

Information Note on the Decision Regarding the Request for Registration of

"Bhushan Power and Steel Limited–Waste Heat Recovery based Captive Power Project" (2519)

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 100 megawatts (MW) of electricity from two steam turbines. Steam for the turbines would be generated from the installation of four waste-heat recovery boilers (WHRBs) and two coal-fired boilers, which also combust coal washery rejects and coal char. The WHRBs would generate steam from the waste heat of the direct reduced iron plant at the Bhushan Power and Steel Limited (BPSL) plant. The turbines would generate approximately 48 MW of electricity from the WHRBs and approximately 52 MW of electricity from the coal-fired boilers, for a total of 100 MW. The electricity generated from the power plant, with the addition of approximately 4 MW imported from the grid, would meet the electricity requirements of BPSL's plant.

B. Summary of the Issue: Baseline Scenario

The issue subject to review is whether baseline scenario asserted by the project participant (PP) and validated by the DOE is in accordance with the applicable methodology. In the request for registration, the PP asserted and the DOE validated that the appropriate baseline scenario involves the installation of a new captive coal-fired power plant capable of generating 104 MW of electricity. The PP asserted and the DOE validated this as the appropriate baseline scenario as opposed to a baseline scenario comprising a supply of electricity to the BPSL 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 5 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 DOE provided its initial comments (dated 17 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 (n)) 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 19), in accordance with paragraphs 10 and 11 of the procedures for review.

Accordingly, the review team established by the Executive Board sent to the PP and the DOE a request for clarification and further information pursuant to paragraph 15 of the procedures for review. The PP and the DOE provided their response to the request for clarification within five working days of receiving the request for clarification. The PP's response is undated and the DOE's response is dated 25 September 2009.

II. Discussion

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

In their responses to the request for review and request for clarification, the PP asserted and the DOE validated that the appropriate baseline scenario was a new coal-fired captive power plant capable of generating 104 MW of electricity. That is, the asserted baseline scenario involved not constructing the WHRBs capable of generating 48 MW, but instead constructing a coal-fired power plant capable of generating 52 MW.

B. Issue Considered by the Executive Board

The DOE contracted by a PP 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 PP 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 BPSL 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 (d)). Specifically, the Executive Board concluded that the PP 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.

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History of the Document

Project 2519	Related to EB 50, Paragraph 65 (d)	Decision Class: Ruling Document Type: Information Note Business Function: Registration
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