



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)

Title of the proposed CDM project activity submitted for registration	China Guanmenyan Hydropower Project; Project activity 1365

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	26/12/2007
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Reasons for request:

1. Further clarification is required on how the DOE has validated the investment analysis, in particular why the utilization hours was not considered as a parameter in the sensitivity analysis since it was claimed to be a major factor why other similar projects have higher IRRs.
2. The sensitivity analysis includes variation in three variables and the resulting IRRs are still below the benchmark. However, there is no calculation on the combination of those variations that might result in an IRR above the benchmark. Further clarification and substantiation is required.
3. The PDD states that "the proposed project has poor natural conditions: firstly, the water head of the project is lower and the annual utilization is only 3033 hours which are obviously less than that of the projects in Table 7; secondly, the

area where the proposed project is located belongs to topical karst topography, the geographical condition is much more complicated, the costs for the foundation treatment is higher; thirdly, the equipments of hydropower generation were just the most expensive in China at the stages of the feasibility study and preliminary design of the proposed project". These conditions indicate that the project might not be technically and economically feasible. Further evidence is required on the feasibility of the project to ensure sustainable emission reductions.

4. In addition, the PDD states "But the proposed project has poorer financial indicators and isn't financially attractive, it would be very difficult for the developer of the proposed project to obtain a bank's loan without CDM support. Therefore, there is a severe financing difficulty for the proposed project, moreover, the developer of the proposed project doesn't have enough capital...". Further clarification is required on how the project is to be finalized.
5. The DOE is requested to provide further clarification on how the sustainability of the project activity was assessed and validated.
6. The DOE is requested to provide further details and evidence to support its validation of the common practice analysis, in particular, the difference in utilization hours between the project activity and similar hydro projects, and whether such distinction is appropriate to the requirements of sub-step 4b of the Tool for the demonstration and assessment of additionality.
7. The PDD states that "Other activities implemented previously or currently underway that are similar to the proposed project activity are listed in Table 7. These projects are in the same region (Hunan Province), rely on a broadly similar technology, are of a similar scale, and take place in a comparable environment with respect to regulatory framework, investment climate, access to technology, access to financing". Further clarification is required on why the IRR of the project activity is below the IRR of those projects taking into account the above mentioned similarities and why all of them have been implemented without CDM support while the project activity does require CDM benefits to be implemented.
8. Further information is requested on how the surface area of the reservoir at full reservoir level will be monitored during the implementation of the project activity.
9. Validation Report states on page 10 under "project description" that the project is a new run of river hydro plant whereas PDD mentioned it as a new hydro power project with a reservoir. Further clarification and correction is required.