

Information Note on the Decision Regarding the Request for Approval of Certified Emission Reductions for the

"NorthWind Bangui Bay Project" (0453)

I. Background

A. Summary of the Project Activity and Request for Issuance

The designated operation entity (DOE), Spanish Association for Standardisation and Certification, submitted a request for the issuance of certified emission reductions (CERs) under the clean development mechanism for the above referenced registered project activity. The period covered by the request is 26 August 2007 to 25 August 2008. The registered project activity is a 33 megawatt wind farm in the Philippines.

Prior to 14 November 2007, the NorthWind Bangui Bay Project (NorthWind) delivered electricity through its 69 kilovolt (kV) transmission line to a substation located in Laoag (Laoag substation), which is connected to the Luzon-Visayas grid. The DOE verified that electricity exported to the grid from NorthWind was and is directly measured at the Laoag substation. In November 2007, Ilocos Norte Electric Cooperative, Inc. constructed a substation in Burgos (Burgos substation), which is also connected to the grid. The DOE verified that, on 14 November 2007, the Burgos substation tapped into NorthWind's 69 kV transmission line, and NorthWind began to also deliver electricity to the Burgos substation. In other words, since 14 November 2007 the electricity that NorthWind exports to the grid now passes through both the Laoag and Burgos substations.

B. Summary of Issues

There are two issues that are the subject of this information note. The first issue is whether NorthWind sufficiently demonstrated and the DOE sufficiently verified the amount of electricity that NorthWind exported to the grid. The second issue is whether NorthWind directly monitored the amount of electricity it exported to the grid as required by the applicable monitoring methodology. If not, the DOE was required to submit a request for deviation or revision to the monitoring plan.

C. Procedural Background

The request for the issuance of CERs was submitted to the Executive Board on 4 September 2009.¹ Following the submission of the request for the issuance of CERs, three members of the Executive Board submitted a request for review of the proposed issuance of CERs, pursuant to decision 4/CMP.1, annex IV, "Procedures for review as contained in paragraph 65 of the modalities and procedures for a clean

¹ The request for issuance was submitted to the Executive Board after the secretariat determined that the request was complete, in accordance with the "Procedures Relating to Verification Report and Certification Report/Request for Issuance of CERs" (Version 1.1) (20 December 2006).

development mechanism” (procedures for review), paragraph 2. The DOE provided its initial comments on the request for review within 2 weeks of the notification of the request for review. The DOE’s initial comments are dated 25 September 2009

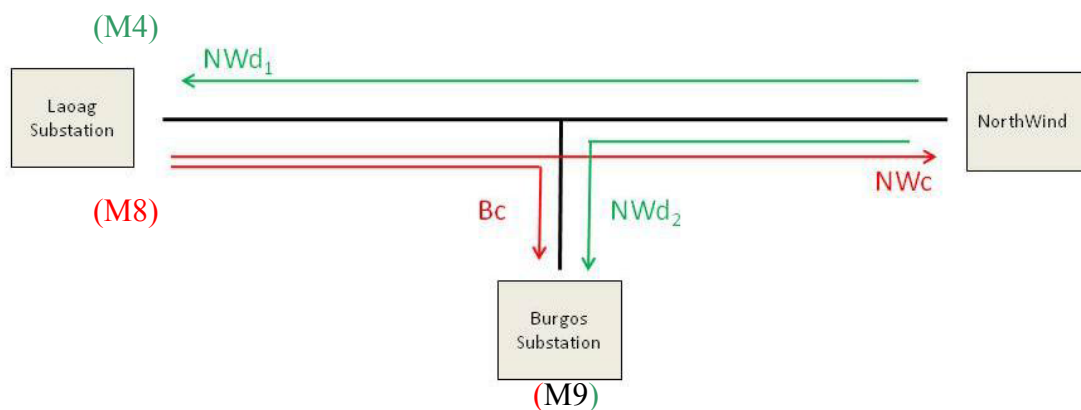
The Executive Board took those initial comments into account and, at its fiftieth meeting, placed the proposed issuance of CERs under review (EB 50 report, paragraph 58 (c)) and decided on the scope of the review (EB 50 report, annex 50), in accordance with paragraphs 10 and 11 of the procedures for review.

Accordingly, the review team established by the Executive Board sent to the DOE and the project participants (PPs) a request for clarification and further information, pursuant to paragraphs 12 and 15 of the procedures for review. The DOE provided its response to the request for clarification within five working days of receiving the request for clarification. The DOE’s response is dated 25 September 2009.²

II. Discussion

A. DOE’s Response to Request for Review and Request for Clarification

In response to the request for clarification, the DOE provided the below schematic, and verified that it represents the current metering schematic (since 14 November 2007). In the below schematic, meter M4 measures the amount of electricity delivered from NorthWind to the Laoag substation. Meter M8 measures the amount of electricity delivered from the Laoag substation to both the Burgos substation and Northwind. Meter M9 measures amount of electricity delivered to the Burgos substation from both the Laoag substation and Northwind.



