

Final Ruling Regarding the Request for Registration
“Guangdong Pinghai Power Plant Phase I Project” (4785)

The CDM-Executive Board decided to reject the above proposed project activity on 22nd February 2012, 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 an explanation of the reasons and rationale for the final decision which are as follows:

- The DOE (DNV) failed to substantiate the additionality of the project activity and to meet the requirements for validation of the suitability of the input values to the investment analysis in line with version 1.2 of the validation and verification manual (VVM), paragraph 111, in particular the O&M costs; and the potential revenue from the sale of ash. The DOE also failed to substantiate the efficiency of selected baseline scenario in line with version 4 of ACM0013 (the methodology), page 10.
- Paragraph 111 of the VVM version 1.2 states that “to verify the accuracy of financial calculations carried out for any investment analysis, the DOE shall: ... (b) Cross-check the parameters against third-party or publicly available sources, such as invoices or price indices;”
- Page 10 of the methodology referred to above states that “As a conservative approach, the efficiency should be determined as the efficiency at optimum load, e.g., as provided by the manufacturers.” Further, page 9 of the methodology referred to above states that “All steps should be documented transparently, including a list of the plants identified in Steps 3 and 5, as well as relevant data on the fuel consumption and electricity generation of all identified power plants.”
- The DOE failed to substantiate the suitability of the input values in the investment analysis in line with the VVM, version 01.2, paragraph 111 as: (i) it only confirmed the total O&M cost, and has not substantiated the suitability of each component of O&M cost for each alternative and the different assumptions taken for each component for the alternatives; and (ii) it did not provide its validation opinion on the potential revenue from the sale of ash.
- The DOE has also failed to substantiate that the energy efficiency of the power generation technology that was identified as the most likely baseline scenario (38.1%) is at optimum load, as required by the provision in page 10 of the methodology.

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 4785	Related to EB 55 Annex 40 Paragraphs 20, 27, 28 22 February 2012	Decision Class: Ruling Document Type: Information Note Business Function: Registration
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