

**Final Ruling Regarding the Request for Registration of  
“Line 5 & 6 - PFC emission reduction at DUBAL” (4562)**

The CDM-Executive Board has decided to reject the above proposed project activity on the 12<sup>th</sup> of September 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) has failed to substantiate the validity of input value at the time of investment decision in accordance with EB 51, Annex 58, paragraph 6. Further, the DOE has also failed to substantiate the suitability of baseline determination in line with AM0030, version 3 (the methodology).
- Paragraph 6 of “Guidelines on the assessment of investment analysis” (EB51, Annex 58) states that “*Input values used in all investment analysis should be valid and applicable at the time of the investment decision taken by the project participant. The DOE is therefore expected to validate the timing of the investment decision and the consistency and appropriateness of the input values with this timing. The DOE should also validate that the listed input values have been consistently applied in all calculations*”.
- The DOE has failed to justify the validity of the assumed electricity savings at the time of the investment decision as the assumed electricity savings are based on power losses measured before (from Dec 2007 to June 2008) and after (May 2009 to July 2009) the investment decision (July 2008). Therefore, not all input values to the investment comparison analysis were valid at the time of the investment decision.
- Page 3 of the methodology (AM0030, version 3) states that “*The Steps 2 and 3 of the ‘Tool for the demonstration and assessment of additionality’ shall be used to assess which of the alternatives selected in the first step should be excluded from further consideration*”.
- The DOE has failed to substantiate the suitability of the identified baseline scenario as the identified baseline scenario (alternative 6) is less financially attractive than the project activity without the CDM (alternative 2). The NPV of alternative 2 (\$936,417) is higher than the NPV of identified baseline scenario (zero) which indicates that the identified baseline scenario is not the most economically attractive baseline alternative.

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**

<b>Project</b>	Related to EB 55 Annex 40	<b>Decision Class:</b> Ruling
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4562	Paragraphs 20, 27 & 28 12 September 2011	<b>Document Type:</b> Information Note <b>Business Function:</b> Registration
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