VALIDATION REPORT
ECO-TEC ASIA (UK) LTD

VALIDATION OF THE
INNER MONGOLIA ELECTRIC POWER
TRANSMISSION AND
TRANSFORMATION CHAYOUZHONGQI
WIND FARM 49.5MW PROJECT

REPORT NO. BVC/CHINA-VAL/6181/2011
Revision No. 01

BUREAU VERITAS CERTIFICATION

62/71 Boulevard du Château
92571 Neuilly Sur Seine Cdx - France
BUREAU VERITAS CERTIFICATION

VALIDATION REPORT

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<tr>
<td>24/09/2012</td>
<td>Bureau Veritas Certification Holding SAS</td>
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<th>Client:</th>
<th>Client ref.:</th>
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<tr>
<td>Eco-Tec Asia (UK) Ltd</td>
<td>Mr. Wu Xin</td>
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Summary:
Bureau Veritas Certification has completed the validation of Inner Mongolia Electric Power Transmission and Transformation Chayouzhongqi Wind Farm 49.5MW Project owned by Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd. located in Ulanqab City in the Inner Mongolia Autonomous Region, P.R. China on the basis of UNFCCC criteria for the CDM, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the CDM rules and modalities and the subsequent decisions by the CDM Executive Board, as well as the host country criteria.

The validation scope is defined as an independent and objective review of the project design document, the project's baseline study, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the project design and the baseline and monitoring plan; ii) follow-up on-site visit and interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final validation report and opinion. The overall validation, from Contract Review to Validation Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

The first output of the validation process is a list of Clarification and Corrective Actions Requests (CL and CAR), presented in Appendix A. Taking into account this output, the project proponent revised its project design document.

In summary, it is Bureau Veritas Certification’s opinion that the project correctly applies the baseline and monitoring methodology ACM0002 version 12.3.0 and meets the relevant UNFCCC requirements for the CDM and the relevant host country criteria.

Report No.: Subject Group: BVC/CHINA-Val/6181/2011 CDM

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<th>Work approved by:</th>
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<tr>
<td>Inner Mongolia Electric Power Transmission and Transformation Chayouzhongqi Wind Farm 49.5MW Project</td>
<td>Mr. Flavio Gomes</td>
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<tr>
<td>Mr. Ernesto Tan Wenbin Team Leader</td>
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<tr>
<td>Ms. Katherine Zhang Ying Team Member</td>
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<th>Internal technical Review carried out by:</th>
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<tr>
<td>Ms. Li Yiting</td>
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**Indexing terms**

- Work approved by: Mr. Flavio Gomes

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# Validation Report

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1. INTRODUCTION

Eco-Tec Asia (UK) Ltd (the project participant from Annex I Party) has commissioned Bureau Veritas Certification to validate the CDM project Inner Mongolia Electric Power Transmission and Transformation Chayouzhongqi Wind Farm 49.5MW Project (hereafter called “the Project”) owned by Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd. (hereafter called “the PP”) in Ulanqab City in the Inner Mongolia Autonomous Region, P.R. China.

This report summarizes the findings of the validation of the project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

1.1. Objective

The validation serves as project design verification and is a requirement of all projects. It is an independent third party assessment of the project design. In particular, the project's baseline, the monitoring plan (MP), and the project's compliance with relevant UNFCCC and host country criteria are validated in order to confirm that the project design, as documented, is sound and reasonable, and meet the stated requirements and identified criteria. Validation is a requirement for all CDM projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of certified emission reductions (CERs).

UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the CDM rules and modalities and the subsequent decisions by the CDM Executive Board, as well as the host country criteria.

1.2. Scope

The validation scope is defined as an independent and objective review of the project design document, the project's baseline study and monitoring plan and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations.

The validation is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

1.3. Validation team and Internal Technical Reviewer

<table>
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<th>FUNCTION</th>
<th>NAME</th>
<th>CODE HOLDER</th>
<th>TASK PERFORMED*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team Leader</td>
<td>Mr. Ernesto Tan Wenbin</td>
<td>Yes  No</td>
<td>DR SV RI</td>
</tr>
<tr>
<td>Team Member</td>
<td>Ms. Katherine Zhang Ying</td>
<td>Yes  No</td>
<td>DR SV RI</td>
</tr>
</tbody>
</table>
2. METHODOLOGY

The overall validation, from Contract Review to Validation Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

In order to ensure transparency, a validation protocol was customized for the project, according to the version 01.2 of the Clean Development Mechanism Validation and Verification Manual (2/), issued by CDM Executive Board at its 55th meeting on 30/07/2010. The protocol shows, in a transparent manner, criteria (requirements), means of validation and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organizes, details and clarifies the requirements a CDM project is expected to meet;
- It ensures a transparent validation process where the validator will document how a particular requirement has been validated and the result of the validation.

The completed validation protocol is enclosed in Appendix A to this report.

2.1. Review of Documents

The Project Design Document (PDD) submitted by Eco-tec Asia (Beijing) Co., Ltd. and additional background documents related to the project design and baseline, i.e. country Law, Guidelines for Completing the Project Design Document (CDM-PDD), Approved methodology, Kyoto Protocol, Clarifications on Validation Requirements to be Checked by a Designated Operational Entity were reviewed.

To address Bureau Veritas Certification corrective action and clarification requests, Eco-tec Asia (Beijing) Co., Ltd. revised the PDD and resubmitted it on 18/09/2012 and the validation conclusion presented in this report relate to the project as described in the PDD version 2.0. (Ref-2)

2.2. Follow-up Interviews
On 19/12/2011, Bureau Veritas Certification performed interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of the Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd. (the project owner, hereafter referred to as "the PP"), the consultant and local stakeholders were interviewed (see Section 6REFERENCES). The main topics of the interviews are summarized in Table 1.

Table 1 Interview topics

<table>
<thead>
<tr>
<th>Interviewed organization</th>
<th>Interview topics</th>
</tr>
</thead>
</table>
| Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd. (The PP) | ➢ Project background information and CDM consideration.  
➢ Project technology, operation, maintenance and monitoring capability.  
➢ Project monitoring and management plan.  
➢ Stakeholder consultation process.  
➢ Project approval status (incl. EIA approval, CDM project approval status)  
➢ Wind power development in the area  
➢ Government policies related to wind power projects |
| Local Stakeholder | ➢ Project background in details  
➢ Stakeholder comments  
➢ Social and environmental impact of the project |
| Eco-tec Asia (Beijing) Co., Ltd. (the consultant) | ➢ Applicability of selected methodology.  
➢ Baseline determination.  
➢ Emission reductions calculation.  
➢ Emission reduction monitoring plan. |

2.3. Resolution of Clarification and Corrective Action Requests

The objective of this phase of the validation is to raise the requests for corrective actions and clarification and any other outstanding issues that needed to be clarified for Bureau Veritas Certification positive conclusion on the project design.

Corrective Action Request (CAR) is issued, where:

➢ The project participants have made mistakes that will influence the ability of the project activity to achieve real, measurable additional emission reductions;

➢ The CDM requirements have not been met;
There is a risk that emission reductions cannot be monitored or calculated. Bureau Veritas Certification may also use the term Clarification Request (CL), if information is insufficient or not clear enough to determine whether the applicable CDM requirements have been met.

To guarantee the transparency of the validation process, the concerns raised are documented in more detail in the validation protocol in Appendix A.

2.4. Internal Quality Control

The validation report underwent an Internal Technical Review (ITR) before requesting registration of the project activity.

The ITR is an independent process performed to examine thoroughly that the process of validation has been carried out in conformance with the requirements of the validation scheme as well as internal Bureau Veritas Certification procedures.

The Team Leader provides a copy of the validation report to the reviewer, including any necessary validation documentation. The reviewer reviews the submitted documentation for conformance with the validation scheme. This will be a comprehensive review of all documentation generated during the validation process.

When performing an Internal Technical Review, the reviewer ensures that:

- The validation activity has been performed by the team by exercising utmost diligence and complete adherence to the CDM rules and requirements.
- The review encompasses all aspects related to the project which includes project design, baseline, additionality, monitoring plans and emission reduction calculations, internal quality assurance systems of the project participant as well as the project activity, review of the stakeholder comments and responses, closure of CARs, CLs and FARs during the validation exercise, review of sample documents.

The reviewer compiles clarification questions for the Team Leader and Validation Team and discusses these matters with Team Leader.

After the agreement of the responses on the 'Clarification Request' from the Team Leader as well as the PP(s) the finalized validation report is accepted for further processing such as uploading on the UNFCCC webpage.

3. VALIDATION CONCLUSIONS

In the following sections, the conclusions of the validation are stated.

The findings from the desk review of the original project design documents and the findings from interviews during the follow up visit are described in the Validation Protocol in Appendix
A. The Clarification and Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Validation Protocol in Appendix A. The validation of the Project resulted in 6 Corrective Action Requests (CARs) and 5 Clarification Requests (CLs).

The CARs and CLs were closed based on adequate responses from the Project Participant(s) which meets the applicable requirements. They have been reassessed before their formal acceptance and closure.

The number between brackets at the end of each section corresponds to the VVM paragraph.

3.1. Approval (49-50)

The letters of approval have been provided and the following support documentation has been verified by Bureau Veritas Certification:

- The DNA of China has issued a Letter of Approval (No. 4624) in Oct. 2012 authorizing Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd. as the Project Participant and confirms that Inner Mongolia Electric Power Transmission and Transformation Chayouzhongqi Wind Farm 49.5MW Project contributes to China’s Sustainable development. (Ref-3)

- The DNA of UK has issued a Letter of Approval on 12/11/2012 (No. EA/Eco-Tec/13/2012), authorizing Eco-Tec Asia (UK) Ltd as the Project Participant for the Project in China. (Ref-4)

Bureau Veritas Certification received the letters of approval from the project participants and does not doubt the letter’s authenticity.

The letters of approval do not contain a specific version of neither the PDD nor the validation report.

The title and contents of the letters of approval refer to the precise proposed CDM project activity title in the PDD being submitted for registration.

- Bureau Veritas Certification considers the letter of approval is in accordance with para. 45 - 48 /VVM.

3.2. Participation (54)

The participation for each project participant has been approved by a Party of the Kyoto Protocol.

- Complying with para.54/VVM, Bureau Veritas Certification hereby confirms that by referring to the information on UNFCCC website i.e.
3.3. Project design document (57)

Complying with para. 57/VVM, Bureau Veritas Certification hereby confirms that the PDD complies with the latest Project Design Document Form (CDM-PDD) version 03.2 and guidance documents for completion of PDD version 07.

3.4. Changes in the Project Activity

The major differences between the final version PDD and the webhosted PDD are listed below:

<table>
<thead>
<tr>
<th>Items</th>
<th>PDD version 1.0 (Webhosted)</th>
<th>PDD version 2.0 (Final)</th>
<th>Validation Opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Project description</td>
<td>The project will install and operate 25 sets of wind turbines, each of which has a capacity of 1500kW. The Project is expected to supply 91,290MWh net electricity annually to the North China Power Grid (NCPG); The Project will result in annual emission reductions of 81,778 tCO₂e during its fixed crediting period.</td>
<td>The Project will install and operate 25 sets of wind turbines, 24 of which have a capacity of 2000kW and 1 of which has a capacity of 1500kW. The Project is expected to supply 108,502MWh net electricity annually to the North China Power Grid (NCPG); The Project will result in annual emission reductions of 97,196 tCO₂e during its fixed crediting period.</td>
<td>The description of the Project regarding the amount of the wind turbines to be installed, and the unit capacity of the wind turbines, expected electricity supplied to NCPG and expected annual emission reductions was wrongly input by mistake in the PDD version 1.0 and those description in the PDD version 2.0 was revised and became consistent with that in the FSR and on-site interview. The wind turbine purchase contract and the technical contract have also been verified and it is Bureau Veritas Certification’s opinion that the project description in the PDD version 2.0 is accurate.</td>
</tr>
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</table>
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<table>
<thead>
<tr>
<th>Items</th>
<th>PDD version 1.0 (Webhosted)</th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>and reliable. For more details, please refer to CAR-3.</td>
</tr>
<tr>
<td>2. Financial analysis</td>
<td>6.26%</td>
<td>6.18%</td>
<td>The input values and IRR in GSP PDD are wrongly inputted, which is inconsistent with the FSR and IRR sheet. By checking the PDD version 2.0, it could be confirmed that both input values and IRR were consistent with that in the FSR and IRR sheet. For more details, please refer to CAR-6.</td>
</tr>
<tr>
<td>3. Common practice</td>
<td>Tool for Demonstration and Assessment of Additionality” version 05.2.1 was applied.</td>
<td>Tool for Demonstration and Assessment of Additionality” version 06.0.0 was applied.</td>
<td>The revised common practice analysis is considered complete in accordance with the chosen standard and latest data source. For more details, please refer to CAR-7.</td>
</tr>
<tr>
<td>4. Monitoring system descrip</td>
<td>Only $EG_{facility,y}$ was listed in section B.7.1.</td>
<td>$EG_{import,y}$ and $EG_{export,y}$ was added in section B.7.1.</td>
<td>The monitored parameters listed in the section B.7.1 in the PDD version 2.0 are complete. For more details, please refer to CAR-5.</td>
</tr>
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#### 3.5. Project description (64)

The Project is a newly built wind farm located in Ulanqab City in the Inner Mongolia Autonomous Region, P.R. China, which has geographical coordinates of north latitude 41°21'00"(41.35000°) and east longitude 112°29'30" (112.49167°).
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The total installed capacity of the Project is 49.5MW, consisting of 24 wind turbines, each with the unit capacity of 2,000kW (type: XE82-2000) and 1 wind turbine with the capacity of 1,500kW (type: XE82-1500C), manufactured by Xiangdian Wind Power Co., Ltd. The Project is expected to supply 108,502MWh net electricity annually to the North China Power Grid (NCPG) which is dominated by thermal power generation; The Project will result in annual emission reductions of 97,196tCO₂e during its fixed crediting period.

Bureau Veritas Certification can confirm that the estimated PLF of 25.0% sourced from the approved FSR of the Project was determined by a qualified third party contracted by the PP, which complying with the para. 3(b) of “Guidelines for the Reporting and Validation of Plant Load Factors” version 01 (EB48, annex 11).

In the absence of the Project, the equivalent amount of annual power output of the Project would be generated by the operation of power plants connected to NCPG and by the addition of new generation sources in the NCPG. This is same as the baseline scenario. The project scenario is considered additional in comparison to the baseline scenario, and therefore eligible to receive Certified Emissions Reductions (CERs) under the CDM, based on the analysis presented in the PDD.

The processes undertaken by Bureau Veritas Certification to validate the accuracy and completeness of the Project description include the document review and crosscheck with the approved FSR and relevant approvals issued by local governments.

The validation did not reveal any information that indicates that the Project can be seen as a diversion of official development assistance (ODA) funding towards the host country.

Complying with para.64/VVM, Bureau Veritas Certification hereby confirms that the project description in PDD is accurate and complete in all respects and that there is no change to the project activity design or boundary as compared to the webhosted PDD.

3.6. Baseline and monitoring methodology

3.6.1. Baseline and monitoring methodology

The Project uses the approved consolidated baseline and monitoring methodology ACM0002 version 12.3.0 – “Consolidated baseline methodology for grid-connected electricity generation from renewable sources” dated 17/09/2010. (/1/) The steps taken to assess the relevant information contained in the PDD against each applicability condition are described below.

By on-site visiting and interviewing with the PP, Bureau Veritas Certification confirms that the Project complies with the applicability conditions of methodology ACM0002 version 12.3.0.

- The Project is a grid-connected renewable wind power project that install a new power plant at a site where no renewable power plant was operated prior to the implementation of the Project (green-field plant);
- The Project does not involve switching from fossil fuels to renewable energy at the site.
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of the Project.

Bureau Veritas Certification hereby confirms that the selected baseline and monitoring methodology, tool and other methodology component is previously approved by the CDM Executive Board, and is applicable to the Project, which, complies with all the applicability conditions therein.

Based on the on-site assessment, Bureau Veritas Certification hereby confirms that, as a result of the implementation of the Project, there are no greenhouse gas emissions occurring within the project boundary, which are expected to contribute more than 1% of the overall expected average annual emissions reductions, which are not addressed by the applied methodology.

3.6.2. Project boundary (80)

Bureau Veritas Certification has validated the project boundary by:

a) Assessing the relevant documents including FSR.

b) Observing the physical site and equipment used in the process.

