



**Final Ruling Regarding the Request for Registration of  
“Recovery and Utilization of Associated Gas to Optimize Power Generation at  
PETROAMAZONAS Block 15 Facilities” (4722)**

The CDM-Executive Board decided to reject the above proposed project activity on the 11 May 2012, during its 67<sup>th</sup> meeting, in accordance with “*Procedures for review of requests for registration*”, version 1.2, EB 55, Annex 40, paragraphs 20, 21, 22, 24 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 (DNV) failed to substantiate the additionality of the project activity and to meet the requirements for validation of suitability of input values to the investment analysis, in particular the crude oil price and the investment cost in accordance with version 1.2 of the validation and verification manual (VVM), paragraph 111 (a).
- Paragraph 111 (a) of the VVM states that “*To verify the accuracy of financial calculations carried out for any investment analysis, the DOE shall 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.*”
- The DOE failed to substantiate the suitability of the assumed crude oil price (0 \$/gallon) as indicated in the investment analysis spreadsheet, considering that the project activity is to displace crude oil that would otherwise be used for electricity generation to meet captive demand. The DOE also failed to substantiate the suitability of the total investment cost as the investment analysis did not include the recoverable value of the diesel and crude oil power generation equipments, already existing prior the project activity, which are to be partially replaced by the project activity.

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> 4722	Related to EB 67 Meeting Report Paragraph 67 11 May 2012	<b>Decision Class:</b> Ruling <b>Document Type:</b> Ruling Note <b>Business Function:</b> Registration
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