

**Final Ruling Regarding the Request for Registration of
“Bac Ha Hydropower Project, Vietnam” (4921)**

The CDM-Executive Board has decided to reject the above proposed project activity on the 22nd of December 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 (SQS) failed to substantiate and meet the validation requirements for the prior consideration of the CDM in line with paragraph 102 (b) of version 1.2 of the validation and verification manual (VVM) and the "*Guidelines on the demonstration and assessment of the prior consideration of the CDM*" (EB 49, Annex 22). Further, the DOE also failed to validate the common practice analysis in line with the paragraphs 120 (b)-(c) of the VVM and Sub-step 4b of the "*Tool for the demonstration and assessment of additionality*" (additionality tool).
- Paragraph 102(b) of the VVM and EB 49, Annex 22 paragraph 6(b) state that: "*Evidence to support [continuing and real action] should include, inter alia, contracts with consultants for CDM/PDD/methodology services, Emission Reduction Purchase Agreements or other documentation related to the sale of the potential CERs (including correspondence with multilateral financial institutions or carbon funds), evidence of agreements or negotiations with a DOE for validation services, submission of a new methodology to the CDM Executive Board, publication in newspaper, interviews with DNA, earlier correspondence on the project with the DNA or the UNFCCC secretariat.*"
- The DOE has failed to justify continuing and real actions in the gap between the project start date in February 2005 and the start date of validation in September 2010, since the majority of the milestones presented in the DOE's response to the request for review are not attributable to the implementation of this specific CDM project activity. In particular, CDM deliverables of the first consulting firm were not clearly identified and actions taken by the second consulting firm were not directly related to the proposed project activity. Other supporting documentation corresponds to announcements, invitation letters and participation in workshops, etc that are not project-specific and therefore do not represent continuing and real actions to secure the CDM status of the proposed project activity.
- Sub-step 4b of the additionality tool states that: "*[Discussing similar options in the context of common practice analysis] can be done by comparing the proposed project activity to the other similar activities, and pointing out and explaining essential distinctions between them that explain why the similar activities enjoyed certain benefits that rendered it financially/economically attractive (e.g., subsidies or other financial flows) and which the proposed project activity cannot use or did not face the barriers to which the proposed project activity is subject.*"
- The DOE has failed to demonstrate that the proposed project activity is not the common practice since it has not explained why the similar activities, against which the proposed project activity was compared, were able to achieve a higher project load factor (PLF), and the DOE also did not provide any further explanation of how inflation could be considered relevant in the context of the common practice analysis.



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 4921	Related to EB 55 Annex 40 Paragraphs 20, 27, 28 22 December 2011	Decision Class: Ruling Document Type: Information Note Business Function: Registration
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