

Final Ruling Regarding the Request for Registration of

“Utilisation of the thermal energy of clinker cooler waste gas and pre-heater flue gas for power generation at a cement plant in Madhya Pradesh” (4289)

(Version 01.1)

The CDM-Executive Board has decided to reject the above proposed project activity on 23th Dec 2011 in accordance with the 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 the reasons and rationale for the final decision, which are as follows:

- 1 The DOE (DNV) has failed to substantiate the suitability of the baseline scenario in accordance paragraph 82 and 111 with of VVM v1.2. In particular:
 - a) VVM, version 1.2, Paragraph 82 states that *“The DOE shall confirm that any procedure contained in the methodology to identify the most reasonable baseline scenario, has been correctly applied. If the selected methodology requires use of tools (such as the Tool for the demonstration and assessment of additionality and the Combined tool to identify the baseline scenario and demonstrate additionality) to establish the baseline scenario, the DOE shall consult the methodology on the application of these tools. In such cases, the guidance in the methodology shall supersede the tool. The DOE shall check each step in the procedure described in the PDD against the requirements of the methodology*
 - b) 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”*.
 - c) The DOE failed to demonstrate suitability of the identified baseline scenario (alternative 2: the coal based captive power plant) in accordance with VVM, version 1.2, paragraphs 82 and 111 as it has not validated how and on what basis the determination of the unit cost of power generation of (i) coal power plant (2.5 INR/kWh); (ii) the project activity (2.89 INR/kWh) and (iii) diesel power plant (9 INR/kWh) that were used in the elimination of baseline alternatives.

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).



Version	Date	Nature of revision
01.1	30 March 2012	Editorial revision to correct title.
01.0	21 March 2012	Initial publication. Related to EB 55, Annex 40. Paragraphs 20, 27 & 28, Rejected: 23 December 2011. Project 4289.
Decision Class: Ruling Document Type: Information Note Business Function: Registration		