

Final Ruling Regarding the Request for Issuance of CERs

“AQUARIUS HYDROELECTRIC PROJECT” (0627)

Final Decision of the CDM-Executive Board

1. The Board decided to reject the request for issuance of certified emission reductions (CERs) for the above project activity on the 16th March 2011, for the monitoring period 01/01/2008 - 31/12/2009 under “*Procedure for review of requests for issuance of CER*”, version 1.3, EB 55 Annex 41, paragraph 24.

Reasons and Rationale for the Decision to Reject the Issuance Request

2. The reasons and rationale for the Board’s decision to reject issuance in this case are as follows:

The Board concluded that the request for issuance of CERs did not comply with the applicable CDM rules and requirements, specifically that:

- (i) The justification for claiming nearly 32% increased emission reductions, on account of increased electricity generation from the project activity during the monitoring period as compared to the estimation in the PDD, was not adequate. Further, the project activity has been operating at a much higher plant load factor (95% during year 2007, 89% in 2008 and 95% in 2009) compared to the estimation in the PDD (70%) since the start of the crediting period without sufficient explanation by the project participants.
- (ii) Paragraph 195, of the “Validation and Verification Manual, version 01.2, requires that “the DOE shall identify any concerns related to the conformity of the actual project activity and its operation with the registered project design document”.
- (iii) Paragraph 197 of the “Validation and Verification Manual, version 01.2 requires that “If the DOE identifies that the implementation or operation of CDM project activity does not conform with the description contained in the registered PDD, the DOE shall conduct an assessment on the potential impacts due to these changes following the relevant guidelines established by the CDM Executive Board and based on this assessment, the DOE shall submit a notification or a request for approval of changes from the project activity as described in the registered PDD prior to the conclusion of the verification/certification for the corresponding monitoring period.”
- (iv) By referring only to the response quoted from the first verification report, the DOE failed to provide adequate justification that it has verified the operation of the project activity in accordance with the description provided in the registered PDD, considering the significant increase in electricity generation continuously during 3 years since the start of crediting period and the higher plant load factor.
- (v) The DOE also failed to take corrective action via requesting a notification or approval of changes from the project activity following Annex 66, EB48 “Procedures for notifying and requesting approval of changes from the project activity as described in the registered PDD”.

Procedural Background

3. In accordance with paragraph 96 of the Report of the 28th EB Meeting, in cases where the reasons for rejection can be addressed by means of a revised verification report based on a revised monitoring report, the DOE may request permission (including explanation of reasons) to submit a revised request for issuance for the same monitoring period covered by the rejection. The Board will consider such a request at the subsequent EB meeting following that request in accordance with the procedures and decide on a case-by-case basis. In these cases the Board will provide further guidance, as appropriate. In cases where such a revised request for issuance is also rejected it shall not be possible to resubmit for a third time.
4. In accordance with paragraphs 27 of the “*Procedures for review of requests for issuance of CERs*”, version 1.3, EB 55 Annex 41 (“the procedures”), the Secretariat provided the Chair of the CDM-Executive Board (“the Board”) with this information note containing the proposed final ruling incorporating the final decision.
5. In accordance with paragraph 27 of the procedures the final ruling shall contain an explanation of the reasons and rationale for the decision to reject issuance, including, but not limited to:
 - (a) The facts and any interpretation of the facts that formed the basis of the proposed ruling;
 - (b) The CDM rules and requirements applied to the facts; and
 - (c) Any interpretation of the CDM rules and requirements as applied to the facts.
6. In accordance with paragraphs 29-30 of the procedures, the information note containing the proposed final ruling was made available to and has been approved by the Board to become the final formal ruling.

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History of the document

Project 0627	Related to EB 55 Annex 41 Paragraphs 27 & 28	Decision Class: Ruling Document Type: Information Note Business Function: Issuance
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