Final Ruling Regarding the Request for Issuance of CERs of

"Power capacity expansion project at Dwarikesh Puram" (1257)

The CDM-Executive Board decided to reject the request for issuance of certified emission reductions (CERs) for the above project activity on 7th April 2011, for the monitoring period *03 April 2008-07 March 2009* , in accordance with of the *"Procedures for review of requests for issuance of CERs"*, version 1.3, EB 55 Annex 41, paragraphs 20 and 29 (the procedures). According to paragraph 28 of the procedures, the rulings shall contain the reasons and rationale for the final decision, which 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 the calculation of the baseline emissions is not in accordance with the applied methodology, in that:

    a) The project participant has calculated the parameter EG_Y (the net quantity of increased electricity generation as a result of the project activity) as the minimum of $\{EG_{project\ plant,y} - \varepsilon_{el,other\ plant(s)} * 1/3.6\ \Sigma BF_{k,y} * NCV_k\}$ and $\{EG_{total,y} - EG_{historic,3\ yr}/3\}$.
    where,

    $EG_{project\ plant,y}$ = Net quantity of electricity generated in the project plant during the year *y* (MWh)

    $\varepsilon_{el,other\ plant(s)}$ = Average net energy efficiency of electricity generation in (the) other power plant(s) that would use the biomass residues fired in the project plant in the absence of the project activity ($MWh_{el}/MWh_{biomass}$)

    $EG_{total,y}$ = Net quantity of electricity generated in all power plants at the project site, generated from firing the same type(s) of biomass residues as in the project plant15, including the new power plant installed as part of the project activity and any previously existing plants, during the year *y* (MWh/yr)

    $EG_{historic,3yr}$ = Net quantity of electricity generated during the most recent three years in all power plants at the project site, generated from firing the same type(s) of biomass residues as in the project plant (MWh)

    $BF_{k,y}$ = Quantity of biomass residue type *k* combusted in the project plant during the year *y* (tons of dry matter or liter)

    NCV_k = Net calorific value of the biomass residue type *k* (GJ/ton of dry matter or GJ/liter)

    b) Whereas, page 30 of *ACM0006 version 5* states that EG_Y for scenario 13 applicable to the project is determined as the difference between
        a. "…*the lower value between (a) the net quantity of electricity generated in the new power plant that is installed as part of the project activity and (b) the difference between the total net electricity generation by the new power plant and the existing power plant(s) and the historical generation of the existing power plant(s), based on the three most recent years, and*

        b. *the quantity of electricity that could be generated by other power plant(s) using the same quantity of biomass residues that are fired in the project plant"*.

    c) From the above extract of the methodology EG_Y should be calculated as the difference between the minimum of $\{EG_{project\ plant,y}\}$ and $\{EG_{total,y} - EG_{historic,3\ yr}/3\}$ and $\varepsilon_{el,other\ plant(s)} * 1/3.6\ \Sigma BFk,y* NCV_k\}$.

- The request for issuance of CERs did not comply with the applicable CDM rules and requirements, specifically that the parameter $EG_{historic}$ is incorrect and that therefore the calculation of baseline emissions is not in accordance with the methodology *ACM0006 version 5*, in that:

    a) The project participant calculated baseline emissions using the parameter $EG_{historic}$ which is based on one year of historical generation.

    b) Scenario 13 of *ACM0006 version 5*, requires the parameter $EG_{historic}$ to be based on three years historical electricity generation data of all power plants at the project site.

    c) The Designated Operational entity ("DOE") accepted the use of the reference value on grounds that this was an *ex-ante* parameter that was validated during registration (see page 18 of the revised Verification Report dated 06/02/2011).

    d) Paragraph 208 (c) and (e) of the *Clean Development Mechanism Validation and Verification Manual*" ("VVM) version 1.2, EB 55, Annex 1 requires that the DOE verify that baseline emissions were correctly calculated and that appropriate reference values have been correctly applied.

    e) The calculation of the reference value for $EG_{historic}$ affects the quantification of the baseline electricity generation and may also affect the applicability of the baseline scenario. The DOE should have submitted a notification or request for approval of changes in the PDD prior to requesting issuance for CERs in accordance with paragraph 12 (c) of the *"Guidelines on assessment of different types of changes from the project activity as described in the registered PDD"*

Please note, however, that, 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.

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History of the document

Project 1257	Related to EB 55 Annex 41 Paragraphs 20, 28 & 29	**Decision Class:** Ruling **Document Type:** Information Note **Business Function:** Issuance