

## Final Ruling Regarding the Request for Registration of

### “Utilisation of the thermal energy content of the waste gas of clinker cooler and pre-heater for power generation at a cement plant in Rajasthan” (4226)

The CDM-Executive Board decided to reject the above proposed project activity on the 29<sup>th</sup> September 2011, during its 63<sup>rd</sup> meeting, in accordance with “*Procedures for review of requests for registration*”, version 1.2, EB 55, Annex 40, paragraphs 23, 24 and 28 (the procedures). In accordance with paragraph 27 of the procedures, the rulings shall contain an explanation of the reasons and rationale for the final decision, which are as follows:

- The DOE (DNV) failed to substantiate and meet the validation requirement regarding the identification of the baseline scenario in accordance with the applied methodology AM0024 v2.1, step 3 of identification of the baseline scenario and Validation and Verification Manual (VVM), version 1.2, paragraphs 111 (a), (b) and (d).
- AM0024 v2.1, step 3 of identification of the baseline scenario states that “*undertake economic analysis of all options that meets the regulatory requirements (e.g. alternatives with the highest IRR is baseline scenario.....)*”.
- VVM, version 1.2, Paragraph 111(a), (b) and (d) states that “*To verify the accuracy of financial calculations carried out for any investment analysis, the DOE shall: (a) Conduct a thorough assessment of all parameters and assumptions used in calculating the relevant financial indicator, and determine the accuracy and suitability of these parameters using the available evidence and expertise in relevant accounting practices; (b) Cross-check the parameters against third-party or publicly available sources, such as invoices or price indices; (d) Assess the correctness of computations carried out and documented by the project participant*”.
- The DOE failed to demonstrate suitability of the identified baseline scenario (alternative 2: the coal based captive power plant) in accordance with the applied methodology AM0024 v2.1, step 3 of identification of the baseline scenario and VVM, version 1.2, paragraphs 111 (a), (b) and (d) as it has not clarified how the cost of power production (identified financial indicator) were derived for alternative 2 (coal based captive power plant) and alternative 4 (diesel based captive power plant). In addition, the DOE also failed to substantiate the suitability of input values applied for calculation of cost of power production for alternatives 2 and 4 as the DOE: (i) provided only final results for the cost of production for alternatives 2 and 4; and (ii) did not report on how input values for the cost of production for alternatives 2 and 4 were validated.

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> 4226	Related to EB 55 Annex 40 Paragraphs 23, 24, 27 & 28 29 September 2011	<b>Decision Class:</b> Ruling <b>Document Type:</b> Information Note <b>Business Function:</b> Registration
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