The spatial extent of the project boundary is clearly defined in line with ACM0002 version 12.3.0 as the physical, geographical site of Project and all other power plants connected physically to the NCPG that the Project is connected to. The greenhouse gases and emission sources included in the project boundary are CO₂ emissions from the electricity generation in fossil fuel fired power plants that are displaced due to the project activity.

Complying with para.80/VVM, Bureau Veritas Certification hereby confirms that the identification of project boundary is in line with the delineation of grid boundaries as provided in the version of “2011 Baseline Emission Factors for Regional Power Grids in China (hereafter called “China Grid-EF”) dated 20/10/2011. (Ref-13) During on-site visit, via observations of the physical site, Bureau Veritas Certification hereby confirms that the identified boundary and the selected sources and gases are justified for the Project.

3.6.3. Baseline identification (87-88)

The steps taken to assess the requirement given in paragraph 81 and 82 of the VVM are described below:

The Project is the installation of a newly built and grid-connected renewable power plant that delivers the generated electricity to the NCPG, hence, according to methodology ACM0002, the baseline scenario is determined properly as:

Electricity delivered to the grid by the Project would have otherwise been generated by the operation of grid-connected power plants and by the addition of new generation sources, as reflected in the combined margin (CM) calculations described in the “Tool to calculate the emission factor for an electricity system” version 02.2.1(hereafter called “Tool-Grid EF”) (/3/).

According to the “China Grid-EF”, the delineation of grid boundary of the Project is the NCPG.
Furthermore, the baseline of the Project determined in the PDD i.e. “electricity delivered to the grid by the Project would have otherwise been generated by the operation of grid-connected power plants and by the addition of new generation sources” is transparent and deemed to be reasonable.

Complying with para. 87 and 88/VVM, Bureau Veritas Certification hereby confirms that:

(a) All the assumptions and data used by the project participants are listed in the PDD, including their references and sources;

(b) All documentation used is relevant for establishing the baseline scenario and correctly quoted and interpreted in the PDD;

(c) Assumptions and data used in the identification of the baseline scenario are justified appropriately, supported by evidence and can be deemed reasonable;

(d) Relevant national and/or sector policies and circumstances are considered and listed in the PDD;

(e) The approved baseline methodology has been correctly applied to identify the most reasonable baseline scenario and the identified baseline scenario reasonably represents what would occur in the absence of the proposed CDM project activity.

3.6.4. Algorithms and/or formulae used to determine emission reductions (92-93)

The steps taken to assess the requirement outlined in paragraph 89 the VVM are described below:

As per baseline methodology ACM0002, the emission reduction $ER_y$ during the crediting period is the difference between baseline emissions, project emissions and leakage. These are:

1) Baseline emissions: baseline emissions $BE_y$ (tCO$_2$) are equal to baseline emission factor $EF_{grid, CM, y}$(tCO$_2$/MWh) times the net electricity supplied to the grid $EG_{PJ, y}$ (MWh) (the Project is a Greenfield wind power plant, therefore $EG_{PJ, y}$ equals to $EG_{facility, y}$ that is quantity of net electricity generation supplied by the project plant/unit)

2) Project Emissions: the project emissions are regarded as zero as per methodology ACM0002 version 12.3.0.

3) Leakage: no leakage need to be considered as per methodology ACM0002 version 12.3.0.

4) Emission reductions:

$$ER_y = BE_y - PE_y = BE_y = EF_{grid, CM, y} × EG_{PJ, y} = EF_{grid, CM, y} × EG_{facility, y}$$

According to the baseline methodology ACM0002 version 12.3.0 and “Tool-Grid EF” version 02.2.1 (/3/), the baseline emission factor was calculated as six steps. In addition, the
calculation in the PDD refers to the “China Grid-EF” dated 20/10/2011 (Ref-13), which is the most recent information available at the time of CDM-PDD submission to Bureau Veritas Certification for validation.

Bureau Veritas Certification has checked the “China Grid-EF” and can confirm that the emission factor calculation is in accordance with data in the China Electric Power Yearbook from 2008 to 2010 and China Energy Statistical Yearbook from 2008 to 2010, and also complies with requirement the Tool-Grid EF. According to the “China Grid-EF”, the Simple OM emission factor (EF\text{grid,OM,y}) of NCPG is calculated as 0.9803 tCO₂e/MWh. Similarly, the build margin emission factor (EF\text{grid,BM,y}) of the NCPG is calculated as 0.6426 tCO₂e/MWh.

According to the “Tool-Grid EF”, the default weights ω\text{OM} = 0.75 for Operating Margin and ω\text{BM} = 0.25 for build Margin in the fixed crediting period of Wind Power Projects are adopted.

Therefore, the combined baseline emission factor is determined ex-ante and will remain fixed during the crediting period, viz.

EF\text{grid,CM,y} = 0.9803 \times 0.75 + 0.6426 \times 0.25 = 0.8958 tCO₂e/MWh

As a consequence, the estimated annual emission reductions of the Project are 97,196 tCO₂e during the fixed crediting period. This is considered to be a reasonable estimation using the assumptions given by the Project.

Complying with para.92 and 93/VVM, based on the above assessment, Bureau Veritas Certification hereby confirms that:

(a) All assumptions and data used by the project participants are listed in the PDD, including their references and sources;

(b) All documentation used by project participants as the basis for assumptions and source of data is correctly quoted and interpreted in the PDD;

(c) All values used in the PDD are considered reasonable in the context of the proposed CDM project activity;

(d) The baseline methodology ACM0002 and “Tool-Grid EF” has been applied correctly to calculate project emissions, baseline emissions, leakage and emission reductions;

(e) All estimates of the baseline emissions can be replicated using the data and parameter values provided in the PDD.

3.7. Additionality of a project activity (97)

The steps taken and sources of information used to cross-check the information contained in the PDD on this matter are described below:

“Tool for Demonstration and Assessment of Additionality” version 06.0.0 dated 25/11/2011 (hereinafter called “Tool-Additionality”) (/4/) has been employed for demonstrating
and assessing the additionality of the Project. The additionality of the Project has been carefully checked, in doing so Bureau Veritas Certification has put the main focus on the following issues:

3.7.1. Prior consideration of the clean development mechanism (104)

The FSR of the Project was completed in Oct. 2010 by Inner Mongolia Power Survey & Design Institute. The FSR approval was issued by the Inner Mongolia Autonomous Region DRC on 29/12/2010. The FSR showed that the Project would not have been realized without CDM financial support. Based on the conclusion of the FSR, the PP decided to implement the Project with CDM support on 17/01/2011. On 16/06/2011, the Wind Turbines’ Foundation Construction Contract was signed. This is the earliest of the dates at which the implementation or construction or real action of the Project began and has been identified as the project start date.

From the table analyzed in section 3.7.1.1 of this report, Bureau Veritas Certification was able to verify that the start date of the Project determined as 16/06/2011 is appropriate (the signed date of the Wind Turbines’ Foundation Construction Contract) and is the earliest of the dates at which the implementation or construction or real action of the Project began. This is in accordance with the latest CDM glossary. (/5/)

The starting date of the Project is prior to the date when the PDD was published for global stakeholder consultation on 19/11/2011. According to the definition in the “Guidelines on the demonstration and assessment of prior consideration of the CDM” version 04 (Annex13, EB 62, 15/07/2011) (hereinafter called “Guidance-Prior Consideration”), the Project is a new project as its starting date is after 02/08/2008. As per the “Guidance-Prior Consideration”, for such new project, the project participant must inform the Host Party DNA and the UNFCCC secretariat in writing of the commencement of the project activity and the intention of seek the CDM status within six months from the starting date.

According to the evidence gathered, the PP sent a prior consideration notice on 02/12/2011 to China DNA (Host Party) and on 10/11/2011 to UNFCCC using the standardized F-CDM-Prior Consideration form. Taking into consideration that the Project starting date has been individuated being 16/06/2011, it has been verified that both the notice of “commencement of the activity and intention of seek the CDM status” has been sent to the required Parties within the 6-month terms. Hence, Bureau Veritas Certification can confirm that CDM was seriously considered in the decision to implement the Project.

3.7.1.1. Historical information on project timeline

It has been demonstrated by the timeline of events of the Project that the CDM revenue was seriously considered in the decision to proceed with the Project prior to start of the Project and, the continuing and real action were taken to secure CDM status for the Project in parallel with its implementation:
### Table 2 Timeline of the Project

<table>
<thead>
<tr>
<th>Date</th>
<th>Events</th>
<th>Evidence verified</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/08/2010</td>
<td>The Project’s Environmental Impact Assessment (“EIA”) was compiled by Inner Mongolia Environmental Protection Science Research Institute</td>
<td>Ref-16</td>
</tr>
<tr>
<td>15/09/2010</td>
<td>The EIA approval was issued by Environmental Protection Bureau of Inner Mongolia Autonomous Region</td>
<td>Ref-17</td>
</tr>
<tr>
<td>Oct. 2010</td>
<td>Feasibility Study Report (FSR) completed</td>
<td>Ref-14</td>
</tr>
<tr>
<td>29/12/2010</td>
<td>The FSR approval was issued by the Inner Mongolia Autonomous Region DRC</td>
<td>Ref-15</td>
</tr>
<tr>
<td>17/01/2011</td>
<td>Based on the conclusion of approved FSR, the PP decided to seek CDM support to the Project</td>
<td>Ref-25</td>
</tr>
<tr>
<td>16/06/2011</td>
<td>The Wind Turbines’ Foundation Construction Contract of the Project was signed (start date of the project)</td>
<td>Ref-26</td>
</tr>
<tr>
<td>07/07/2011</td>
<td>The construction start order of the Project was issued</td>
<td>Ref-23</td>
</tr>
<tr>
<td>07/08/2011</td>
<td>The Emission Reduction Purchase Agreement was signed</td>
<td>Ref-24</td>
</tr>
<tr>
<td>10/09/2011</td>
<td>The wind towers purchasing contract was signed</td>
<td>Ref-27</td>
</tr>
<tr>
<td>Sep. 2011</td>
<td>The wind turbines and attaching equipments purchasing contract was signed</td>
<td>Ref-28</td>
</tr>
<tr>
<td>10/11/2011</td>
<td>The notification for the prior consideration of the CDM was received by UNFCCC secretariat</td>
<td>Ref-19</td>
</tr>
<tr>
<td>19/11/2011</td>
<td>PDD was published for global stakeholder consultation</td>
<td>Ref-1</td>
</tr>
<tr>
<td>02/12/2011</td>
<td>The notification for the prior consideration of the CDM was sent to the China DNA</td>
<td>Ref-18</td>
</tr>
</tbody>
</table>

According to the latest Glossary of CDM terms Ver. 06 (/6/) and “Guidance-Prior Consideration” (/5/), Bureau Veritas Certification confirms that the start date of the Project...
Complying with para.100-103/VVM, Bureau Veritas Certification has verified this issue, which could significantly influence the additionality of the Project, and confirms that the serious consideration under the context of the Project has been addressed appropriately in accordance with the above guidance. Consequently, the chronological events described with the relevant documented evidences are the objective foundation on which Bureau Veritas Certification developed its validation opinions.

3.7.2. Identification of alternatives (107)

The plausible and credible alternatives to the Project were identified as per the “Tool-Additionality” version 06.0.0:

Alternative (a): The Project activity undertaken without being registered as a CDM project activity;

Alternative (b): Comparable capacity or electricity generation addition provided by the NCPG.

Both alternative (a) and alternative (b) are in compliance with legal and regulatory requirements.

Complying with para.107/VVM, Bureau Veritas Certification was able to verify that the alternatives identified to the Project are complete and credible, and found that Step 1 of “Tool Additionality” was applied appropriately.

3.7.3. Investment analysis (114)

Considering the baseline scenario identified above, option III, the Benchmark Analysis, is applied in the investment analysis as per the Sub-step 2b of “Tool-Additionality”, which is in accordance with “Guidelines on the Assessment of Investment Analysis” version 05 (Ref-30). Bureau Veritas Certification has verified this benchmark and confirms that it is widely applied in Chinese power generation industries. Therefore, Bureau Veritas Certification confirms that the benchmark is suitable for the Project.

Before reviewing the IRR calculation, Bureau Veritas Certification has validated the basic parameters listed in the PDD in accordance with the guidance of Para. 113/VVM. (Ref-14)

As per the relevant evidences provided, Bureau Veritas Certification confirms that the PP’s final decision to proceed with the investment in the Project has been made based on the approved FSR (Ref-14), which was finalized in Oct. 2010. Based on the conclusion of the FSR, the PP decided to proceed with the Project on 17/01/2011 with the support from CDM revenues. Given this relatively short period of time between the FSR and the decision to proceed with the Project, Bureau Veritas Certification was therefore confident that it is unlikely in the context of the underlying Project that the input values would have materially changed,
which is in line with the para. (a) 113/VVM.

At the same time, Bureau Veritas Certification compared the input values for the financial analysis in the PDD and the FSR, and confirms that all input parameters used in the financial analysis are taken from the approved FSR, Bureau Veritas Certification was therefore of the opinion that the investment analysis is in accordance para. 113(b)/VVM.

Furthermore, Bureau Veritas Certification has reviewed the IRR calculation sheet and confirms that:

- The **operation period** of 20 years which is same as the lifetime of WTG was selected reasonably following the requirements of “Interim Rules on Economic Assessment of Electric Power Engineering Retrofit Projects” and Para.3 of “Guidelines on the Assessment of Investment Analysis” version 05 (/8/).

- The **residual value rate** of 5% was in compliance with relevant regulation in China, i.e. Enterprise Income Tax Law Implementation Regulations of People's Republic of China (The People's Republic of China State Council Order No. 512) (Ref-31).

- The **static investment** in the approved FSR is 414.4454 million RMB and unit investment is 8,373RMB/kW.

- Because the construction of the Project is not completed, the financial closure of the Project is unavailable. Some cost items are unavailable at present, such as fire protection, safety equipments and road planting necessary to the Project in accordance with the Codes on Compiling Feasibility Study Report of Wind Farms issued by NDRC (Ref-20). Bureau Veritas Certification has crosschecked the estimated static investment against the already signed contracts of key equipments and construction related (the Wind Turbine’s Foundation Construction Contract, the Wind Towers Purchasing Contract, the Wind Turbines and the Attaching Equipments Purchasing Contract, etc.) (Ref-26, Ref-27, Ref-28, Ref-29), and found that the total value of the contracts equals to 432.568727Million RMB and exceeds the estimated static investment in the FSR.

- Bureau Veritas Certification has checked all registered CDM wind power projects in Inner Mongolia covered by NCPG on UNFCCC website and found that the unit investment cost of the Project falls in the range of 7,742RMB/kW to 11,580RMB/kW (refer to Table 3).

