Final Ruling Regarding the Request for Registration of

"LA CALERA BIODIGESTERS PROJECT" (4201)

(Version 01.1)

The CDM-Executive Board decided to reject the above proposed project activity on 24th August 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 ruling shall contain an explanation of the reasons and rationale for the final decision, which is as follows:

- The DOE (ICONTEC) has failed to demonstrate the additionality of the project activity as the DOE has not validated the suitability of input values to the investment analysis in line with paragraphs 111 (a)-(b) of the Validation and Verification Manual, version 1.2 (VVM) and suitability of the benchmark applied in line with 114 (a)-(c) of the VVM. The DOE has also failed to demonstrate the suitability of the selected methodology, AMS III.D version 15, in the context of the project activity as it has neither appropriately validated compliance with the applicability conditions (in paragraphs 1 (d) and 2 (c)), nor substantiated compliance with paragraph 8 of the methodology regarding the determination of the project activity's boundary.

- Paragraphs 111 a) and b) of the VVM states that the DOE shall *"conduct a thorough assessment of all parameters and assumptions used in calculating the relevant financial indicator"* and that the DOE shall *"cross-check the parameters against third-party or publicly available sources"*. Further, paragraph 114 of the VVM states that the DOE shall *"describe how the suitability of any benchmark applied has been assessed"*.

    - However, the DOE has failed to substantiate how it has validated (i) the costs of fuel (coal and LPG) and manure and (ii) the investment cost as it has only indicated the source of these values but did not otherwise provided the means of validation, including cross-checking these values against third-party or publicly available sources. The DOE has also failed to substantiate the suitability of the chosen benchmark (23.7%, local commercial lending rate) applied in line with paragraphs 114 a-c of the VVM, as the DOE neither provided the date of the reference nor the range of values associated with the given lending rate.

- The methodology, AMS III.D version 15, states in paragraph 1 (d) that it is only applicable if *"in the baseline scenario the retention time of manure waste in the anaerobic treatment system is greater than 1 month."* Paragraph 2 (c) of the methodology also states that the project activity must satisfy (among others) the condition that *"The storage time of the manure after removal from the animal barns, including transportation, should not exceed 5 days before being fed into the anaerobic digester. If the project proponent can demonstrate that the dry matter content of the manure when removed from the animal barns is larger than 20%, this time constraint will not apply". Finally, paragraph* 8 of the methodology states that *"the project boundary is the physical, geographical site(s) of the livestock and manure generation and management systems, and the facilities which recover and flare/combust or use methane."*

- The DOE has failed to explain how it has validated that the project activity meets the applicability conditions in: (a) paragraph 1 (d), in particular the claim in the PDD that the retention time of the manure was 40 to 50 days and how a site visit helped to confirm that the retention time was at least 1 month; and (b) in paragraph 2 (c) as the DOE did not report its validation of the storage time of the manure nor the results of the assessment of the dry matter content of the manure. Finally, the DOE has failed to substantiate compliance with paragraph 8 of the methodology as it has not adequately justified that the old digester (still producing biogas) should be excluded from the project boundary.

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

Version	Date	Nature of revision
01.1	16 October 2012	Editorial revision to remove internal comment.
01.0	24 October 2011	Initial publication. Related to EB 55, Annex 40. Paragraphs 20, 27 & 28, Rejected: 24 August 2011. **Project** 4201.
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