

**Final Ruling Regarding the Request for Registration of
“Yun’An County Gaoli Starch Factory Wastewater Treatment and Biogas Recovery Project”
(5039)**

The CDM-Executive Board decided to reject the above proposed project activity on the 22nd February 2012, in accordance with “*Procedures for review of requests for registration*”, version 1.2, EB 55, Annex 40, paragraphs 23, 24 and 28 (the procedures). Paragraph 27 of the above procedures requires that the rulings of the Board contain an explanation of the reasons and rationale for the final decision, which are as follows:

- The DOE has failed to demonstrate that the input values used in the investment analysis were valid and applicable at the time of investment decision in accordance with version 1.2 of the validation and verification manual (VVM).
- Paragraph 113 (c) of the VVM states that the DOE is required to ensure that “on the basis of its specific local and sectoral expertise, confirmation is provided, by cross-checking or other appropriate manner, that the input values from the FSR are valid and applicable at the time of the investment decision”.
- The DOE failed to confirm that the input values taken from the FSR and used in the financial analysis and baseline calculations were valid and applicable at the time of investment decision, considering that historical data of plant operation from 2005 to 2007 were available at the time of investment decision in April 2008. In particular, the revised documentation provided by the DOE during the Executive Board’s review of the project activity indicates that the coal price of 650 RMB per tonne, the net calorific value of coal of 7,000 kcal per kg, and the displaced quantity of coal of 2,250 tonnes per year that were applied in the investment analysis were all based on the feasibility study report (FSR) dated September 2008, which is after the time of investment decision. In contrast, as per the plant historic records of 2005-2007 and monthly purchase receipts from the coal provider, the actual plant’s average coal consumption is 2,947 tonnes per year; the caloric value of the coal used varies from 4,800 kcal per kg to 5,100 kcal per kg, and the highest coal purchase price (no other price was presented by the DOE) is 585 RMB per tonne. If both the historic coal consumption and historic coal price were to be used in the financial calculations, the project IRR would increase from 9.5% to 13.8%, which is higher than the benchmark of 12%. The proposed project activity is therefore not considered to be additional.

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

Project 5039	Related to EB 55 Annex 40 Paragraphs 23, 24, 28 22 February 2012	Decision Class: Ruling Document Type: Information Note Business Function: Registration
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