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**Table 3 Input values of the similar registered CDM wind projects in Inner Mongolia covered by NCPG**

<table>
<thead>
<tr>
<th>Ref No.</th>
<th>Project</th>
<th>Unit Investment (RMB/kW)</th>
<th>Unit Annual O&amp;M cost (RMB/kWh)</th>
<th>Plant Load Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>Huitengxile Windfarm Project</td>
<td>N/A</td>
<td>N/A</td>
<td>26.19%</td>
</tr>
<tr>
<td>589</td>
<td>Inner Mongolia Huitengliang 49.5MW Wind Power</td>
<td>11,059</td>
<td>N/A</td>
<td>27.65%</td>
</tr>
</tbody>
</table>

---
<table>
<thead>
<tr>
<th>Ref No.</th>
<th>Project Description</th>
<th>Unit Investment (RMB/kW)</th>
<th>Unit Annual O&amp;M cost (RMB/kWh)</th>
<th>Plant Load Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>823</td>
<td>Huadian Inner Mongolia Huitengxile 100.25MW Wind Farm Project</td>
<td>8,611</td>
<td>0.071</td>
<td>32.39%</td>
</tr>
<tr>
<td>870</td>
<td>Inner Mongolia Huitengxile Jingneng 100MW Wind Power Project</td>
<td>7,809</td>
<td>0.076</td>
<td>29.54%</td>
</tr>
<tr>
<td>1261</td>
<td>Guohua Inner Mongolia Huitengliang Wind Farm Project</td>
<td>10,299</td>
<td>0.085</td>
<td>28.92%</td>
</tr>
<tr>
<td>1327</td>
<td>Inner Mongolia Zhuozi 40MW Wind Power Project</td>
<td>9,604</td>
<td>0.100</td>
<td>28.05%</td>
</tr>
<tr>
<td>1577</td>
<td>CGN Inner Mongolia Zhurihe Phase I Wind Farm Project</td>
<td>9,982</td>
<td>0.085</td>
<td>27.89%</td>
</tr>
<tr>
<td>1621</td>
<td>Bayannaoer Chuanjingsumu 49.3MW Wind Power Project</td>
<td>9,875</td>
<td>0.094</td>
<td>26.11%</td>
</tr>
<tr>
<td>1662</td>
<td>Inner Mongolia Erlianhaote Phase I Wind Farm Project</td>
<td>10,236</td>
<td>0.095</td>
<td>26.31%</td>
</tr>
<tr>
<td>1815</td>
<td>Inner Mongolia Huitengliang Phase II Wind Power Project</td>
<td>9,188</td>
<td>0.123</td>
<td>27.63%</td>
</tr>
<tr>
<td>1823</td>
<td>Inner Mongolia Bayin'aobao 49.5MW Wind Farm Project (Phase I)</td>
<td>10,394</td>
<td>0.089</td>
<td>26.61%</td>
</tr>
<tr>
<td>1833</td>
<td>Inner Mongolia Duolun Daxishan 30.6MW Wind Power Project</td>
<td>9,908</td>
<td>0.084</td>
<td>27.28%</td>
</tr>
<tr>
<td>1865</td>
<td>Sinohydro Inner Mongolia Ximeng Honggeer Wind Power Project</td>
<td>9,289</td>
<td>0.103</td>
<td>30.43%</td>
</tr>
<tr>
<td>1900</td>
<td>Inner Mongolia North Longyuan Zhurihe Wind Farm Project</td>
<td>9,163</td>
<td>0.055</td>
<td>27.06%</td>
</tr>
<tr>
<td>1992</td>
<td>Expansion Project of Huadian Inner Mongolia Huitengxile Wind Farm</td>
<td>8,408</td>
<td>0.071</td>
<td>31.32%</td>
</tr>
<tr>
<td>2027</td>
<td>Inner Mongolia Bayinhanggai 49.5MW Wind Farm Project</td>
<td>10,362</td>
<td>0.064</td>
<td>24.68%</td>
</tr>
<tr>
<td>2038</td>
<td>Fuhui Inner Mongolia Tugurige Wind Farm Project</td>
<td>7,823</td>
<td>0.091</td>
<td>27.53%</td>
</tr>
<tr>
<td>2047</td>
<td>Guohua Inner Mongolia Huitengliang West Windfarm Project</td>
<td>9,205</td>
<td>0.078</td>
<td>28.12%</td>
</tr>
<tr>
<td>2051</td>
<td>Goldwind Damao Wind Farm Project</td>
<td>8,416</td>
<td>0.075</td>
<td>27.71%</td>
</tr>
<tr>
<td>2072</td>
<td>Fuhui Inner Mongolia Narenbaolige Wind Farm Project</td>
<td>8,203</td>
<td>0.094</td>
<td>26.70%</td>
</tr>
<tr>
<td>2078</td>
<td>Inner Mongolia North Longyuan Huitengxile Windfarm Project</td>
<td>10,370</td>
<td><strong>0.048</strong></td>
<td>29.40%</td>
</tr>
<tr>
<td>2093</td>
<td>Huade Changshun 49.5MW Wind Power Project</td>
<td>9,185</td>
<td>0.087</td>
<td>25.80%</td>
</tr>
<tr>
<td>2113</td>
<td>CGN Inner Mongolia Huitengliang 300MW Wind Power Project</td>
<td>9,703</td>
<td>0.084</td>
<td>30.81%</td>
</tr>
<tr>
<td>2135</td>
<td>Inner Mongolia Ximeng Abag 49.5MW Wind Power Project</td>
<td>11,503</td>
<td>0.098</td>
<td>27.17%</td>
</tr>
<tr>
<td>2153</td>
<td>Inner Mongolia Baotou Bayin Wind Power Project</td>
<td>7,915</td>
<td>0.063</td>
<td>26.46%</td>
</tr>
<tr>
<td>Ref No.</td>
<td>Project</td>
<td>Unit Investment (RMB/kW)</td>
<td>Unit Annual O&amp;M cost (RMB/kWh)</td>
<td>Plant Load Factor (%)</td>
</tr>
<tr>
<td>---------</td>
<td>---------</td>
<td>--------------------------</td>
<td>-------------------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>2158</td>
<td>Inner Mongolia North Longyuan Huitengliang Wind Farm Project</td>
<td>9,282</td>
<td>0.055</td>
<td>27.31%</td>
</tr>
<tr>
<td>2227</td>
<td>Inner Mongolia Xinghe Hangtian Wind Farm Project</td>
<td>9,046</td>
<td>0.101</td>
<td>25.67%</td>
</tr>
<tr>
<td>2406</td>
<td>CGN Inner Mongolia Duerbote Wind farm Project</td>
<td>10,063</td>
<td>0.090</td>
<td>26.32%</td>
</tr>
<tr>
<td>2450</td>
<td>Xilingoue Huitengliang Wind Power Project Guotai Phase I</td>
<td>9,811</td>
<td>0.104</td>
<td>27.50%</td>
</tr>
<tr>
<td>2483</td>
<td>Inner Mongolia Wuliji Wind Farm Project</td>
<td>10,810</td>
<td>0.068</td>
<td>26.86%</td>
</tr>
<tr>
<td>2566</td>
<td>Inner Mongolia Ximeng Zheligentu Wind Farm Phase I Project</td>
<td>9,009</td>
<td>0.105</td>
<td>23.29%</td>
</tr>
<tr>
<td>2567</td>
<td>Inner Mongolia Jingneng Saihan Wind Farm Phase I Project</td>
<td>10,407</td>
<td>0.086</td>
<td>28.71%</td>
</tr>
<tr>
<td>2597</td>
<td>Guohua Wulate Zhongqi Phase I 49.5 MW Wind farm Project</td>
<td>10,154</td>
<td>0.090</td>
<td>28.67%</td>
</tr>
<tr>
<td>2732</td>
<td>IMAR Debatu Wind Farm Phase I 49.5MW Project</td>
<td>10,803</td>
<td>0.082</td>
<td>28.77%</td>
</tr>
<tr>
<td>2853</td>
<td>Huade Daditaihong 49.5MW Wind Power Project</td>
<td>9,503</td>
<td>0.084</td>
<td>25.17%</td>
</tr>
<tr>
<td>2911</td>
<td>Huaneng Damao Maoming Phase I Wind Farm Project</td>
<td>10,659</td>
<td>0.080</td>
<td>28.10%</td>
</tr>
<tr>
<td>2912</td>
<td>Inner Mongolia Taipusi Gongbaolage Wind Farm Project</td>
<td>8,422</td>
<td>0.091</td>
<td>22.94%</td>
</tr>
<tr>
<td>2951</td>
<td>Inner Mongolia Bayannaoer Chuanjingsumu (IV) Wind Power Project</td>
<td>8,325</td>
<td>0.107</td>
<td>29.14%</td>
</tr>
<tr>
<td>3005</td>
<td>North Longyuan Huitengliang Wind Power Project</td>
<td>8,965</td>
<td>0.073</td>
<td>31.70%</td>
</tr>
<tr>
<td>3086</td>
<td>Inner Mongolia Urad Middle Banner 45MW Wind-farm Project</td>
<td>10,265</td>
<td>0.069</td>
<td><strong>22.76%</strong></td>
</tr>
<tr>
<td>3088</td>
<td>Baiyun'ebo 45MW Wind farm Project</td>
<td>10,718</td>
<td>0.091</td>
<td>24.87%</td>
</tr>
<tr>
<td>3092</td>
<td>Inner Mongolia Chayouhouqi Hongmu 48MW Wind Power Project</td>
<td>10,518</td>
<td>0.080</td>
<td>27.95%</td>
</tr>
<tr>
<td>3134</td>
<td>Inner Mongolia Saiwusu I Wind Power Project</td>
<td>8,595</td>
<td>0.089</td>
<td>28.42%</td>
</tr>
<tr>
<td>3177</td>
<td>Inner Mongolia Bayanur Wuliji 49.5MW Wind Power Project</td>
<td>11,159</td>
<td>0.061</td>
<td>29.32%</td>
</tr>
<tr>
<td>3251</td>
<td>Inner Mongolia Zhuozi III Wind Power Project</td>
<td>11,580</td>
<td>0.054</td>
<td>29.97%</td>
</tr>
<tr>
<td>3282</td>
<td>Inner Mongolia Shangdu Jiqingliang 49.5MW Wind Power Project</td>
<td>8,478</td>
<td>0.109</td>
<td>25.58%</td>
</tr>
<tr>
<td>3303</td>
<td>CGN Inner Mongolia Huitengliang Phase I Wind Farm Project</td>
<td>10,627</td>
<td>0.086</td>
<td>28.98%</td>
</tr>
<tr>
<td>3342</td>
<td>Inner Mongolia Siziwangqi Wulanhua Wind Farm Project</td>
<td>9,942</td>
<td>0.090</td>
<td>26.47%</td>
</tr>
<tr>
<td>3387</td>
<td>Inner Mongolia Wujier Phase I Wind Power Project</td>
<td>11,293</td>
<td>0.080</td>
<td>29.25%</td>
</tr>
<tr>
<td>3447</td>
<td>Inner Mongolia Bayannaoer Chuanjingsumu ( III ) Wind Power Project</td>
<td>7,889</td>
<td>0.125</td>
<td>26.93%</td>
</tr>
<tr>
<td>Ref No.</td>
<td>Project</td>
<td>Unit Investment (RMB/kW)</td>
<td>Unit Annual O&amp;M cost (RMB/kWh)</td>
<td>Plant Load Factor (%)</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>--------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>3453</td>
<td>CGN Inner Mongolia Zhurihe Phase II Wind Farm Project</td>
<td>9,733</td>
<td>0.092</td>
<td>28.67%</td>
</tr>
<tr>
<td>3490</td>
<td>Inner Mongolia Yihewusu Phase II 49.5 MW Wind Power Project</td>
<td>9,275</td>
<td>0.074</td>
<td>23.45%</td>
</tr>
<tr>
<td>3526</td>
<td>Inner Mongolia Hailisu Phase I Wind Farm Project</td>
<td>9,643</td>
<td>0.092</td>
<td>23.16%</td>
</tr>
<tr>
<td>3539</td>
<td>Huadian Kulun 201MW Wind Farm Project</td>
<td>8,889</td>
<td>0.103</td>
<td>28.20%</td>
</tr>
<tr>
<td>3596</td>
<td>Huaneng Wuchuan Lihanliang Phase I Wind Farm Project</td>
<td>10,657</td>
<td>0.067</td>
<td>26.64%</td>
</tr>
<tr>
<td>3617</td>
<td>Inner Mongolia Jingneng Zheligentu Wind Farm Phase II Project</td>
<td>9,576</td>
<td>0.078</td>
<td>23.52%</td>
</tr>
<tr>
<td>3618</td>
<td>Beijing Energy Huitengxile 49.5MW Wind Power Project</td>
<td>10,143</td>
<td>0.085</td>
<td>28.48%</td>
</tr>
<tr>
<td>3662</td>
<td>Chuanjing Wind Farm Inner Mongolia Luneng Phase II</td>
<td>10,408</td>
<td>0.102</td>
<td>25.92%</td>
</tr>
<tr>
<td>3679</td>
<td>Inner Mongolia Saiwusu II Wind Power Project</td>
<td>9,294</td>
<td>0.088</td>
<td>28.67%</td>
</tr>
<tr>
<td>3684</td>
<td>Inner Mongolia Jingneng Chayouzhong Wind Farm Phase II Project</td>
<td>9,860</td>
<td>0.085</td>
<td>27.75%</td>
</tr>
<tr>
<td>3685</td>
<td>Inner Mongolia Jingneng Jixiang Huaya Wind Farm Phase II Project</td>
<td>10,552</td>
<td>0.091</td>
<td>26.82%</td>
</tr>
<tr>
<td>3688</td>
<td>Inner Mongolia Zhuozi II Wind Power Project</td>
<td>10,069</td>
<td>0.087</td>
<td>25.99%</td>
</tr>
<tr>
<td>3701</td>
<td>Inner Mongolia Jingneng Shangdu Jiqingliang Wind Farm Phase I Project</td>
<td>9,943</td>
<td>0.096</td>
<td>28.92%</td>
</tr>
<tr>
<td>3829</td>
<td>Inner Mongolia Huade 49.5MW Wind Farm Phase I Project</td>
<td>10,365</td>
<td>0.115</td>
<td>29.20%</td>
</tr>
<tr>
<td>3842</td>
<td>Inner Mongolia Bayinxile Wind Power Project</td>
<td>10,183</td>
<td>0.092</td>
<td>28.48%</td>
</tr>
<tr>
<td>3889</td>
<td>Caishenliang 49.5MW Wind Power Generation Project in Inner Mongolia Autonomous Region</td>
<td>9,881</td>
<td>0.096</td>
<td>26.17%</td>
</tr>
<tr>
<td>3891</td>
<td>Huaneng Wuchuan Lihanliang Phase II Wind Farm Project</td>
<td>10,144</td>
<td>0.089</td>
<td>26.64%</td>
</tr>
<tr>
<td>3936</td>
<td>Inner Mongolia Hangjin Yihewusu Wind Power Project</td>
<td>7,742</td>
<td>0.119</td>
<td>24.32%</td>
</tr>
<tr>
<td>3969</td>
<td>Inner Mongolia Alashan Helanshan Yinxing Wind Farm Phase I Project</td>
<td>10,322</td>
<td>0.124</td>
<td>24.61%</td>
</tr>
<tr>
<td>4093</td>
<td>Datang Duolun Daxishan phase III Wind Farm Project</td>
<td>10,406</td>
<td>0.065</td>
<td>26.96%</td>
</tr>
<tr>
<td>4112</td>
<td>Datang Duolun Daxishan Farm II</td>
<td>9,765</td>
<td>0.063</td>
<td>26.62%</td>
</tr>
<tr>
<td>4150</td>
<td>Inner Mongolia Wulanchabu Hongji Wind Farm Project</td>
<td>10,489</td>
<td>0.081</td>
<td>27.97%</td>
</tr>
<tr>
<td>4190</td>
<td>Guodian Wuchuan Xiwulanbulang Hongshan Wind Farm Phase I 49.5MW Wind Power Project</td>
<td>9,632</td>
<td>0.088</td>
<td>26.14%</td>
</tr>
<tr>
<td>4222</td>
<td>Inner Mongolia Goldwind Damao Wind Farm Phase II Project</td>
<td>8,860</td>
<td>0.119</td>
<td>26.93%</td>
</tr>
<tr>
<td>4303</td>
<td>Guohua Wulate Zhongqi Chuanjing Phase II Wind Farm</td>
<td>10,321</td>
<td>0.066</td>
<td>29.88%</td>
</tr>
<tr>
<td>Ref No.</td>
<td>Project</td>
<td>Unit Investment (RMB/kW)</td>
<td>Unit Annual O&amp;M cost (RMB/kWh)</td>
<td>Plant Load Factor (%)</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>-------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>4580</td>
<td>Inner Mongolia Zhengxiangbaiqi Zheilgentu project I wind farm project</td>
<td>9,905</td>
<td>0.086</td>
<td>26.52%</td>
</tr>
<tr>
<td>4685</td>
<td>Inner Mongolia Bayannur Wulanyiligeng 300MW Wind Power Project</td>
<td>8,564</td>
<td>0.082</td>
<td>32.27%</td>
</tr>
<tr>
<td>4689</td>
<td>Inner Mongolia Wulatezhongqi Chuanjing Phase V Wind Power Project</td>
<td>8,353</td>
<td>0.111</td>
<td>29.58%</td>
</tr>
<tr>
<td>4778</td>
<td>Inner Mongolia Guyang Huaishuo I Wind Farm Project</td>
<td>9,677</td>
<td>0.101</td>
<td>25.90%</td>
</tr>
<tr>
<td>4781</td>
<td>Inner Mongolia Unad Houqi Wuliji Wind Power Project</td>
<td>11,284</td>
<td>0.061</td>
<td>28.32%</td>
</tr>
<tr>
<td>4894</td>
<td>Baiyun Ebo Wind Farm Inner Mongolia Luneng Phase II</td>
<td>9,458</td>
<td>0.119</td>
<td>28.01%</td>
</tr>
<tr>
<td>4910</td>
<td>Inner Mongolia Xisu Zhurihe Wind Farm Project</td>
<td>9,618</td>
<td>0.108</td>
<td>26.27%</td>
</tr>
<tr>
<td>4978</td>
<td>Huaneng Inner Mongolia Wuchuan Heishatu Wind Farm Project</td>
<td>8,855</td>
<td>0.108</td>
<td>24.53%</td>
</tr>
<tr>
<td>5029</td>
<td>Inner Mongolia North Long Yuan 100 MW Huitengxile Wind Farm</td>
<td>9,600</td>
<td>0.066</td>
<td>31.50%</td>
</tr>
<tr>
<td>5095</td>
<td>Inner Mongolia Siziwangqi Bayin’ aoobao Wind Power Project</td>
<td>8,857</td>
<td>0.089</td>
<td>27.69%</td>
</tr>
<tr>
<td>5181</td>
<td>Zhurihe Phase I 49.5MW Wind Farm Project in Xilingol League, Inner Mongolia</td>
<td>10,197</td>
<td>0.088</td>
<td>27.50%</td>
</tr>
<tr>
<td>5255</td>
<td>CECIC Inner Mongolia Wulanchabu Xinghe Phase I Wind Farm Project</td>
<td>9,952</td>
<td>0.095</td>
<td>26.54%</td>
</tr>
<tr>
<td>5287</td>
<td>Inner Mongolia Jinjie Baiyun Phase I Wind Farm Project</td>
<td>10,716</td>
<td>0.084</td>
<td>28.93%</td>
</tr>
<tr>
<td>5311</td>
<td>Inner Mongolia Shangdu Changshengliang Wind Farm Project</td>
<td>9,482</td>
<td>0.096</td>
<td>23.66%</td>
</tr>
<tr>
<td>5319</td>
<td>Inner Mongolia Wulatehouqi Chaoge Wind Farm Project</td>
<td>9,705</td>
<td>0.104</td>
<td>26.61%</td>
</tr>
<tr>
<td>5349</td>
<td>Huadian Inner Mongolia Guyang Hongniijing Wind Farm Project</td>
<td>9,545</td>
<td>0.083</td>
<td>23.80%</td>
</tr>
<tr>
<td>5413</td>
<td>Inner Mongolia Damao Banner Mandula Wind Power Project</td>
<td>10,119</td>
<td>0.122</td>
<td>28.61%</td>
</tr>
<tr>
<td>5435</td>
<td>Inner Mongolia Huadian Meiguiying Wind Farm Project</td>
<td>11,048</td>
<td>0.085</td>
<td>28.20%</td>
</tr>
<tr>
<td>5498</td>
<td>Inner Mongolia Datang International Hongmu Phase II Wind Farm Project</td>
<td>8,824</td>
<td>0.149</td>
<td>27.28%</td>
</tr>
<tr>
<td>5559</td>
<td>Inner Mongolia Hohhot Dayuanshan Wind Power Project</td>
<td>9,632</td>
<td>0.083</td>
<td>24.66%</td>
</tr>
<tr>
<td>5567</td>
<td>Inner Mongolia Beijing Energy Shangdu Jiqingliang Wind Farm II</td>
<td>9,350</td>
<td>0.117</td>
<td>27.72%</td>
</tr>
<tr>
<td>5706</td>
<td>Inner Mongolia Datang International Zhuozi phase IV wind farm project</td>
<td>9,997</td>
<td>0.083</td>
<td>26.20%</td>
</tr>
<tr>
<td>Ref No.</td>
<td>Project</td>
<td>Unit Investment (RMB/kW)</td>
<td>Unit Annual O&amp;M cost (RMB/kWh)</td>
<td>Plant Load Factor (%)</td>
</tr>
<tr>
<td>---------</td>
<td>-------------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>-------------------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>5759</td>
<td>Inner Mongolia Helin 49.5 MW Wind Power Project</td>
<td>9,768</td>
<td>0.121</td>
<td>28.05%</td>
</tr>
<tr>
<td>5781</td>
<td>Inner Mongolia China Water Group Huade Sandaogou Wind Farm 49.5MW Project</td>
<td>8,793</td>
<td>0.114</td>
<td>22.89%</td>
</tr>
<tr>
<td>5809</td>
<td>CGN Inner Mongolia Wuliji Phase II Wind Farm Project</td>
<td>10,443</td>
<td>0.072</td>
<td>25.64%</td>
</tr>
<tr>
<td>5881</td>
<td>Inner Mongolia Erenhot 49.5MW Wind Farm Phase I Project</td>
<td>9,404</td>
<td>0.120</td>
<td>23.33%</td>
</tr>
<tr>
<td>5883</td>
<td>Inner Mongolia China Water Group Huade Nuijiacun Wind Farm 49.5MW Project</td>
<td>8,611</td>
<td>0.110</td>
<td>23.33%</td>
</tr>
<tr>
<td>5893</td>
<td>Inner Mongolia Bayanur Wuliji 49.5MW Wind Power Project Phase II</td>
<td>9,808</td>
<td>-</td>
<td>27.68%</td>
</tr>
<tr>
<td>5900</td>
<td>Inner Mongolia China Water Group Huade Heping Wind Farm 49.5MW Project</td>
<td>8,712</td>
<td>0.113</td>
<td>22.98%</td>
</tr>
<tr>
<td>5904</td>
<td>Inner Mongolia China Water Group Huade Erligetu Wind Farm 49.5MW Project</td>
<td>8,754</td>
<td>0.109</td>
<td>24.02%</td>
</tr>
<tr>
<td>5909</td>
<td>Inner Mongolia China Water Group Huade Cheliwusu Wind Farm 49.5MW Project</td>
<td>8,412</td>
<td>0.108</td>
<td>23.58%</td>
</tr>
<tr>
<td>5912</td>
<td>Inner Mongolia Ximeng Huitengliang Area A Phase II Wind Power Project</td>
<td>9,186</td>
<td>0.116</td>
<td>27.34%</td>
</tr>
<tr>
<td>5920</td>
<td>Inner Mongolia Ximeng Huitengliang Area A Phase I Wind Power Project</td>
<td>9,388</td>
<td>0.118</td>
<td>27.45%</td>
</tr>
<tr>
<td>5990</td>
<td>Inner Mongolia China Water Group Huade Sitaifangzi Wind Farm 49.5MW Project</td>
<td>8,361</td>
<td>0.109</td>
<td>23.37%</td>
</tr>
<tr>
<td>5992</td>
<td>Inner Mongolia China Water Group Huade Niujiafangzi Wind Farm 49.5MW Project</td>
<td>9,329</td>
<td>0.124</td>
<td>23.82%</td>
</tr>
<tr>
<td>6057</td>
<td>Datang New Energy Chayouhouqi Hanwula Wind Farm Project</td>
<td>9,044</td>
<td>0.118</td>
<td>25.81%</td>
</tr>
<tr>
<td>6074</td>
<td>Huadian Inner Mongolia Naiman Banner First Phase 49.5MW Wind Power Project</td>
<td>10,515</td>
<td>0.102</td>
<td>26.89%</td>
</tr>
<tr>
<td>6092</td>
<td>Inner Mongolia Huitong Energy Zhuozi Bayinxile Wind Farm Project</td>
<td>10,274</td>
<td>0.083</td>
<td>26.81%</td>
</tr>
<tr>
<td>6138</td>
<td>Inner Mongolia Jingneng Huitengxile Wind Farm Phase II Project</td>
<td>11,253</td>
<td>0.123</td>
<td>31.81%</td>
</tr>
<tr>
<td>6157</td>
<td>Xiwu Banner Bayanwula 49.5MW Wind Power Project</td>
<td>9,526</td>
<td>0.120</td>
<td>27.35%</td>
</tr>
<tr>
<td>6344</td>
<td>Abag banner Huiteng Lian Wind Farm Phase I 49.5MW CDM Project</td>
<td>10,375</td>
<td>0.105</td>
<td>26.76%</td>
</tr>
<tr>
<td>6416</td>
<td>Huaneng Wuchuan Houwantu Wind Farm Project</td>
<td>9,190</td>
<td>0.110</td>
<td>24.14%</td>
</tr>
<tr>
<td>6577</td>
<td>Huadian Inner Mongolia Guyang Honanjing Phase II Wind Farm Project</td>
<td>8,722</td>
<td>0.101</td>
<td>23.61%</td>
</tr>
</tbody>
</table>
Validation Report

