

**Information Note on the
Decision Regarding the Request for Registration of**

**"Waste Heat Recovery based Captive Power Project of Adhunik Metaliks Limited"
(2507)**

I. Background

A. Summary of Proposed Project Activity Submitted for Registration

The designated operational entity (DOE), SGS United Kingdom Ltd., submitted a proposed project activity for registration under the clean development mechanism (CDM).

The proposed project activity involves the installation of a power plant capable of generating approximately 34 megawatts (MW) of electricity from two 17 MW steam turbines. Steam for the turbines would be generated from the installation of waste-heat recovery boiler (WHRBs) and a coal-fired boiler. The WHRBs would generate steam from the waste heat from five direct reduction iron kilns at the Adhunik Metaliks Limited (AML) plant. The turbines would generate approximately 10.7 MW of electricity from the WHRBs and approximately 23 MW of electricity from the coal-fired boiler, for a total of 34 MW. The electricity generated would be used by the AML plant.

B. Summary of the Issue: Baseline Scenario

The issue subjected review is whether baseline scenario asserted by the project participants (PPs) and validated by the DOE is in accordance with the applicable methodology. In the request for registration, the PPs asserted and the DOE validated that the appropriate baseline scenario involves the installation of a new captive coal-fired power plant capable of generating 49.5 MW of electricity. The PPs asserted and the DOE validated this as the appropriate baseline scenario as opposed to a baseline scenario comprising a supply of electricity to the AML plant from either a specific existing power plant or from the grid, and a supply of electricity equal to capability of the power plant in the proposed project activity.

C. Procedural Background

The request for registration was submitted to the Executive Board on 22 June 2009.¹ Following the submission for registration, three members of the Executive Board submitted a request for review of the proposed project activity within eight weeks of the submission of the request for registration, pursuant to decision 4/CMP.1, annex III, "Procedures for review as referred to in paragraphs 41 of the modalities and procedures for a clean development mechanism" (procedures for review), paragraph 2. The PPs and the DOE provided their initial comments (dated 14 July 2009), within two weeks of being notified of the request for review.

The Executive Board took those initial comments into account and, at its forty-ninth meeting, placed the proposed project under review (EB 49 report, paragraph 38 (k)) and decided on

¹ The request for registration was submitted to the Executive Board after payment of the registration fee and the secretariat determined that the submission was complete, in accordance with EB 44 report, annex 7, "Procedures for the Registration of a Proposed CDM Project Activity".

the scope of the review (EB 49, annex 16), in accordance with paragraphs 10 and 11 of the procedures for review.

Accordingly, the review team established by the Executive Board sent to the PPs and the DOE a request for clarification and further information pursuant to paragraph 15 of the procedures for review. The PPs and the DOE provided their response (dated 24 September 2009) to the request for clarification within five working days of receiving the request for clarification.

II. Discussion

A. PPs and DOE Responses to Request for Review and Request for Clarification

In their responses to request for review and request for clarification, the PPs asserted and the DOE validated that the appropriate baseline scenario involved a new captive coal-fired power plant capable of generating 49.5 MW of electricity. That is, the asserted baseline scenario involved not constructing a WHRBs and coal-fired power plant capable of generating 34 MW, but constructing a coal-fired power plant capable of generating 49.5 MW.

B. Issue Considered by the Executive Board

The DOE contracted by PPs bears the responsibility of validating the proposed project activity submitted for registration, pursuant to decision 3/CMP.1, annex, “Modalities and procedures for a clean development mechanism” (modalities and procedures), paragraph 37. Among other things, this provision requires the DOE to validate that the baseline methodology complies with the methodologies previously approved by the Executive Board.

The methodology applied to the proposed project activity was ACM0012, version 2, “Consolidated baseline methodology for GHG emission reductions for waste gas or waste heat or waste pressure based energy system” (waste-heat methodology). The waste-heat methodology only applies to baseline scenarios identified in Table 1 of the methodology (waste-heat methodology, page 8). Where the proposed project activity only comprises the generation of electricity, Table 1 of the waste-heat methodology only allows for the consideration as the baseline scenario either electricity supplied from an existing power plant or electricity imported from the grid (waste-heat methodology, page 9).

Therefore, because baseline scenario asserted by the PPs and validated by the DOE involves the installation of a new captive coal-fired power plant in lieu of the proposed project activity, it was considered that the asserted baseline scenario is not an acceptable baseline scenario under the waste-heat methodology. Specifically, the asserted baseline scenario comprises neither electricity supplied to the AML plant from a specific existing power plant nor electricity supplied from the grid.

III. Conclusion

In accordance with paragraphs 17 and 18 (c) of the procedures for review, during its fiftieth meeting the Executive Board concluded that it could not register the proposed project activity (EB 50 report, paragraph 65 (c)). Specifically, the Executive Board concluded that the PPs and the DOE “have failed to substantiate the application and the determination of the baseline scenario as the baseline selected is a new captive coal based power plant whereas the



methodology limits the baseline scenario for power generation to be a specific existing power plant or grid import.”

In accordance with paragraph 42 of the modalities and procedures, the proposed project activity may be resubmitted for validation and registration provided it meets the requirements for validation and registration.

History of the Document

Project 2507	Related to EB 50, Paragraph 65 (c)	Decision Class: Ruling Document Type: Information Note Business Function: Registration
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