial response to the issues raised in the requests.

1) The DOE is requested to provide further information on how it verified that PP has deducted consumption of electricity by the auxiliary equipments of the project activity while calculating the net electricity supplied by the project activity

DNV Response:

DNV can herewith confirm that the auxiliary electricity consumption has been deducted by the project proponent while determining the net electricity supplied by the project activity (EG_y). The monitoring system established by the project operator assures this. Within this system, auxiliary electricity consumption is deducted within two operational modes:

i) during regular operation of the plant the auxiliary electricity consumption (EG_{aux}, normal) is automatically deducted from the electricity generation (EG_{gen}) and only the surplus electricity is send to the grid.

ii) during plant maintenance the auxiliary electricity consumption (EG_{aux}, maintenance) is measured by the import of electricity (EG_{import})

During on-site verification, DNV was able to confirm that a total of two primary meters are installed at the project site: one for Phase I and one for Phase II. In order to monitor the net electricity supplied to grid (EG_y) the project activity uses bi-directional power meters, i.e. the meter can measure power sent to grid and power imported from grid. As a result, only the net electricity generation is reported in the monitoring report.

The electricity meters belonging to the grid company have been used as a secondary data source to assure the plausibility and correctness of the result.

The monitoring system established by the project operator thus deducts the auxiliary consumption correctly. The system is in line with the monitoring plan outlined in the registered PDD and the figures provided in the final monitoring report have been positively verified during the on site audit.

2) The number of credits claimed is lower than indicated in the PDD. PP is requested to clarify why the PLF is lower than assumed in the PDD, thereby also explaining whether higher PLFs than the PDD could have been applicable as well

DNV Response:

Referring to the response from the project participants, DNV agrees with the explanation from the project participants that mainly due to the limitation of waste gas and the second interconnection line to be built, the Power Load Factors (PLFs) are lower than assumed in the PDD and thus result in the number of credits claimed lower than indicated in the PDD.

The PLF indicated in the PDD was not assessed by DNV as this is considered outside the scope of the verification. However, given the fact that the actual PLF is lower due to the reasons referred to above, it is not likely that a higher PLF could have been applicable as well.

We sincerely hope that the Board find our elaboration on the above satisfactory

Yours faithfully
for DET NORSKE VERITAS CERTIFICATION AS

Michael Lehmann
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