<table>
<thead>
<tr>
<th>Ref No.</th>
<th>Project</th>
<th>Unit Investment (RMB/kW)</th>
<th>Unit Annual O&amp;M cost (RMB/kWh)</th>
<th>Plant Load Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6643</td>
<td>Inner Mongolia Damao Banner Mandula Nuuer Wind Power Project</td>
<td>9,209</td>
<td>0.119</td>
<td>27.63%</td>
</tr>
<tr>
<td>6666</td>
<td>Huadian Inner Mongolia Meiguiying Phase II 200MW Wind Farm Project</td>
<td>9,516</td>
<td>0.099</td>
<td>26.31%</td>
</tr>
<tr>
<td>6678</td>
<td>Inner Mongolia Wuliji Phase II Wind Power Project</td>
<td>10,181</td>
<td>0.100</td>
<td>27.77%</td>
</tr>
<tr>
<td>6779</td>
<td>Wulatehouqi Huogeqi Windfarm First Stage 49.5MW Project</td>
<td>9,878</td>
<td>0.103</td>
<td>27.00%</td>
</tr>
</tbody>
</table>

The electricity tariff used in the PDD is taken from FSR which was completed by an accredited third party.

Bureau Veritas Certification has studied the relevant policies and local investment environment in wind power sector and summarized as follows:

- Since 2002, the reform has been implemented in China’s electric power sector to separate the grid and the power plant from the state power company (Ref-6).
- Since 2006, the Renewable Energy Law issued by NDRC came into effect /8/. From then on, the wind power projects increased rapidly in China (Ref-7).
- On 09/06/2007, China NDRC issued the document Fa Gai Jia Ge [2007] No.1260 (Ref-9), in the document, tariff for wind power projects in Inner Mongolia covered by NCPG were approved as 0.51 RMB/kWh (incl. VAT).
- On 03/12/2007, China NDRC issued the document Fa Gai Jia Ge [2007] No.3303 (Ref-10), and the tariff of wind power projects located in Inner Mongolia covered by NCPG was approved as 0.51 RMB/kWh (incl. VAT) in the document.
- On 23/07/2008, China NDRC issued the document Fa Gai Jia Ge [2008] No.1876 (Ref-11), and the tariff of wind power projects located in Inner Mongolia covered by NCPG was approved as 0.51 RMB/kWh (incl. VAT) in the document.
- In Jul. 2009, Notice on Perfecting the Feed-in Tariff Policy (Fa Gai Jia Ge [2009] No. 1906) issued by NDRC (Ref-12), the tariff was classified with four categories based on wind resource, and Ulanqab City falls into Wind Resource Area I (with tariff of 0.51RMB/kWh).

Bureau Veritas Certification has studied the tariff notifications for wind power projects in
Inner Mongolia Autonomous Region covered by NCPG and summarized as follows:

Table 4 - Tariff for Wind Power Projects in Inner Mongolia covered by NCPG commissioned after 2002

<table>
<thead>
<tr>
<th>Date</th>
<th>Approved Notification</th>
<th>Tariff (RMB/kWh, incl.VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/06/2007</td>
<td>Fa Gai Jia Ge [2007] No. 1260</td>
<td>0.51</td>
</tr>
<tr>
<td>03/12/2007</td>
<td>Fa Gai Jia Ge [2007] No. 3303</td>
<td>0.51</td>
</tr>
<tr>
<td>23/07/2008</td>
<td>Fa Gai Jia Ge [2008] No. 1876</td>
<td>0.51</td>
</tr>
<tr>
<td>20/07/2009</td>
<td>Fa Gai Jia Ge [2009] No. 1906</td>
<td>0.51</td>
</tr>
</tbody>
</table>

The FSR of the Project was finalized in Oct. 2010 and the tariff notifications Fa Gai Jia Ge [2009] No. 1906 was available at that time. Therefore, Bureau Veritas Certification confirms the tariff of 0.51 RMB/kWh (incl. VAT) employed in the FSR is valid and applicable to the Project.

In addition, the electricity tariff approval was also issued by the Inner Mongolia Autonomous Region on 21/03/2012, which also confirmed that the electricity tariff of the Project was 0.51 RMB/kWh (incl. VAT) (Ref-47). Therefore, Bureau Veritas Certification is of the opinion that the tariff of 0.51 RMB/kWh (incl. VAT) employed in FSR and PDD is appropriate.

From Information Note on the Highest Tariffs Applied by The Executive Board in its Decisions on Registration of Projects in China issued by the CDM EB (version 02) /9/, the historical highest tariff of wind power projects in Inner Mongolia is 0.54 RMB/kWh (incl. VAT). For the Project, if adopting the historical highest tariff of 0.54 RMB/kWh (incl. VAT) to calculate the IRR, the Project IRR is 6.99%, still lower than 8% of the benchmark.

The annual electricity output of the Project was determined by a qualified third party based on the latest 32 years historical local wind source data (from 1977 to 2008) using professional software, and one year onsite measurement data from 01/01/2008 to 31/12/2008 (Ref-14), therefore, the value in the FSR and the PDD is deemed reasonable.

- The plant load factor of 25.0% (annual utilization hours of 2192hr) was determined based on the information from FSR, which was developed by an accredited third party (Inner Mongolia Power Survey & Design Institute) contracted with the PP and approved by Inner Mongolia Autonomous Region DRC. Therefore, Bureau Veritas Certification confirms that the plant load factor determined in the FSR complies with the requirement of “Guidelines for the Reporting and Validation of Plant Load Factors version 01” (EB48, annex 11) (/7/).

- According to Notification regarding Accelerating Wind Power Connection and Absorption to the Grid release by Chinese National Energy Administration on 24/04/2012 (Guo Xin Neng Yuan [2012]135) (Ref-21), the average annual utilization hours in 2011 for wind power projects in China is 1920hrs, and 1829 hrs in Inner...
Mongolia covered by NCPG. The annual utilization hours of the Project are 2192hrs, higher than the one both in China and Inner Mongolia covered by NCPG. Therefore Bureau Veritas Certification confirms that the annual utilization hours of the Project is appropriate and conservative.

- Bureau Veritas Certification has also checked plant load factor of all registered CDM wind projects in Inner Mongolia covered by NCPG and found that plant load factor varies from 22.76% to 32.39% (referring to table 3). The PLF of the Project is 25.0%, falls in the range and is verified to be appropriate.

- Bureau Veritas Certification confirms that the annual O&M cost is the sum of maintenance cost, salary, insurance fee, material fee, and miscellaneous cost, which was studied based on the “Code on Compiling Feasibility Study Report of Wind Farms” issued by NDRC (Ref-20) and “Economic Evaluation Method and Parameters for Project Construction” (version 3) (Ref-22).

  - Each individual item of annual O&M cost is computed using input values from the approved FSR. Bureau Veritas Certification has checked the calculation and found it correct.

  - Bureau Veritas Certification has also checked available annual O&M cost information for registered CDM wind projects in Inner Mongolia covered by NCPG, and found that the unit O&M costs vary from 0.048 RMB/kWh to 0.149RMB/kWh (refer to Table 3). The unit O&M cost of the Project is calculated to be 0.139RMB/kWh, within the range above. Therefore, Bureau Veritas Certification is able to confirm that the annual O&M cost used is appropriate and reasonable.

- A post-tax benchmark is applied for the investment analysis of the Project. Bureau Veritas Certification has checked the IRR calculation sheet and confirms that the interest has been taken into account in the calculation of income tax. Since the loan contract has not been signed yet, the interest rate of 5.96% in the PDD was crosschecked with the prevailing commercial interest rate at the time of the FSR compiling and found them consistent (Ref-44). In addition, the debt-equity ratio estimated in the FSR was approved by local DRC. Therefore, Bureau Veritas Certification confirms that the interest payable has been taken into account in the calculation of income tax and deem appropriate.

