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CDM Executive Board

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Request for review

Dear Sirs,

Please find below the response to the request for review formulated for the CDM project with the registration number 1812. In case you have any further inquiries please let us know as we kindly assist you.

Yours sincerely,

Javier Castro
Carbon Management Service

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Response to the CDM Executive Board

Issue 1:

The DOE should clarify how it has validated that this project activity is the first of its kind.

Response by TÜV SÜD:

The audit team checked this issue during the on-site visit in year 2005 in a meeting with the DNA of Philippines. It could be confirmed at that time that no projects of this kind were developed without CDM support.

Response by Project Participant:

Site Validation was done in late 2005 and at that time all other CDM projects of this nature were not of this scale, nor were any using a two-stage design for biogas digestion. The only other company doing methane capture at that time was Philbio.

Issue 2:

The DOE is required to explain how it has validated the investment analysis, including the input values and the period of analysis in line with the Guidance on investment analysis (EB 41, annex 45).

Response by TÜV SÜD:

The project was uploaded for registration on April 9, 2008, before the appearance of the Guidance on investment analysis, so it was not possible to follow it 100%. The approach used for validation was the country experience from the auditor and supporting documents to accept the cost estimations presented by the PP. Regarding the IRR calculations, there were calculated over a 7 year period given a negative IRR result, if the IRR is calculated over 10 years as requested in the Guidance on investment, the project IRR will be 6, 49%, also not enough for taken a positive investment decision in the host country.

Response by Project Participant:

The project proponent initially did not submit an investment analysis for the project. This was later required as a request from the DOE. Input values were validated based on submitted cost estimates on an open lagoon vs. cost estimates of a biogas digester. When this was submitted in late 2007, the "Guidance on Investment Analysis (EB41, annex 45) was not yet available.

Issue 3

The PP/DOE are required to give evidence that no bank is willing to give credit to the project activity.

Response by TÜV SÜD:

The statement included is considered as anecdotal evidence, following the Tool for the demonstration and assessment of additionality. It discussed with the PP during the on-site audit activities.

Response by Project Participant:

This statement is not entirely accurate and I would request that this sentence be taken out of the PDD if that is still possible.

Issue 4

Further clarification is required on how the DOE has validated the specific technological barriers attributed to the HDPE as new technology.

Response by TÜV SÜD:

It was confirmed by the audit team that no company in the Philippines was supplier of this technology at the time of Validation. The invoices send to the DOE clearly demonstrates that the technology used for the project activity are imported from other countries like Thailand, New Zealand (the energy engine) and India (Flaring equipment).

Response by Project Participant:

Project proponent flew to Thailand to meet with the supplier of HDPE in the project. Other suppliers of HDPE in the Philippines were distributed exclusively by PhilBio. No other entity was supplying HDPE. To this date, there exists no HDPE production in the Philippines

Issue 5

Further clarification is requested on the nature of the starting date of the project activity.

Response by TÜV SÜD:

The starting date of the project activity was validated purchase order of the flare equipment. The exact date of the purchase date is November 15, 2007. These dates are far beyond the start of the validation process in 2005, which clearly demonstrates the early consideration of the CDM. The revised PDD will include the exact date as in the purchase order submitted by the PP.

Issue 6

The PDD should indicate whether an open or enclosed flare will be used.

Response by TÜV SÜD:

The project activity will include an enclosed flare. This point will be included in the revised PDD.

Response by Project Participant:

An enclosed flare will be used for the project.

Issue 7

The DOE is requested to provide evidence on how the “tool to determine project emission from flaring gases containing methane” has been followed in order to determine the monitoring parameters.

Response by TÜV SÜD:

A 90% flare efficiency default value will be used for the calculation of the emission reductions, with continues monitoring of manufacturers specification, following the “Tool to determine project emissions from flaring gases containing methane”.

Response by Project Participant:

Paragraph 12 of AMS III.D mentions two options. Option a was chosen to adopt a 90% default value and therefore the Methodological Tool to determine project emissions from flaring gases was not used.