

## Final Ruling Regarding the Request for Registration of

### “Methane Recovery and Power Generation Project in High-concentrated Organic Wastewater Treatment in Hubei, China” (3418)

The CDM-Executive Board decided to reject the above proposed project activity on the 14<sup>th</sup> February 2011 in accordance with “*Procedures for review of requests for registration*”, version 01.2, EB 55, Annex 40, paragraphs 20 and 28 (the procedures). In accordance with paragraph 27 of the procedures, the ruling shall contain an explanation of the reasons and rationale for the final decision which are as follows:

- The DOE (TÜV Nord) has failed to substantiate the barriers claimed in line with VVM, version 01.1 (VVM), paragraphs 115-117 and EB 50, Annex 13 “*Guidelines for Objective Demonstration and Assessment of Barriers*” paragraphs 5 and 7 (the Barrier Guidelines), as insufficient evidenced have been provided to support the investment barrier and the technology barrier claimed for the project. The DOE has also failed to sufficiently demonstrate that the proposed project activity is not common practice.
- The DOE failed to meet the requirements of the Barrier Guidelines which state in paragraph 5 that “*if the CDM does not alleviate the identified barriers that prevent the proposed project activity from occurring, then the project activity is not additional*” and in paragraph 7 of the same document that “*barriers that can be mitigated by additional financial means can be quantified and represented as costs and should not be identified as a barrier for implementation of project while conducting the barrier analysis, but rather should be considered in the framework of investment analysis.*”. Paragraph 117 of the VVM also states that “*For proposed large-scale CDM project activities ... [a] common practice analysis shall be carried out as a credibility check of the other available evidence used by the project participants to demonstrate additionality. This is a test to complement the ...barrier analysis (Step 3 of the additionality tool) to confirm that the project activity is not widely observed and commonly carried out in the region.* “
- However, the investment barrier, which the DOE has attributed to: the project participant’s (PP) poor financial situation as well as the PP’s lack of experience on EIC (the technology used in the project activity) is not valid since it is not clear how the CDM will alleviate the identified barrier in line with the Barrier Guidelines and considering that the barrier may be translated into training cost or higher O&M charges that can be assessed by means of an investment analysis, in line with the Barrier Guidelines. Similarly, the DOE has failed to explain why the technology barrier, which the DOE also attributes to insufficient training, cannot be addressed through an investment analysis as per the Barrier Guidelines. Finally, the DOE has not provided sufficient information to demonstrate that the EIC technology implemented in the project activity differs from the one used in the baseline scenario, and thus has failed to demonstrate that the project activity is not common practice.

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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### History of the document

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| <b>Project</b><br>3418 | Related to EB 55<br>Annex 40<br>Paragraphs 20, 27 & 28<br>14 February 2011 | <b>Decision Class:</b> Ruling<br><b>Document Type:</b> Information Note<br><b>Business Function:</b> Registration |
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