- Bureau Veritas Certification has checked the IRR calculation sheet and confirms that depreciation has been deducted in estimating gross profits on which tax is calculated, and be added back to net profits for the purpose of calculating the financial indicator. The depreciation period of 15 years is in line with the national regulation which requires that the depreciation should be larger than 10 years (Ref-31). Bureau Veritas Certification confirms that the depreciation calculated complies with “Economic Evaluation Method and Parameters for Project Construction” (version 3). (Ref-22)

- Bureau Veritas Certification has also verified values of various taxes through crosschecking against the taxation rules conducted by local government and found to be
The income tax of 25% complies with Enterprise Income Tax Law of China which is effective from 01/01/2008. (Ref-32) Bureau Veritas Certification checked the calculation of the income tax in the IRR calculation spreadsheet and can confirm that the calculation of the income tax complies with the Enterprise Income Tax Law of China. (Ref-32)

As to the VAT

On 09/12/2008, Ministry of Finance and the State Administration of Taxation issued the Notice of Value Added Tax Policy Regarding Products Using Certain Synthesized Resources and Other Products (Cai Shui [2008]156) which is effected on 01/07/2008 for wind projects (Ref-35). In accordance with Cai Shui [2008]156, the VAT of 17%, which is the normal VAT rate in China (Ref-35), is calculated firstly, and 50% of the actual VAT payment for electricity sales will be refunded to the wind power project.

Ministry of Finance and the State Administration of Taxation issued the Notice about Implementation of VAT Reform in the Whole Country (Cai Shui [2008]170) on 19/12/2008, which was effected on 01/01/2009 (Ref-36). In accordance with Cai Shui [2008]170, the VAT of newly purchased equipments from the investment allows to be compensated to the wind power projects.

For the Project, VAT of 17% is calculated firstly, after compensation of the VAT of newly purchased equipments, 50% of the actual VAT payment is refunded to the Project annually. This calculation is fully consistent with the approved FSR (Ref-14) and the regulations above.

The education tax of 3% complies with the Interim Provision on Education Tax Law, and city building tax of 5% for enterprises complies with the National City Tax Law. (Ref-33, Ref-34)

Complying with para.113/VVM, based on the assessment above, Bureau Veritas Certification hereby confirms that the underlying assumptions are appropriate and the financial calculations are correct.

Based on the data from the approved FSR valid and applicable to the Project at the time of investment decision, the project IRR of the Project without CDM revenues is 6.18%, lower than the benchmark, which shows that the Project is not financially attractive compared to the benchmark in the absence of CDM benefits.

Bureau Veritas Certification has reviewed the IRR calculation (Ref-37) and confirms that the IRR processing is consistent with the “Guidelines on the assessment of investment analysis” version 05 (8/8) and the data sources as well as the analysis approach are reliable and based on host country’s regulation for compilation of FSR.

Four financial parameters were taken as uncertain factors for sensitive analysis of financial
attractiveness:

- Static Investment
- Annual O&M Cost
- Annual Electricity Output
- Electricity Tariff

According to “Code on compiling feasibility study report of wind power projects” published by NDRC (Ref-20), static investment, annual O&M cost, annual electricity output and electricity tariff should be taken as uncertain factors to do sensitivity analysis, and ±10% variation of above factors shall be considered in the sensitivity analysis. Therefore, Bureau Veritas Certification confirms that the variables and variations ±10% performed for sensitivity analysis is deemed to be appropriate for the Project, and it states that even considering a ±10% variation of the selected factors the IRR of the Project would still remain below the 8% benchmark.

- With a decrease in static investment by 11.70%, the Project IRR may reach 8%. However, it has been verified that the total value of already signed contracts of main equipments and construction related (Ref-26, Ref-27, Ref-28, Ref-29) already exceeds the static investment estimated by the approved FSR. Thus, Bureau Veritas Certification confirms that the static investment won’t decrease by 11.70%.

- With an increase in electricity tariff by 13.60%, the Project IRR will reach 8%. As per tariff notifications released by NDRC (Fa Gai Jia Ge [2009]1906), wind power tariff for Ulanqab City is 0.51RMB/kWh (Incl. VAT). For reaching the benchmark, the corresponding tariff should be 0.579RMB/kWh (Incl. VAT). It is much higher than the highest tariff 0.54RMB/kWh (Incl. VAT) for wind power in Inner Mongolia Autonomous Region issued by EB version 02 /9/. Therefore, Bureau Veritas Certification concludes that it is unlikely that the electricity tariff could increase to make IRR reach benchmark of 8%.

- With an increase by 13.60% in annual electricity output, the project IRR will reach the benchmark. By checking the FSR, the electricity generation of the Project is determined by a qualified third party based on the latest 32 years historical local wind source data (from 1997 to 2008) using professional software, and one year onsite measurement data from 01/01/2008 to 31/12/2008. Therefore, Bureau Veritas Certification confirms that it is unlikely that the annual electricity output could increase by 13.60% during the whole life of the Project.

- With a decrease in annual O&M cost by 46.0%, the Project IRR may reach 8%. The annual O&M cost comprise maintenance cost, salary, insurance fee, material fee, and miscellaneous cost. All of these expenses are determined by qualified entity based on long term operation experience in FSR. Considering the increasing price of cost (Ref-45, Ref-46). Bureau Veritas Certification can confirm that the annual O&M cost would not decrease by 46.0%.
Considering the CERs sale revenues (calculated with 10.50€/tCO$_2$e), the project IRR of the Project can be crossing the benchmark and become economically feasible.

Bureau Veritas Certification can conclude that both of the variation range and relevant assumptions stated in the PDD are robust and the investment of the Project is deemed to be financially unattractive.

Complying with para.114/VVM, based on the assessment result by the financial expert engaged, Bureau Veritas Certification hereby confirms that the underlying assumptions are appropriate and the financial calculations are correct.

3.7.4. Barrier Analysis (118)

The Step 3 Barrier analysis was not applied for the Project.

3.7.5. Common Practice Analysis (121)

The Project is a newly built 49.5MW wind power project in Inner Mongolia Autonomous Region. Thus the Project belongs measure (b) defined in the “Tool-Additionality”, i.e. Switch of technology with or without change of energy source (including energy efficiency improvement as well as use of renewable energies). Therefore, the four steps provided in the “Tool-Additionality” were employed to conduct common practice analysis for the Project.

Step1: All plants that with capacity between 24.75MW to 74.25MW (+/-50% of 49.5MW) have been identified.

Step 2: Due to the same province/region have similar resources, grid structure, geological and transportation conditions and economic development. Hence, Inner Mongolia Autonomous Region is considered as the applicable geographical area appropriately. All plants that with capacity between 24.75MW to 74.25MW (+/-50% of 49.5MW) within Inner Mongolia Autonomous Region, which have started commercial operation before 16/06/2011 (the start date of the Project) have been identified.

Data of wind power plants in Inner Mongolia Autonomous Region are taken from the Statistics of Installed capacity of wind farm in China in 2006, 2007, 2008, 2009, 2010 and 2011 by Mr. Shi Pengfei and Chinese Wind Energy Association (Ref-38). Statistics of Installed capacity of wind farm are employed by almost all CDM projects in China as data source of common practice; therefore, Bureau Veritas Certification confirms that the source is reasonable.

The data on power generation projects other than wind are not publicly available. Therefore, no comprehensive assessment can be made of any non-wind projects in the applicable output range. According to the approved clarification CLA_Tool_0015 /10/, it is acceptable to use the total number of plants using the same energy source and that deliver the same output or capacity ($N_{all,wind}$) when it is not possible to have exact information on $N_{all}$, and use the total number of plants using different technology but the same energy source ($N_{diff,wind}$) when it is not possible to have exact information on $N_{diff}$. Therefore, in Step 2 $N_{all,wind}$ is used for $N_{all}$ and in Step 3 $N_{diff,wind}$ is used for $N_{diff}$. 
Excluding the registered CDM project activities and project undergoing validation, their number N_all is 5. The five projects are Keshiketeng Qi Dali Phase III wind power project, Bailingmiao Phase I wind power project, Bailingmiao Phase II wind power project, Honiton Xiwu Phase I wind farm project and Inner Mongolia Mangniuhai II Wind Power Project.

Step 3: Within plants identified in step 2, those apply technologies different that the technology applied in the Project was identified:

**Table 5 Projects identified as different**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Keshiketeng Qi Dali Phase III wind power project</td>
<td>Supported by National Debt Special Fund as a demonstration project (Ref-39)</td>
</tr>
<tr>
<td>Bailingmiao 50MW wind power project (Bailingmiao I)</td>
<td>Supported by carbon revenue under Gold Standard Voluntary Emission Reductions (Ref-40)</td>
</tr>
<tr>
<td>Honiton Energy Bailingmiao Phase Two Windfarm Project (Bailingmiao II)</td>
<td>Supported by carbon revenue under Gold Standard Voluntary Emission Reductions (Ref-41)</td>
</tr>
<tr>
<td>Honiton Xiwu Phase I wind farm project (Xiwu I)</td>
<td>Supported by carbon revenue under Gold Standard Voluntary Emission Reductions (Ref-42)</td>
</tr>
</tbody>
</table>

According to the “Tool-Additionality” para 9, different technologies in the context of common practice are technologies that deliver the same output and differ by at least one of the following: (a) Energy source/fuel; (b) Feed stock; (c) Size of installation; (d) Investment climate in the date of investment decision; (e) Other features. As shown in Table 5 above, Dali III was supported by National Debt Special Fund and Bailingmiao I, Bailingmiao II and Xiwu I got registered as Gold Standard Voluntary Emission Reductions Projects and obtained the carbon revenue. Therefore, the investment climate in the date of the investment decision of those four projects is different from the Project, inter alia: subsidies or other financial flows as indicated in “Tool-Additionality” para 9 (item (ii) under (d) Investment climate in the date of investment decision).

Therefore, N_diff is noted as 4.

Step 4: The factor \( F = 1 - \frac{N_{\text{diff}}}{N_{\text{all}}} \) is therefore calculated as 0.2, not greater than 0.2. And \( N_{\text{all}} - N_{\text{diff}} \) is 1, which is not greater than 3.

Therefore, the Project is not a common practice.

Complying with **para.121/VVM**, Bureau Veritas Certification has verified the description in the PDD and found that it is consistent with the sectoral statistics and therefore confirms that the Project is not common practice in the region.

Based on above demonstration that in accordance with “Tool-Additionality” and supported by
reliable data sources, it is the opinion of Bureau Veritas Certification that the Project is thus additional.

3.8. Monitoring plan (124)

Bureau Veritas Certification hereby confirms that the monitoring plan complies with the requirements of the methodology.

The steps taken to assess whether the monitoring arrangements described in the monitoring plan are feasible within the project design are described below.

The Project uses the approved consolidated monitoring methodology ACM0002 version 12.3.0 for grid connected electricity generation from renewable sources.

Applicability of this methodology is justified in PDD as it involves grid connected renewable power generation using wind energy. Refer discussions on the validity of the methodology at Section 3.6.1 above. Bureau Veritas Certification hereby confirms that the monitoring plan complies with the requirements of the methodology.

The ex-ante combined margin emission factor is determined based on the most recent information available. According to the monitoring plan, the quantity of the net electricity generation supplied to the grid by the Project (\(EG_{\text{facility,y}}\)) will be calculated follows:

\[
EG_{\text{facility,y}} = EG_{\text{export,y}} - EG_{\text{import,y}}
\]

Where:

- \(EG_{\text{facility,y}}\) : is quantity of net electricity generation supplied by the Project to the grid in year \(y\),
- \(EG_{\text{export,y}}\) : is quantity of electricity exported to the grid by the Project in year \(y\),
- \(EG_{\text{import,y}}\) : is quantity of electricity imported from the grid to the project in year \(y\).

\(EG_{\text{export,y}}\) and \(EG_{\text{import,y}}\) would be monitored by the main meter installed at the 220kV booster station and the backup meter installed at the Desheng 220kV substation. The accuracy level of the two meters is no lower than 0.5s. The electricity will be continuously measured and recorded monthly. Data may be verified against the electricity sales receipts. The meters are expected to be calibrated annually. Bureau Veritas Certification is of the opinion that the monitoring plan complies with the requirements of the methodology.

Operational management for the project activity is comprehensively detailed in PDD and this includes description of the responsibility, procedure reference, calibration frequency and maintenance needs.

By on-site interview with the PP, Bureau Veritas Certification confirms that the monitoring arrangements described in the monitoring plan are feasible within the project design, and the means of implementation of the monitoring plan are sufficient to ensure the emission reductions achieved by the Project can be reported ex post and verified.
Complying with para.124/VVM, Bureau Veritas Certification hereby confirms that the monitoring arrangements described in the monitoring plan are feasible within the project design and the project participants are able to implement the monitoring plan.

3.9. Sustainable development (127)

The Host Party China’s DNA confirmed the contribution of the Project to the sustainable development of the host Party. Refer to section 3.1 of this report.

3.10. Local stakeholder consultation (130)

Prior to the publication of the PDD on the UNFCCC website, the PP conducted a survey on local stakeholders in Apr.2010. Totally 36 copies of questionnaires were distributed and all copies have been returned with 100% return rate (Ref-43).

The collected questionnaires with responses from stakeholders are maintained by the PP and were presented to Bureau Veritas Certification for assessment during the site visit of the validation activity (Ref-43).

The stakeholders have recognized the contribution of the Project to local environment and social economy. Their views were endorsed by the local stakeholders interviewed during the site visit of the validation activity.

During the on-site visit, Bureau Veritas Certification has conducted an interview with local stakeholders and confirms that the stakeholders affected had been invited in a transparent manner. The interview with stakeholders and review of returned questionnaires shows that the summary of the comments received has been completely provided in the PDD and due account of the comments has been described in the PDD. Bureau Veritas Certification hereby confirms that the process of local stakeholder consultation is observed to be adequate.

Complying with para.130/VVM, Bureau Veritas Certification hereby confirms that the local stakeholder consultation was performed and the process of local stakeholder consultation is observed to be adequate. The Project will be beneficial to the local sustainable development without negative effect on the local stakeholders.

3.11. Environmental Impacts (133)

The PP has undertaken an analysis of environmental impacts and Bureau Veritas Certification confirms that the Environmental Impact Assessment was approved by the Environmental Protection Bureau of Inner Mongolia Autonomous Region on 15/09/2010 (Code: NHB [2010] No. 225) (Ref-16).

The environmental impact caused by the Project has been identified and analyzed in the PDD. By checking the EIA report and its approvals, Bureau Veritas Certification is able to ensure that the environment impact occurs mainly in the construction period due to air pollution,
water pollution, noise pollution, solid waste, electromagnetic radiation and ecology. All above
impacts would be controlled within an acceptable limit by implementing corresponding
mitigation measures as per the statement of the EIA. The impacts mentioned above were
insignificant according to the conclusion of the EIA.

Complying with para.133/VVM, Bureau Veritas Certification hereby confirms that the
Project will not have any significant impacts on the environment by means of measures of
pollution avoidance and control as well as ecological recovery.

4. COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

Complying with para.173/VVM, the PDD using methodology ACM0002 was webhosted on
the UNFCCC for global stakeholders’ comments as per CDM requirements. The Project
was webhosted from 19/11/2011 to 18/12/2011.

No comments were received during this period.
5. VALIDATION OPINION

Bureau Veritas Certification has performed a validation of the Inner Mongolia Electric Power Transmission and Transformation Chayouzhongqi Wind Farm 49.5MW Project in P. R. China. The validation was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

The validation consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan; ii) follow-up on-site visit and interviews with project stakeholders; iii) the resolution of outstanding issues and the issuance of the final validation report and opinion.

Project participants used the latest Validation and Verification Manual (version 01.2), Tool for demonstration and assessment of additionality (version 06.0.0), Paragraph 113 of VVM (version 01.2) and Guidelines on the demonstration and assessment of prior consideration of the CDM (version 04) to demonstrate the additionality of the Project. In line with this tool, the PDD provides investment analysis to determine that the project activity itself is not the baseline scenario. The latest Tool to calculate the emission factor for an electricity system (version 02.2.1) is also applied to determine the emission factor of North China Power Grid.

By installing a grid-connected renewable power plant, the Project is likely to result in reductions of GHG emissions. An investment analysis demonstrates that the proposed project activity is not a plausible baseline scenario. Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. Given that the project is implemented and maintained as designed, the project is expected to achieve the average annual emission reductions of 97,196tCO₂e over the chosen fixed crediting period.

