

## Final Ruling Regarding the Request for Registration of

### “Inner Mongolia Mangniuhai II Wind Power Project” (3465)

In line with “*Procedures for review of requests for registration*”, version 1.1, EB 55 Annex 40, paragraph 20, the CDM-Executive Board decided to reject the above proposed project activity on 26<sup>th</sup> November 2010, during the 58<sup>th</sup> meeting of CDM Executive Board held in Cancun, Mexico.

In accordance with paragraphs 26 and 28 of the above mentioned procedures, the CDM-Executive Board concluded that it could not register the proposed project activity because the project participant and the DOE (DNV) have failed to substantiate:

- Whether the observed changes in the applicable tariff could be considered to be an E-policy and if not, whether the observed changes in the applicable tariff had resulted in a change in the incentives for investors.
- That the applied tariff is suitable, considering that the project activity has applied a tariff of 0.54 RMB/kWh for the first 30,000 hours of operation and 0.40 RMB/kWh afterwards, whereas if the highest tariff in the province, as per the secretariat’s database, is applied for the whole assessment period, the project’s internal rate of return (IRR) exceeds the 8 percent benchmark.<sup>1</sup>

The request for registration is rejected because the project documentation (revised PDD and validation report) is not in compliance with the requirements of EB 53, Annex 32, paragraph 4 which states that: ‘In the context of the specific request for review and under review cases referred on the agenda of EB53, the Executive Board is not, at this point, satisfied that the validating DOE has adequately conducted this analysis to determine the suitability of the tariff. The Executive Board has this concern due to the fact that higher tariffs have been observed for similar projects in the same region. The Board therefore expects the validating DOEs to assess the suitability of the tariffs in these cases by:

- (a) Determining whether there have been any changes in the policies which impact the tariff applicable to the project activity, after 11 December 1997 or after 11 November 2001;
- (b) Quantitatively assess for each policy change the impact of the policy change on the comparative advantage of less carbon intensive sources of electricity; and/or
- (c) In addition if the lower tariff cannot be fully attributed to policy changes in (b) above, the DOE is expected to explain the differences in tariffs in a quantitative manner with reference to other factors.’

The DOE has not provided a quantitative assessment of the applied tariff with reference to other factors.

Please note, however, that with appropriate revisions, this project activity may be resubmitted for validation and registration provided it meets the requirements for validation and registration, in accordance with paragraph 42 of the CDM Modalities and Procedures (Decision 3/CMP.1).

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<sup>1</sup> The secretariat’s database of highest tariffs in the Peoples Republic of China is available at [https://cdm.unfccc.int/Reference/Notes/reg\\_note07.pdf](https://cdm.unfccc.int/Reference/Notes/reg_note07.pdf)



### History of the document

<b>Project</b> 3465	Related to EB 58 Meeting report Paragraphs 70 (b) 26 November 2010	<b>Decision Class:</b> Ruling <b>Document Type:</b> Information Note <b>Business Function:</b> Registration
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