

Final Ruling Regarding the Request for Registration of “Mariposas Hydroelectric Project” (3956)

The CDM-Executive Board decided to reject the above proposed project activity on 14th April 2011 in accordance with “*Procedures for review of requests for registration*”, version 1.2, EB 55, Annex 40, paragraphs 20 and 28 (the procedures). In accordance with paragraph 27 of the procedures, the rulings shall contain the reasons and rationale for the final decision, which are as follows:

- The DOE (DNV) failed to substantiate the additionality of the project activity in accordance with the Glossary of CDM terms, version 5, page 28 (Glossary of CDM terms) and the VVM, version 1.2 (VVM), paragraphs 98 and 99, as it has not sufficiently justified the proposed project start date and the prior consideration of the CDM.
- The Glossary of CDM terms and paragraph 99 of the VVM state that “...*the start date shall be considered to be the date on which the project participant has committed to expenditures related to the implementation or related to the construction of the project activity. This, for example, can be the date on which contracts have been signed for equipment or construction/operation services required for the project activity.*” Paragraph 98 of the VVM states that “*If the project activity start date is prior to the date of publication of the PDD for stakeholder comments it shall be demonstrated that the CDM benefits were considered necessary in the decision to undertake the project as a proposed CDM project activity*”.
- The DOE failed to substantiate the project start date of 19 November 2009 (financial closure and instructions for civil works), by means of credible evidences. In September 2008, the project participant signed generator and turbine contracts and made a first payment (5% of the contract). In June 2009 a second payment for the generator and turbine was made (10% of the contract). Although these contracts included contingency provisions indicating that the contract could be cancelled with a correspondent disbursement of 20% of the purchase order amount if cancelation was made by December 2008; and a disbursement of 60% of the purchase order amount if cancelation was made by April 2009, significant irreversible financial commitments were made prior to the indicated start date, suggesting that the de-facto project start-date was before November 2009, in September 2008. The DOE failed to identify the project starting date as the earliest date, in September 2008, when the project participant made a financial commitment towards the implementation of the project activity.
- The DOE also failed to substantiate the prior consideration of the CDM as the evidences presented, board meeting minutes on 8 September 2009 and prior consideration notification to the UNFCCC in November 2009, to demonstrate that CDM benefits were considered necessary in the decision to undertake the project as a CDM project activity are dated after the de-facto project start date in September 2008, when the earliest financial commitment took place.

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 3956	Related to EB 55 Annex 40 Paragraphs 20, 27 & 28 14 April 2011	Decision Class: Ruling Document Type: Information Note Business Function: Registration
------------------------	---	---