The review of the project design documentation (version 2.0) and the subsequent follow-up interviews have provided Bureau Veritas Certification with sufficient evidence to determine the fulfillment of stated criteria. In our opinion, the project correctly applies and meets the relevant UNFCCC requirements for the CDM and the relevant host country criteria. Bureau Veritas Certification thus requests registration of Inner Mongolia Electric Power Transmission and Transformation Chayouzhongqi Wind Farm 49.5MW Project as CDM project activity.
6. REFERENCES

Category 1 Documents:
Documents provided by the Eco-Tec Asia (UK) Ltd that relate directly to the GHG components of the project.

<table>
<thead>
<tr>
<th>Ref-1</th>
<th>PDD version 1.0 dated 17/08/2011 and webhosted on 19/11/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ref-2</td>
<td>PDD version 2.0 dated 18/09/2012</td>
</tr>
<tr>
<td>Ref-3</td>
<td>Letter of Approval from DNA of China (Host country) dated Oct. 2012 (Code: No. 4624)</td>
</tr>
<tr>
<td>Ref-4</td>
<td>Letter of Approval from DNA of UK (Annex one country) dated 12/11/2012 (Code: EA/Eco-Tec/13/2012)</td>
</tr>
<tr>
<td>Ref-5</td>
<td>Modalities of Communication Form dated 17/04/2012 signed by Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd. and Eco-Tec Asia (UK) Ltd</td>
</tr>
<tr>
<td>Ref-6</td>
<td>Notice of National Council Issued about the Power System of Organization Reform Programme (National issued [2002] No. 5)</td>
</tr>
<tr>
<td>Ref-10</td>
<td>Document issued by NDRC on 03/12/2007, (Code Fa Gai Jia Ge [2007] No. 3303)</td>
</tr>
<tr>
<td>Ref-14</td>
<td>Feasibility Study Report (FSR) conducted by Inner Mongolia Power Survey &amp; Design Institute dated Oct. 2010</td>
</tr>
</tbody>
</table>
**Validation Report**

<table>
<thead>
<tr>
<th>Ref</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ref-15</td>
<td>The FSR approval issued by Inner Mongolia Autonomous Region DRC on 29/12/2010 (Code: NFGNY[2010]2934)</td>
</tr>
<tr>
<td>Ref-16</td>
<td>EIA report conducted by Inner Mongolia Power Survey &amp; Design Institute in Aug. 2010</td>
</tr>
<tr>
<td>Ref-17</td>
<td>EIA Approval issued by Environmental Protection Bureau of Inner Mongolia Autonomous Region on 15/09/2010 (Code: NHB [2010] No. 225)</td>
</tr>
<tr>
<td>Ref-18</td>
<td>The notification for the prior consideration of the CDM sent to the China DNA on 02/12/2011</td>
</tr>
<tr>
<td>Ref-19</td>
<td>The notification for the prior consideration of the CDM sent to UNFCCC secretariat on 10/11/2011</td>
</tr>
<tr>
<td>Ref-20</td>
<td>Codes on Compiling Feasibility Study Report of Wind Farms issued by National Development Reform Committee (NDRC).</td>
</tr>
<tr>
<td>Ref-21</td>
<td>Notification regarding Accelerating Wind Power Connection and Absorption to the Grid release by Chinese National Energy Administration on 24/04/2012 (Guo Xin Neng Yuan [2012]135)</td>
</tr>
<tr>
<td>Ref-22</td>
<td>“Economic Evaluation Method and Parameters for Project Construction” (version 3)</td>
</tr>
<tr>
<td>Ref-23</td>
<td>The construction start order of the Project issued on 07/07/2011</td>
</tr>
<tr>
<td>Ref-24</td>
<td>The Emission Reduction Purchase Agreement signed on 07/08/2011</td>
</tr>
<tr>
<td>Ref-25</td>
<td>PP’s Board Meeting Minutes made on 17/01/2011</td>
</tr>
<tr>
<td>Ref-26</td>
<td>The Wind Turbines’ Foundation Construction Contract of the Project signed on 16/06/2011</td>
</tr>
<tr>
<td>Ref-27</td>
<td>The wind towers purchasing contract signed 10/09/2011</td>
</tr>
<tr>
<td>Ref-28</td>
<td>The wind turbines and attaching equipments purchasing contract signed in Sep. 2011</td>
</tr>
<tr>
<td>Ref-29</td>
<td>Other static investment such as switchgears, transformer, etc.</td>
</tr>
<tr>
<td>Ref-32</td>
<td>Enterprise Income Tax Lawof P.R. China</td>
</tr>
<tr>
<td>Ref</td>
<td>Reference</td>
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</tr>
<tr>
<td>Ref-34</td>
<td>Provisional Regulations of the People’s Republic of China on City Maintenance and Construction Tax (Guo Fa [1985] No.19)</td>
</tr>
<tr>
<td>Ref-37</td>
<td>IRR calculation spreadsheet of the Project</td>
</tr>
<tr>
<td>Ref-40</td>
<td><a href="https://gs1.apx.com/mymodule/ProjectDoc/EditProjectDoc.asp?id1=449">https://gs1.apx.com/mymodule/ProjectDoc/EditProjectDoc.asp?id1=449</a></td>
</tr>
<tr>
<td>Ref-41</td>
<td><a href="https://gs1.apx.com/mymodule/ProjectDoc/EditProjectDoc.asp?id1=505">https://gs1.apx.com/mymodule/ProjectDoc/EditProjectDoc.asp?id1=505</a></td>
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<tr>
<td>Ref-42</td>
<td><a href="https://gs1.apx.com/mymodule/ProjectDoc/EditProjectDoc.asp?id1=620">https://gs1.apx.com/mymodule/ProjectDoc/EditProjectDoc.asp?id1=620</a></td>
</tr>
<tr>
<td>Ref-43</td>
<td>36 pieces of stakeholder survey questionnaires</td>
</tr>
</tbody>
</table>
The electricity tariff approval issued by the Inner Mongolia Autonomous Region DRC on 21/03/2012 (NFGJ[2012] No. 539)

**Category 2 Documents:**

Background documents related to the design and/or methodologies employed in the design or other reference documents.

<table>
<thead>
<tr>
<th>#</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>/1/</td>
<td>ACM0002 version 12.3.0 “Consolidated Baseline Methodology for Grid-Connected Electricity Generation from Renewable Sources” valid from 17/09/2010</td>
</tr>
<tr>
<td>/2/</td>
<td>Validation and Verification Manual version 01.2 dated 30/07/2010, EB55 Annex 1</td>
</tr>
<tr>
<td>/3/</td>
<td>Tool to calculate the emission factor for an electricity system version 02.2.1 dated 29/09/2011</td>
</tr>
<tr>
<td>/4/</td>
<td>Tool for demonstration and assessment of additionality version 06.0.0 (EB65, Annex 21) dated 25/11/2011</td>
</tr>
<tr>
<td>/5/</td>
<td>Guidance on the demonstration and assessment of prior consideration of the CDM version 04(EB62, Annex 13)</td>
</tr>
<tr>
<td>/6/</td>
<td>Glossary of CDM terms version 06</td>
</tr>
<tr>
<td>/7/</td>
<td>Guidelines for the Reporting and Validation of Plant Load Factors version 01 (EB48, Annex11)</td>
</tr>
<tr>
<td>/8/</td>
<td>Guidelines on the Assessment of Investment Analysis version 05 (EB62, Annex5)</td>
</tr>
<tr>
<td>/9/</td>
<td>Information note on the highest tariffs applied by the executive board in its decisions on registration of projects in the People’s Republic of China version 02, (EB61 Para 78)</td>
</tr>
<tr>
<td>/10/</td>
<td>clarificationCLA_Tool_0015: <a href="http://cdm.unfccc.int/methodologies/PAmethodologies/tools-clarifications/30494">http://cdm.unfccc.int/methodologies/PAmethodologies/tools-clarifications/30494</a></td>
</tr>
</tbody>
</table>

**Persons and Stakeholders Interviewed:**

List persons interviewed during the validation or persons that contributed with other information that are not included in the documents listed above.

Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd.

Mr. Li Rui  Project Manager
Mr. Bater  Local villager
Ms. Siqin  Local villager

Eco-tec Asia (Beijing) Co., Ltd.

Mr. Geng Ruilin Project Manager
7. CURRICULA VITAE OF THE DOE’S VALIDATION TEAM MEMBERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Experience and Qualifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Ernesto Tan Wenbin</td>
<td>Team Leader, Climate Change Lead Verifier</td>
<td>He holds a bachelor degree in Geology and a master degree in Structural Geology. Before joining BV, he gained more than 2 years’ technical experience in Petroleum Exploitation and Storage &amp; Transportation sector, and more than 3 year’s technical experiences in coal mining sector in P.R China. He obtained the certificate of CDM Lead Verifier and Lead Auditor for ISO 14001.</td>
</tr>
<tr>
<td>Ms. Katherine Zhang Ying</td>
<td>Team Member, Climate Change Lead Verifier</td>
<td>She holds a Master Degree in Environmental Engineering. Before join BV in 2010, She gained over two years of CDM technical experience in energy and waste handling &amp; disposal sector in P. R. China. She obtained the certificate of CDM verifier.</td>
</tr>
<tr>
<td>Ms. Li Yiting</td>
<td>Internal Reviewer, Climate Change Lead Verifier</td>
<td>She holds a Master Degree in Environmental Science. Before joining BV in 2009, she gained two and a half years of CDM technical working experience in P.R China. She obtained the certificate of CDM Lead Verifier, Lead Auditor for ISO 14001 and ISO 14064.</td>
</tr>
</tbody>
</table>
### APPENDIX A: COMPANY CDM PROJECT VALIDATION PROTOCOL

Table 1 Validation requirements based on the Clean Development Mechanism Validation and Verification Manual Ver. 01.2 (EB55 Annex1)

<table>
<thead>
<tr>
<th>CHECKLIST QUESTION</th>
<th>Ref.</th>
<th>§</th>
<th>COMMENTS</th>
<th>Draft Concl</th>
<th>Final Concl</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Approval</td>
<td>VVM</td>
<td>44-50</td>
<td>COUNTRY A (P.R. China)</td>
<td>COUNTRY B (UK)</td>
<td></td>
</tr>
<tr>
<td>1.1. Has the DNA of each Party indicated as being involved in the proposed CDM project activity in section A.3 of the PDD provided a written letter of approval? (If yes, provide the reference of the letter of approval, any supporting documentation, and specify if the letter was received from the project participant or directly from the DNA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>VVM</td>
<td>45</td>
<td>CAR-1: LoA from DNA of China has not been provided. The LoA issued by DNA of China in Oct. 2012 (No. 4624) has been provided by the project participant and verified authentic by Bureau Veritas Certification. Hence, CAR-1 is closed out.</td>
<td>CAR-2: LoA from DNA of UK has not been provided. The LoA issued by DNA of UK on 12/11/2012 (Code: EA/Eco-Tec/13/2012) has been provided by the project participant and verified authentic by Bureau Veritas Certification. Hence, CAR-2 is closed out.</td>
<td>OK</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
<td>§</td>
<td>COMMENTS</td>
<td>Draft Concl</td>
<td>Final Concl</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------------</td>
<td>------</td>
<td>----</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------</td>
<td>-------------</td>
</tr>
</tbody>
</table>
| 1.2. Does the letter of approval from DNA of each Party confirm that:             | VVM  | 45 | **Pending on CAR-1.**
| - The Party is a Party of the Kyoto Protocol                                     |      |    | P. R. China has ratified the Kyoto Protocol on 30/08/2002. Please refer to: http://maindb.unfccc.int/public/country.pl?country=CN The LoA from China DNA confirms that the participation is voluntary, and the Project contributes to the sustainable development of the country. The LoA refers to the precise Project title in the PDD. | Pending    | OK          |
| - The participation is voluntary                                                  |      |    |                                                                                                                                            |            |             |
| - In the case of the host Party, the proposed CDM project activity contributes to   |      |    |                                                                                                                                            |            |             |
|   the sustainable development of the country                                      |      |    |                                                                                                                                            |            |             |
| - Refers to the precise proposed CDM project activity title in the PDD being      |      |    |                                                                                                                                            |            |             |
|   submitted for registration                                                      |      |    |                                                                                                                                            |            |             |
| 1.3. Is (are) the letter(s) of approval unconditional with respect to (1.2) above? | VVM  | 46 | **Pending on CAR-1.**
|                                                                                   |      |    | No. It is unconditional with respect to (1.2) above.                                                                                         | Pending    | OK          |
|                                                                                   |      |    |                                                                                                                                            |            |             |
| 1.4. Has(ve) the letter(s) of approval been issued by the respective Party’s      | VVM  | 47 | **Pending on CAR-1.**
|   designated                                                                       |      |    | China’s DNA is NDRC.                                                                                                                        | Pending    | OK          |
|                                                                                   |      |    |                                                                                                                                            |            |             |
|                                                                                   |      |    | **Pending on CAR-2.**
<p>|                                                                                   |      |    | UK’s DNA is Environment                                                                                                                   |             |             |</p>
<table>
<thead>
<tr>
<th>CHECKLIST QUESTION</th>
<th>Ref.</th>
<th>§</th>
<th>COMMENTS</th>
<th>Draft Concl</th>
<th>Final Concl</th>
</tr>
</thead>
<tbody>
<tr>
<td>national authority (DNA) and is valid for the CDM project activity under validation?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5. Is there doubt with respect to the authenticity of the letter of approval?  VVM</td>
<td>48</td>
<td></td>
<td>Pending on CAR-1. There is no doubt about the LoA issued by China DNA.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pending on CAR-2. There is no doubt about the LoA issued by UK DNA.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.6. If yes, was verified with the DNA that the letter of approval is authentic? VVM</td>
<td>48</td>
<td></td>
<td>Pending on CAR-1. N.A.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Pending on CAR-2. N.A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Participation</td>
<td>VVM</td>
<td>51-54</td>
<td>PP1 (Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd.)</td>
<td>PP2 (Eco-Tec Asia (UK) Ltd)</td>
<td></td>
</tr>
<tr>
<td>2.1. Are the project participants listed in tabular form in section A.3 of the PDD? VVM</td>
<td>52</td>
<td></td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>2.2. Does the DOE have a contractual relationship with the project participants? EB50</td>
<td>Ann</td>
<td>48</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Yes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.3. Is the information in section A.3 consistent with the contact details provided in Annex 1 VVM</td>
<td>52</td>
<td></td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
<td>§</td>
<td>COMMENTS</td>
<td>Draft Concl</td>
<td>Final Concl</td>
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<tr>
<td>of the PDD?</td>
<td></td>
<td></td>
<td>2.4. Has the participation of each of the project participants been approved by at least one Party involved, either in a letter of approval or in a separate letter specifically to approve participation? (Provide reference of the approval document for each of the project participants)</td>
<td>VVM 52</td>
<td>Pending</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The participation of the project participant from Host Party has been approved by host party DNA in the LoA. The code of LoA from host party DNA is No. 4624.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>The participation of the project participant from Annex 1 Party has been approved by UK DNA in the LoA. The code of LoA from UK DNA is (Code: EA/Eco-Tec/13/2012)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.5. Are any entities other than those approved as project participants included in these sections of the PDD?</td>
<td>VVM 52</td>
<td>No</td>
<td></td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.6. Has the approval of participation issued from the relevant DNA?</td>
<td>VVM 53</td>
<td>Pending</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Yes.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.7. Is there doubt with respect to (2.6) above?</td>
<td>VVM 53</td>
<td>Pending</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.8. If yes, was verified with the DNA that the</td>
<td>VVM 53</td>
<td>Pending</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Pending</td>
<td>OK</td>
</tr>
</tbody>
</table>
# Validation Report

<table>
<thead>
<tr>
<th>CHECKLIST QUESTION</th>
<th>Ref.</th>
<th>§</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>approval of participation is valid for the proposed CDM project participant?</td>
<td></td>
<td></td>
<td>N.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>N.A.</td>
</tr>
<tr>
<td>3. Project design document</td>
<td>VVM</td>
<td>55-57</td>
<td></td>
</tr>
<tr>
<td>3.1. Is the PDD in accordance with the applicable CDM requirements for completing the PDD?</td>
<td>VVM</td>
<td>56</td>
<td>The PDD is in accordance with the Guidelines for completing The project design document (CDM-PDD) and The proposed new baseline and monitoring methodologies (CDM-NM) (version 07).</td>
</tr>
<tr>
<td>3.2. In CDM-PDD section A.1 are the following provided?</td>
<td>EB41</td>
<td>Ann 12</td>
<td></td>
</tr>
<tr>
<td>3.2.1. Title of project</td>
<td>EB41</td>
<td>Ann 12</td>
<td>Inner Mongolia Electric Power Transmission and Transformation Chayouzhongqi Wind Farm 49.5MW Project.</td>
</tr>
<tr>
<td>3.2.2. Current version number and date of document</td>
<td>EB41</td>
<td>Ann 12</td>
<td>PDD version 2.0 Date: 18/09/2012</td>
</tr>
<tr>
<td>3.3. In CDM-PDD section A.2, are following provided?</td>
<td>EB41</td>
<td>Ann 12</td>
<td></td>
</tr>
<tr>
<td>3.3.1. A brief description of the project activity</td>
<td>EB41</td>
<td>Ann</td>
<td>Yes.</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
<td>§</td>
<td>COMMENTS</td>
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</tbody>
</table>
| covering purpose which includes the scenario existing prior to the start of project, project scenario and baseline scenario. |      | 12 | The scenario existing prior to the start of the implementation of the project activity is the same as the baseline, which is NCPG providing the same electricity supply as the Project. The description of the project includes the scenario existing prior to the start of project, project scenario and baseline scenario, which is in line with the requirement of EB41 Annex12.  