² The date of this response is in error as the request for clarification was sent after that date (on 23 October 2009).

Referring to the schematic, the DOE further verified that the below formula applies to determine the amount of electricity NorthWind exported to the grid:

$$NW_{grid} = NWd_1 + (NWd_2 + Bc) - (NWc + Bc)$$

Where:

NWGrid = Electricity exported to the grid by NorthWind

NWd₁ = Electricity delivered from NorthWind to the grid through the Laoag substation

NWd₂ = Electricity delivered from NorthWind to the grid through the Burgos substation

Bc = Energy consumed by Burgos substation, delivered from the grid through Laoag substation

NWc = Energy consumed by NorthWind, delivered from the grid through Laoag substation

Therefore, the DOE verified that measurements from meters M4, M8 and M9 can be used to determine the amount of electricity that NorthWind exported to the grid in accordance with the following formula:

$$NW_{grid} = M4 + M9 - M8$$

B. Issues Considered by the Executive Board

The DOE contracted by PPs bears the responsibility of reviewing monitoring results, verifying that the applicable monitoring methodology for the estimation of reductions in greenhouse gases by a project activity has been correctly applied, *and verifying that the documentation is complete and transparent*, in accordance with decision 3/CMP.1, annex, paragraph 61 (d). The applicable monitoring methodology (ACM0002, version 6) and the monitoring plan require the PPs to *directly* measure electricity supplied to the grid by the project.

The monitoring report contains monthly summaries of electricity exported to the grid by NorthWind. However, the monitoring report does not state how the monthly summaries were determined or the information from which these monthly summaries were determined. No meter readings (i.e. M4, M8 and M9) are provided in the monitoring report. While these meters are depicted in the schematic contained in Annex 3 to the monitoring report, their type and their calibration records are not referenced in the monitoring report. It was considered that the monitoring report and other documentation does not sufficiently demonstrate in a clear and transparent manner how NorthWind determined (or how the DOE verified) the amount of electricity Northwind exported to the grid.

In addition, the formula provided above, as used by the NorthWind and verified by the DOE to calculate the amount electricity NorthWind exported to the grid, does not

take into account the amount of electricity imported from the grid to Northwind through the Burgos substation. It was considered that NorthWind did not state, and the DOE did not verify, that no electricity was imported from the grid through the Burgos substation to NorthWind.

Further, the DOE verified (CAR 3) that, due to problems main meter at the Laoag substation from 26 December 2007 to 25 January 2008, the DOE used alternate means to determine the amount of electricity NorthWind exported to the grid. The DOE also verified (CAR 3) that, due to unspecified problems, it had to correct the amount of electricity NorthWind exported to the grid for the period 26 August 2007 to 25 November 2007. It was considered that the DOE has not demonstrated that the most conservative assumption theoretically possible were used in undertaking these corrections.

Finally, it was considered that the above described protocol that NorthWind utilized and the DOE verified does not *directly* measure electricity supplied to the grid by NorthWind as required by the applicable methodology. If the PPs have deviated from the provisions of the registered monitoring plan, the DOE is required to submit a request for deviation prior to submitting request for issuance, in accordance with the Clean Development Mechanism Validation and Verification Manual (VVM), version 1.1, paragraph 207. In addition, if the monitoring plan is not in accordance with the applicable monitoring methodology the DOE is required to submit a request for revision of the monitoring plan, in accordance with paragraph 209 of the VVM. It was considered that DOE has submitted neither a request for revision nor request for deviation.

III. Conclusion

In accordance with paragraph 18 of the procedures for review, during its fifty-first meeting the Executive Board declined to approve the requested issuance of CERs (EB 51 report, paragraph 87). Specifically, the Executive Board concluded that:

- (a) It has not been sufficiently demonstrated:
 - (i) how the formulae used by the project participant in calculating the electricity supplied to the grid by the project activity has been correctly applied, i.e. readings of the three meters used (M4, M8, and M9) are not reflected on the monitoring report or spreadsheet; and
 - (ii) whether the calculation of electricity supplied takes into account all sources of electricity imports from the grid to the project activity via both substations;
- (b) The DOE failed to request for deviation or revision of the monitoring plan, since the actual monitoring practice is not in accordance with the monitoring plan, i.e. additional meters were installed while the original monitoring plan requires the monitoring of electricity supplied to the grid by project by direct measurement.



History of the Document

Project 0453	Related to EB 51, Paragraph 87	Decision Class: Ruling Document Type: Information Note Business Function: Issuance
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