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	Werner Betzenbichler	Werner.Betzenbichler@tuev-sued.de			

Request for Review

Dear Sirs,

Please find below the response to the request for review formulated for the CDM project with the registration number 1269. In case you have any further inquiries please let us know as we kindly assist you.

Yours sincerely,

Werner Betzenbichler
Carbon Management Service

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Response to the CDM Executive Board

Issue 1:

Clarification is required regarding why the 7.09% IRR in the PDD did not change during validation when the tariff used for calculating the IRR was increased.

Response by PP:

The tariff in the GSP PDD is a typo and corrected in the PDD submitted for registration. The IRR 7.09% is calculated strictly in line with the approved Feasibility Study Report (FSR); hence it is correct in both PDD versions.

Evidence: The data and values in the PDD submitted for registration have been confirmed by the local auditor to be in line with the approved FSR.

Response by TÜV SÜD:

During the validation process the DOE asked for the IRR calculation sheet and the revision of the data according to the approved feasibility study report as has been shown in the validation report (see CR3 and CAR8). After these revisions the IRR calculation is in line with the evidencing documents and the calculation is correct (as can be checked by the uploaded IRR calculation sheet).

Issue 2:

Clarification is required regarding why the lifetime of the investment analysis was decreased during validation from 25 to 21 years.

Response by PP:

The forecast lifetime of the wind turbine in the draft PDD published for the 30 days stakeholder consultation period i.e. 25 years is a typo. The lifetime for wind turbines is normally forecast by turbine manufacturers to be maximal 20 years. This is also the forecast lifetime as in the approved FSR. The project lifetime has been indicated in the revised and final PDD as 21 years including one year construction. This timeframe has also been used as investment horizon, which is conservative as, normally, investors do not use more than 10 years investment horizon for this type of projects, independently of the forecast lifetime of the project equipment.

Evidence: The project lifetime has been confirmed by the DOE's local auditor, see validation report B.6.4.3.

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As for issues 1 and 2, could we kindly ask the Executive Board to provide clear guidance on a more general level and applicable for all projects whether you intend to evaluate each and every difference between the PDD published for the 30 days stakeholder consultation period and the final version submitted for registration? In this specific case, we were sure that the changes between the two versions have been acknowledged transparently by the auditor and the project participants (see CAR 8 in B.5.7 for your question 1 and B.6.4.3 for your question 2). We thus request your specific guidance so as to avoid similar requests for reviews in the future.

Response by TÜV SÜD:

The answer of the PP is reasonable and has been verified by the local auditor. The task of the DOE is to confirm the statements in the PDD and collect the related documents. If there are statements that can not be confirmed we have to ask for a revision of the PDD (CAR or CR), but we cannot investigate why the statement in the first version of the PDD was wrong.

Issue 3:

Clarification is required as to whether the DOE validated the sensitivity analysis since a +5% variation in electricity output in the sensitivity analysis will result in a financially attractive IRR.

Response by PP:

The annual power sales revenue which is decided by the annual output and tariff is the most important part in the sensitivity analysis. The tariff was fixed through tender and bidding and it won't be changed once determined. The output is determined by the total installed capacity and annual operating hours. After the project is put into operation, the total installed capacity of the project will not be changed, so the annual power sales revenue is decided by the operating hours. In the approved Feasibility Study Report, it is said that "According to the statistic from 1953 to 2005, the average wind velocity is 3.01m/s, while the average velocity of wind velocity from 1971 to 2005 is 3.16m/s. The average velocity from 1971 to 2005 is used for calculating wind power generation from Ningxia Yinyi 49.5MW wind farm. As the higher one is adopted in the approved Feasibility Study Report to calculate wind power generation, the chance for the power generation to increase 5% is very small.

Evidence: see PDD on step 2 and validation report B.5.10.

Response by TÜV SÜD:

These parts have been verified by the local auditor as well and the relevant parts of the FSR are attached to this document.

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Issue 4:

Clarification is required as to whether documentary evidence was provided for the DOE to validate the common practice analysis.

Response by PP:

Yes. The validation report states that “The common practice analysis in the PDD is complete. During the document review, all wind farms are listed in the PDD.”

Evidence: see validation report B.5.16.

Response by TÜV SÜD:

There are several official Chinese web pages where the actual status of wind farms can be checked (see e.g. Chinese wind energy association: http://www.cwea.org.cn). Moreover the statement from the grid company has been delivered to the DOE.

Issue 5:

Clarification is required as to why the baseline emission factor is not consistent with Chinese DNA data.

Response by PP:

The project was submitted for publication of the 30 days of stakeholder communication in January 2007 i.e. when the NDRC 2007 EF was not available. Hence, in line with the guidance on page 6 and 9 of ACM0002, the 2006 NDRC EF is used.

Evidence: p. 6 and 8 of ACM0002.

Response by TÜV SÜD:

The answer of the PP can be confirmed. Moreover, the former NDRC (Chinese DNA) values are much more conservative than the new one and the new one are not yet consolidated. There are still some discrepancies in the calculations regarding some IPCC values whereas the former NDRC values are correct and consolidated. Many Chinese projects are registered based on these values.