CAR-3: It is stated in PDD section A.2 that the Project will install and operate 25 sets of wind turbines, each of which has a capacity of 1500kW. Then the total installed capacity of the Project should be 37.5MW, rather than 49.5MW.  

The Project is a newly -built large scale wind power project involves the installation of 24 set wind turbines with the unit capacity of 2,000kW and 1 set wind turbine with the capacity of 1,500kW, which amount to a total capacity of 49.5MW. The description in the revised PDD is correct and consistent with that in the FSR. Hence, CAR-3 is closed out. | Draft Concl | Final Concl |
### Checklist Question

<table>
<thead>
<tr>
<th>CHECKLIST QUESTION</th>
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<th>COMMENTS</th>
<th>Draft Concl</th>
<th>Final Concl</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3.2. Explanation on how the GHG emission reductions are affected.</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. To utilize the wind resource for power generation which will be delivered to the NCPG to displace the power from fossil fired power plants, therefore avoids CO₂ emissions.</td>
<td>OK</td>
<td>OK</td>
</tr>
</tbody>
</table>
| 3.3.3. The PP’s views on the contribution of project activity to sustainable development | EB 41| Ann 12 | Yes. The contribution to sustainable development is included in Section A.2 of the PDD has been checked against the approved FSR of the Project.  
- Make full use of Inner Mongolia’s wind energy resources;  
- Satisfy increases in demand for electricity in Inner Mongolia;  
- Reduce GHG emissions and other pollutants such as SO₂, NOₓ and flue gas dust by substituting Project-generated electricity for electricity produced by fossil fuel power plants presently supplying the NCPG;  
- Create employment opportunities through the Project’s construction and operation;  
- Provide an attraction for tourism.                                                                                                                                                                                                 | OK          | OK          |
## CHECKLIST QUESTION

<table>
<thead>
<tr>
<th>Question</th>
<th>Ref.</th>
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<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3.4. Are there any changes/modifications compared to the webhosted PDD?</td>
<td>EB 41 Ann 12</td>
<td></td>
<td>Yes. The project description has been changed. Please refer to 3.3.1 above for more details.</td>
</tr>
<tr>
<td>3.4. In CDM-PDD section A.3, are following provided in the tabular format?</td>
<td>EB41 Ann 12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4.1. List of project participants and parties</td>
<td>EB41 Ann 12</td>
<td></td>
<td>Yes. The private entities involved in the project activity are listed at section A.3 of the PDD. Host Party (P.R. China): Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd.. Annex I Party (UK): Eco-Tec Asia (UK) Ltd</td>
</tr>
<tr>
<td>3.4.2. Identification of Host Party</td>
<td>EB41 Ann 12</td>
<td></td>
<td>The Host Party is P.R. China.</td>
</tr>
<tr>
<td>3.4.3. Indication whether the Party wishes to be considered as project participant</td>
<td>EB41 Ann 12</td>
<td></td>
<td>Both the two Parties are not considered as project participant.</td>
</tr>
<tr>
<td>3.5. In CDM-PDD section A.4.1, are following provided?</td>
<td>EB41 Ann 12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.5.1. Technical description, location, host party(ies) and address as required.</td>
<td>EB41 Ann 12</td>
<td></td>
<td>Yes. Ulanqab City in the Inner Mongolia Autonomous Region,</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
<td>§</td>
<td>COMMENTS</td>
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</tr>
<tr>
<td>3.5.2. Detailed physical location with unique identification of the project activity (e.g. Longitude/latitude)</td>
<td>EB41</td>
<td>Ann</td>
<td>CL-1: An English version map should be used. An English version map has been used in the revised PDD, which is in line with the requirement of Guidelines for Completing the Project Design Document (CDM-PDD) and the Proposed New Baseline and Monitoring Methodologies (CDM-NM) (EB41, Annex 12). Hence, CL-1 is closed out. The geographical coordinates are: longitude 112°29'30&quot; (112.49167°) East and latitude 41°21'00&quot; (41.35000°) North.</td>
</tr>
<tr>
<td>3.5.3. Are there any changes/modifications compared to the webhosted PDD?</td>
<td>EB41</td>
<td>Ann</td>
<td>No.</td>
</tr>
<tr>
<td>3.6. In CDM-PDD section A.4.2, is the list of categories of project activities provided?</td>
<td>EB 41</td>
<td>Ann</td>
<td>Yes. Scope 1: Energy Industries (renewable sources)</td>
</tr>
<tr>
<td>3.7. In CDM-PDD section A.4.3, are following provided?</td>
<td>EB 41</td>
<td>Ann</td>
<td>The wind turbines are manufactured by Xiangdian Wind</td>
</tr>
<tr>
<td>3.7.1. A description of how environmentally</td>
<td>EB 41</td>
<td>Ann</td>
<td>The wind turbines are manufactured by Xiangdian Wind</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
<td>§</td>
<td>COMMENTS</td>
</tr>
<tr>
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<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>safe and sound technology, and know-how, is transferred to the Host Party(ies).</td>
<td></td>
<td>12</td>
<td>Power Co., Ltd, the development of the Project will contribute to accelerating of domestic wind power technology.</td>
</tr>
<tr>
<td>3.7.2. Explanation of purpose of project activity with scenario existing prior to the start of project, scope or present activities and the baseline scenario.</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The Project is a newly built wind power project; it consists the installation of 24 set wind turbines with the unit capacity of 2,000kW and 1 set wind turbine with the capacity of 1,200kW, which amount to a total capacity of 49.5MW, and expected to supply 108,502MWh electricity to the North China Power Grid (NCPG) annually. The scenario existing prior to the start of the project is the same as the baseline scenario, which is the NCPG providing the same electricity supply as the Project.</td>
</tr>
<tr>
<td>3.7.3. List and arrangement of the main manufacturing/production technologies, systems and equipments involved.</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. The list of technical specifications of wind turbine has been listed in A.4.3, the lifetime of the turbine is 20 years.</td>
</tr>
<tr>
<td>3.7.4. The emissions sources and GHGs involved.</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The implementation of the Project will reduce greenhouse gas emissions of CO₂ produced in NCPG, and since the Project generates electricity from wind energy, it involves no greenhouse gas emissions and no emission</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
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<td>COMMENTS</td>
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<tr>
<td>----------------------------------------------------------------------------------</td>
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<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3.7.5. Are there any changes/modifications compared to the webhosted PDD?</td>
<td>EB 41</td>
<td>Ann12</td>
<td>No.</td>
</tr>
<tr>
<td>3.8. In CDM-PDD section A.4.4, is the estimation of emission reductions provided as requested in a tabular format?</td>
<td>EB 41</td>
<td>Ann12</td>
<td>A fixed crediting period of 10 years was chosen; the annual emission reductions of 97,196tCO₂e estimated for the crediting period was provided in the tabular format.</td>
</tr>
<tr>
<td>3.9. In CDM-PDD section A.4.5, is information regarding public funding provided?</td>
<td>EB 41</td>
<td>Ann12</td>
<td>Yes. No public fund involved confirmed with the approved FSR.</td>
</tr>
<tr>
<td>3.10. In CDM-PDD section B.1 are following provided?</td>
<td>EB 41</td>
<td>Ann12</td>
<td></td>
</tr>
<tr>
<td>3.10.1. The approved methodology and version number</td>
<td>EB 41</td>
<td>Ann12</td>
<td>Approved methodology ACM0002 version 12.3.0 “Consolidated Baseline Methodology for Grid-Connected Electricity Generation from Renewable Sources” was applied.</td>
</tr>
<tr>
<td>3.10.2. Any methodologies or tools which the above approved methodology draws upon and their version number</td>
<td>EB 41</td>
<td>Ann12</td>
<td>“Tool for the Demonstration and Assessment of Additionality” version 05.2 and “Tool to calculate the emission factor for an electricity system” version 02.2.0</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
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<td>COMMENTS</td>
</tr>
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</tr>
<tr>
<td>3.11. In CDM-PDD section B.2 are following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
</tr>
<tr>
<td>3.11.1. Justification to the choice of methodology that the project activity meets each of the applicability conditions</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. The Project is a new wind power plant at a site where no renewable power plant was operated prior to the implementation of the project activity (Greenfield plants). The Project does not involve switching from fossil fuels to renewable energy at the site of the project activity.</td>
</tr>
<tr>
<td>3.11.2. Documentations with references that had been used. This can be provided in Annex 3 instead</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The delineation of grid has been provided.</td>
</tr>
<tr>
<td>3.12. In CDM-PDD section B.3, are following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
</tr>
<tr>
<td>3.12.1. Description of all sources and gases</td>
<td>EB 41</td>
<td>Ann</td>
<td>Yes.</td>
</tr>
</tbody>
</table>
### Checklist Question: Included in the Project Boundary in the Table

<table>
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<tr>
<th>Ref.</th>
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<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12</td>
<td>The spatial extent of the project boundary includes the project site and all power plants connected physically to the NCPG that the CDM project power plant is connected to. The baseline emission gas includes CO₂ emissions from electricity generation in fossil fuel fired power plants that are displaced due to the project activity; no project emission gas involved in the Project.</td>
</tr>
</tbody>
</table>

#### 3.12.2. A Flow Diagram of the Project Boundary Physically Delineating the Project Activity

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Ann</th>
<th>§</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>EB 41</td>
<td>12</td>
<td>Yes. A flow diagram of the project boundary has been presented in the PDD.</td>
<td></td>
</tr>
</tbody>
</table>


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<tr>
<th>Ref.</th>
<th>Ann</th>
<th>§</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>EB 41</td>
<td>12</td>
<td>Yes.</td>
<td></td>
</tr>
</tbody>
</table>

#### 3.13. In CDM-PDD Section B.4 Are Following Provided?

<table>
<thead>
<tr>
<th>Ref.</th>
<th>Ann</th>
<th>§</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>EB 41</td>
<td>12</td>
<td>N.A. No further analysis is required to identify credible alternatives to the project activity since the methodology</td>
<td></td>
</tr>
</tbody>
</table>

#### 3.13.1. Explanation How the Most Plausible Baseline Scenario Is Identified in Accordance with the Selected Baseline

<table>
<thead>
<tr>
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<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>EB 41</td>
<td>12</td>
<td>N.A. No further analysis is required to identify credible alternatives to the project activity since the methodology</td>
<td></td>
</tr>
</tbody>
</table>
### Validation Report

