

Final Ruling Regarding the Request for Registration of

“Rincon Verde LFGTE Project” (3432)

The CDM-Executive Board decided to reject the above proposed project activity on 7th March 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 (TUEV Rheinland) has failed to substantiate additionality of the project activity, in particular, the suitability of input values to the investment analysis, specifically, the electricity tariff assumed in the PDD, in line with the requirements of the VVM, version .1.1 paragraph 112 (a) and (c), as the DOE has not sufficiently explained how it has validated the electricity tariff.
- The DOE failed to meet the requirements of paragraphs 112 (a) and (c) of VVM v1.1 which states that the validation report shall describe in detail how the parameters used in any financial calculations have been validated and confirm whether the underlying assumptions are appropriate and the financial calculations are correct.
- However, the DOE has not sufficiently explained or validated the assumptions regarding the mix of customers/sectors that form the basis for the energy consumption mix and determines the tariff for the proposed project activity. The (insufficiently justified) tariff is a significant component in determining the additionality of the project activity, and with a 10% increase in the electricity tariff, the IRR for the project activity crosses the benchmark (16.28%). In addition, it remains unclear how the DOE has validated as appropriate to assume an annual average electricity tariff based on monthly values for 2008.

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).

History of the document

Project 3432	Related to EB 55 Annex 40 Paragraphs 20, 27 & 28 07 March 2011	Decision Class: Ruling Document Type: Information Note Business Function: Registration
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