<table>
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<th>COMMENTS</th>
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</thead>
<tbody>
<tr>
<td>methodology?</td>
<td></td>
<td></td>
<td>ACM0002 version 12.3.0 has prescribed the baseline scenario.</td>
</tr>
<tr>
<td>3.13.2. Justification of key assumptions and rationales</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>N.A.</td>
</tr>
<tr>
<td>3.13.3. Transparent illustration of all data used to determine the baseline scenario (variables, parameters, data sources, etc.)</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>N.A.</td>
</tr>
<tr>
<td>3.13.4. A transparent and detailed description of the identified baseline scenario, including a description of the technology that would be employed and/or the activities that would take place in the absence of the proposed project activity</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. Methodology ACM0002 prescribes the baseline scenario and no further analysis required, thus there is no need to take steps to identify the baseline scenarios.</td>
</tr>
<tr>
<td>3.13.5. Are there any changes/modifications compared to the webhosted PDD?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>No.</td>
</tr>
<tr>
<td>3.14. In CDM-PDD section B.5, are following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
<td>§</td>
<td>COMMENTS</td>
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</tr>
<tr>
<td>3.14.1. Explanation of how and why this project activity is additional and therefore not the baseline scenario in accordance with the selected baseline methodology</td>
<td>EB 41 Ann 12</td>
<td>The Tool for the Demonstration and Assessment of Additionality version 06.0.0 was followed to demonstrate its additionality.</td>
<td>OK</td>
</tr>
<tr>
<td>3.14.2. Justification of key assumptions and rationales</td>
<td>EB 41 Ann 12</td>
<td>Yes.</td>
<td>OK</td>
</tr>
<tr>
<td>3.14.3. Transparent illustration of all data used to determine the baseline scenario (variables, parameters, data sources etc)</td>
<td>EB 41 Ann 12</td>
<td>Yes.</td>
<td>OK</td>
</tr>
<tr>
<td>3.14.4. Evidence that the incentive from the CDM was seriously considered in the decision to proceed with the project activity, if the starting date of the project activity is before the date of validation</td>
<td>EB 41 Ann 12</td>
<td>CL-2: The date of wind turbines' foundation construction purchase contract, 16/06/2011, is chosen as the starting date of the Project. It needs to elaborate the appropriateness of the chosen project starting date with evidences. The project starting date stated in the PDD section C.1.1 is not consistent with that in the section B.5. The project starting date stated in the PDD section C.1.1. in the webhosted PDD were wrongly inputted by mistake. The main equipment purchase and the construction contracts as well as the construction start order have</td>
<td>CL-2</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
<td>Ref.</td>
<td>§</td>
<td>COMMENTS</td>
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</tr>
<tr>
<td>3.15. In CDM-PDD section B.6.1, are following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
</tr>
<tr>
<td>3.15.1. Explanation as to how the procedures, in the approved methodology to</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Complying with ACM0002, the “Tool to calculate the emission factor for an electricity system” ver. 02.2.1 was used in the webhosted PDD (referred to as “Tool-Grid EF” in the report).</td>
</tr>
<tr>
<td>calculate project emissions, baseline emissions, leakage emissions and emission</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>reductions are applied to the proposed project activity</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3.15.2. Equations used in calculating emission</td>
<td>EB 41</td>
<td>Ann</td>
<td>CAR-4: The steps applied for the calculation of EFy is not shown in the PDD.</td>
</tr>
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<td>CHECKLIST QUESTION</td>
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<td>reductions</td>
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<td>fully consistent with that in the Tool to calculate the emission factor for an electricity system (version 2.2.0) in PDD B.6.3 and Annex 3. The version of the “Tool to calculate the emission factor for an electricity system” has been updated to Version 2.2.1, EB63. Six steps given by the “Tool-Grid EF” version 02.2.1 has been correctly applied to determine the emission factor of the electricity system. Hence, CAR-4 is closed out.</td>
</tr>
<tr>
<td>3.15.3.   Explanation and justification for all relevant methodological choices, including different scenarios or cases, options and default values</td>
<td>EB 41 Ann 12</td>
<td>Pending on CAR-4. The explanation and justification are in accordance with Tool to calculate the emission factor for an electricity system version 02.2.1.</td>
<td></td>
</tr>
<tr>
<td>3.16. In CDM-PDD section B.6.2 are following provided?</td>
<td>EB 41 Ann 12</td>
<td></td>
<td>The necessary official data of power grid made publically by NDRC (China DNA) are available and determined during validation. The determination of the emission factor of the baseline electricity system has been correctly determined.</td>
</tr>
<tr>
<td>3.16.1. A compilation of information on the data and parameters that are not monitored throughout the crediting period but that are determined only once and thus</td>
<td>EB 41 Ann 12</td>
<td></td>
<td>The necessary official data of power grid made publically by NDRC (China DNA) are available and determined during validation. The determination of the emission factor of the baseline electricity system has been correctly determined.</td>
</tr>
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<td>CHECKLIST QUESTION</td>
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<td>remains fixed throughout the crediting period and that are available when validation is undertaken</td>
<td></td>
<td></td>
<td>determined followed the “Tool-Grid EF” version 02.2.1, and the data issued by China DNA on 20/10/2011 has been applied.</td>
</tr>
<tr>
<td>3.16.2.  The actual value applied</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The data issued by China DNA on 20/10/2011 has been applied, which was the most recent data available at the time of submission of the CDM-PDD to the DOE for validation.</td>
</tr>
<tr>
<td>3.16.3.  Explanation and justification for the choice of the source of data</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The official data i.e. Notification on Determining Baseline Emission Factor of China’s Grid issued by NDRC dated 20/10/2011 (hereinafter referred to as “Notification on EF of China’s Grid”), was based on the data of China Energy Statistical Yearbooks and China Power Yearbooks.</td>
</tr>
<tr>
<td>3.16.4.  Clear and transparent references or additional documentation in Annex 3</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes.</td>
</tr>
<tr>
<td>3.16.5.  Where values have been measured, a description of the measurement methods and procedures (e.g. which standards have been used), indicated the responsible person/entity having</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>It is not applicable in this case as the emission factor is determined ex-ante as per the options in “Tool-Grid EF”, the data is source from the “Notification on EF of China’s Grid” issued by the China DNA. The emission factor of the electricity system was</td>
</tr>
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<tr>
<td>undertaken the measurement, the date of measurement(s) and the measurement results</td>
<td></td>
<td></td>
<td>determined ex-ante and fixed for the crediting period, which is in compliance with the “Tool-Grid EF”.</td>
</tr>
<tr>
<td>3.17. In CDM-PDD section B.6.3, are following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
</tr>
<tr>
<td>3.17.1. A transparent ex ante calculation of project emissions, baseline emissions (or, where applicable, direct calculation of emission reductions) and leakage emissions expected during the crediting period, applying all relevant equations provided in the approved methodology</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The calculation of baseline emissions and emission reductions are in line with the methodology. The determination of the emission factor of the baseline electricity system has been correctly determined followed the &quot;Tool-Grid EF&quot;.</td>
</tr>
<tr>
<td>3.17.2. Documentation how each equation is applied, in a manner that enables the reader to reproduce the calculation</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The determination of the emission factor of the baseline electricity system has been correctly determined followed the &quot;Tool-Grid EF&quot; version 02.2.1, the emission reductions spreadsheet has been re-produced and got the same result.</td>
</tr>
<tr>
<td>3.17.3. Additional background information and or data in Annex 3, including relevant</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The background information and data has been specified in the Annex 3 of the PDD.</td>
</tr>
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<td>electronic files (i.e. spreadsheets)</td>
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<tr>
<td>3.18. In CDM-PDD section B.6.4 are the results of the ex ante estimation of emission reductions for all years of the crediting period provided in a tabular format?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. From 01/01/2013 to 31/12/2022 with year-wise data of emission reductions have been provided in the tabular format in PDD version 2.0.</td>
</tr>
<tr>
<td>3.19. In CDM-PDD section B.7.1, are following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>CAR-5: The monitoring of parameters $E_{G_{\text{export,y}}}$ and $E_{G_{\text{import,y}}}$ should be specified in the section B.7 of the PDD since they will be monitored. The monitoring plan in Section B.7 has been updated. According to the monitoring plan, the quantity of net electricity supplied to the grid by the Project ($E_{\text{facility,y}}$) will be calculated follows: $E_{\text{facility,y}} = E_{G_{\text{export,y}}} - E_{G_{\text{import,y}}}$ $E_{G_{\text{export,y}}}$ and $E_{G_{\text{import,y}}}$ would be monitored by two bi-directional meters installed at the 220kV booster station and the Desheng 220kV substation respectively. Bureau Veritas Certification is of the opinion that the</td>
</tr>
<tr>
<td>3.19.1. Specific information on how the data and parameters that need to be monitored would actually be collected during monitoring for the project activity</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
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<tr>
<td>3.19.2. For each parameter the following below information, using the table provided:</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>monitoring plan complies with the requirements of the methodology. Hence, CAR-5 is closed out.</td>
</tr>
<tr>
<td>3.19.2.1. The source(s) of data that will be actually used for the proposed project activity (e.g. which exact national statistics). Where several sources may be used, explain and justify which data sources should be preferred.</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>N/A No other outside source(s) of data should be used. OK OK</td>
</tr>
<tr>
<td>3.19.2.2. Where data or parameters are supposed to be measured, specify the measurement methods and procedures, including a specification which accepted industry standards or national or international standards will be applied, which measurement equipment is used, how the measurement is undertaken, which</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Pending on CAR-5. The accuracy level of meters is no lower than 0.5s. Data may be verified against the electricity sales receipts. The meters are expected to be calibrated annually. Pending OK</td>
</tr>
</tbody>
</table>
3.20. In CDM-PDD section B.7.2 are following provided?
- A detailed description of the monitoring plan
- The operational and management structure that the project operator will implement in order to monitor emission

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<td>calibration procedures are applied, what is the accuracy of the measurement method, who is the responsible person/entity that should undertake the measurements and what is the measurement interval; (i) A description of the QA/QC procedures (if any) that should be applied; (ii) Where relevant: any further comment. Provide any relevant further background documentation in Annex 4.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3.20.1. A detailed description of the monitoring plan</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. The detailed description of the monitoring plan has been specified in the PDD.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.20.2. The operational and management structure that the project operator will implement in order to monitor emission</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. The description of the management structure has been specified in the section B.7.2 of the PDD.</td>
<td>OK</td>
<td>OK</td>
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<td>reductions and any leakage effects generated by the project activity</td>
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</tr>
<tr>
<td>3.20.3. The responsibilities for and institutional arrangements for data collection and archiving</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes.</td>
<td></td>
<td>OK</td>
</tr>
<tr>
<td>3.20.4. Indication that the monitoring plan reflect good monitoring practice appropriate to the type of project activity</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes.</td>
<td>The monitoring plan can reflect good monitoring practice appropriate to the type of the Project.</td>
<td>OK</td>
</tr>
<tr>
<td>3.20.5. Relevant further background information in Annex 4</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>N.A.</td>
<td></td>
<td>OK</td>
</tr>
<tr>
<td>3.21. In CDM-PDD section B.8, are following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.21.1. Date of completion of the application of the methodology to the project activity study in DD/MM/YYYY</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes.</td>
<td>The application of methodology to the Project in the PDD was completed on 18/09/2012</td>
<td>OK</td>
</tr>
<tr>
<td>3.21.2. Contact information of the person(s)/entity(ies) responsible for the</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes.</td>
<td>Contact information of the personals has been presented</td>
<td>OK</td>
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<td>application of the baseline and monitoring methodology to the project activity</td>
<td></td>
<td></td>
<td>in the section B.8.</td>
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</tr>
<tr>
<td>3.21.3. Indication if the person/entity is also a project participant listed in Annex 1</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The personals are not project participants.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.22. In CDM-PDD section C.1.1, is the project’s starting date clearly defined and evidenced?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>The project starting date in C.1.1 has been correctly stated.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>3.23. In CDM-PDD section C.1.2 is the expected operational lifetime of the project activity in years and months provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>20 years and 0 month.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.24. In CDM-PDD section C.2, is the assumed crediting time clearly defined and reasonable (renewable crediting period of max. three x 7 years or fixed crediting period of max. 10 years)?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. A fixed crediting period of 10 years has been defined. The expected starting date of the crediting period is 01/01/2013.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.25. In CDM-PDD section D., are the conclusions and all references to support documentation of an environmental impact</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>CL-3: The EIA report and the approval should be provided. The EIA report and the approval have been verified and it</td>
<td>CL-3</td>
<td>OK</td>
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<td>assessment undertaken in accordance with the procedures as required by the Host Party, if environmental impacts are considered significant by the project participants or the Host, provided?</td>
<td></td>
<td></td>
<td>is confirmed that the relevant information regarding the EIA report and the approval in the PDD is correct. Hence, CL-3 is closed out.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.26. In CDM-PDD section E.1, are the following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.26.1. The process by which comments by local stakeholders have been invited and compiled. An invitation for comments by local stakeholders shall be made in an open and transparent manner, in a way that facilities comments to be received from local stakeholders and allows for a reasonable time for comments to be submitted.</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. Representatives of local villagers and government officials were consulted in Apr.2010 and questionnaires were distributed.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.26.2. The project activity is described in a manner, which allows the local stakeholders to understand the project activity, taking into account</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. By distributing questionnaires to household.</td>
<td>OK</td>
<td>OK</td>
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<td>confidentiality provisions of the CDM modalities and procedures.</td>
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<td></td>
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<tr>
<td>3.26.3. The local stakeholder process has been, completed before submitting the</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes The local stakeholder consulting process has been completed on Apr.2010 before the PDD was published in EB website for global stakeholder consultation on 19/11/2011.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>proposed project activity to the DOE for validation.</td>
<td></td>
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<tr>
<td>3.27. In CDM-PDD section E.2, are following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.27.1. Identification of local stakeholders that have made comments</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. Local villagers and residents were identified as stakeholders.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.27.2. A summary of these comments.</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. All the respondents support the construction of the Project.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.28. In CDM-PDD section E.3 is the explanation of how due account have been taken</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes. The stakeholders are mostly supportive of the Project, and no negative comment received.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>of comments received from local stakeholders provided?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3.29. In CDM-PDD Annex 1, are the following provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes, contact information has been presented.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.29.1. Contact information of project participants</td>
<td>EB 41</td>
<td>Ann 12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.29.2. For each organization listed in section A.3 the following mandatory fields: Organization, Name of contact person, Street, City, Postfix/ZIP, Country, Telephone and Fax or e-mail</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.30. In CDM-PDD Annex 2, is information from Parties included in Annex I on sources of public funding for the project activity which shall provide an affirmation that such funding does not result in a diversion of official development assistance and is separate from and is not counted towards the financial obligations of those Parties provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>No public funding was involved in the Project.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>3.31. In CDM-PDD Annex 3, is the background</td>
<td>EB 41</td>
<td>Ann</td>
<td>The background information used in the application of the</td>
<td>OK</td>
<td>OK</td>
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<td>information used in the application of the baseline methodology provided?</td>
<td></td>
<td>12</td>
<td>baseline methodology has been provided.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.32. In CDM-PDD Annex 4, is the background information used in the application of the monitoring methodology provided?</td>
<td>EB 41</td>
<td>Ann 12</td>
<td>No further information regarding monitoring was provided in the Annex 4.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4. <strong>Project description</strong></td>
<td>VVM</td>
<td>58-64</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1. Is the description of the proposed CDM project activity as contained in the PDD:</td>
<td>VVM</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1.1. sufficiently covering all relevant elements?</td>
<td>VVM</td>
<td>59</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.1.2. accurate?</td>
<td>VVM</td>
<td>59</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.1.3. providing the reader with a clear understanding of the nature of the proposed CDM project activity?</td>
<td>VVM</td>
<td>59</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.1.4. Are there any changes/modifications compared to the webhosted PDD?</td>
<td>VVM</td>
<td>59</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>4.2. Is the proposed CDM project activity in existing facilities or utilizing existing equipments?</td>
<td>VVM</td>
<td>60</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.3. Is the CDM project activity one of the following types:</td>
<td>VVM</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.3.1. Large scale?</td>
<td>VVM</td>
<td>60</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.3.2. Non-bundled small scale projects with emission reductions exceeding 15,000 tonnes per year?</td>
<td>VVM</td>
<td>60</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.3.3. Bundled small scale projects, each with emission reductions not exceeding 15,000 tonnes?</td>
<td>VVM</td>
<td>60</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.4. If yes to (4.2) or (4.3) above, was a physical site inspection conducted to confirm that the description in the PDD reflects the proposed CDM project activity, unless other means are specified in the methodology?</td>
<td>VVM</td>
<td>60</td>
<td>Yes. Bureau Veritas Certification has performed an onsite visit on 19/12/2011 to assess the Project by the following personal: Ms. Katherine Zhang Ying Climate Change Verifier of Bureau Veritas Certification.</td>
<td>OK</td>
<td>OK</td>
</tr>
</tbody>
</table>
The personal interviewed as listed below:
Mr. Li Rui  Project Manager of Inner-Mongolia Electric Power Transmission and Transformation Co., Ltd.
Mr. Bater  Local villager
Ms. Siqin  Local villager
Mr. Geng Ruilin  Project Manager of Eco-tec Asia (Beijing) Co., Ltd.

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</thead>
<tbody>
<tr>
<td>4.5. If yes to (4.3.3) above, was the number of physical site visits base on sampling?</td>
<td>VVM</td>
<td>60</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.6. If yes is the sampling size appropriately justified through statistical analysis?</td>
<td>VVM</td>
<td>60</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.7. For other individual proposed small scale CDM project activities with emission reductions not exceeding 15,000 tonnes per year, was a physical site inspection conducted?</td>
<td>VVM</td>
<td>61</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.8. For all other proposed CDM project activities not referred to in VVM paragraphs 59 – 61, was a physical site inspection</td>
<td>VVM</td>
<td>62</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
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<tr>
<td>conducted?</td>
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<tr>
<td>4.9. If no, was it appropriately justified?</td>
<td>VVM</td>
<td>62</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.10. Does the proposed CDM project activity involve the alteration of an existing installation or process?</td>
<td>VVM</td>
<td>63</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>4.11. If yes, does the project description clearly state the differences resulting from the project activity compared to the pre-project situation?</td>
<td>VVM</td>
<td>63</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
</tbody>
</table>

5. **Baseline and monitoring methodology**

<table>
<thead>
<tr>
<th>5.1. General requirement</th>
<th>VVM</th>
<th>65-67</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1.1. Do the baseline and monitoring methodologies selected by the project participants comply with the methodologies previously approved by the CDM Executive Board?</td>
<td>VVM</td>
<td>65</td>
<td>Yes. ACM0002 was applied.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
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</tr>
<tr>
<td>5.1.2. Is the selected methodology applicable to the project activity?</td>
<td>VVM</td>
<td>66</td>
<td>Refer to section 5.2.1 below.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.1.3. Had the PP correctly applied the selected methodology?</td>
<td>VVM</td>
<td>66</td>
<td>Refer to section 5.2.4 below.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.1.4. Had the selected methodology been correctly applied with respect to project boundary?</td>
<td>VVM</td>
<td>67</td>
<td>Refer to section 5.3 below.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.1.5. Had the selected methodology been correctly applied with respect to baseline identification?</td>
<td>VVM</td>
<td>67</td>
<td>Refer to section 5.4 below.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.1.6. Had the selected methodology been correctly applied with respect to Algorithms and/or formulae used to determine emission reductions?</td>
<td>VVM</td>
<td>67</td>
<td>Refer to section 5.5 below.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.1.7. Had the selected methodology been correctly applied with respect to additionality?</td>
<td>VVM</td>
<td>67</td>
<td>“Tool for demonstration and assessment of additionality” version 06.0.0 was used in the PDD.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.1.8. Had the selected methodology been</td>
<td>VVM</td>
<td>67</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
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<tr>
<td>correctly applied with respect to monitoring methodology?</td>
<td></td>
<td></td>
<td>The monitoring methodology ACM 0002 &quot;Consolidated baseline methodology for grid-connected electricity generation from renewable sources&quot; was applied.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2. Applicability of the selected methodology to the project activity</td>
<td>VVM</td>
<td>68-77</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2.1. Is the methodology correctly quoted?</td>
<td>VVM</td>
<td>70</td>
<td>Yes. ACM0002 version 12.3.0 “Consolidated methodology for grid-connected electricity generation from renewable sources” is correctly quoted.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2.2. Are the applicability conditions of the methodology ACM0002 version 12.3.0 met?</td>
<td>VVM</td>
<td>71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.2.2.1. This methodology is applicable to grid-connected renewable power generation project activities that (a) install a new power plant at a site where no renewable power plant was operated prior to the implementation of the project activity (greenfield</td>
<td>ACM</td>
<td>0002</td>
<td>The Project is a new wind power plant at a site where no renewable power plant was operated prior to the implementation of the project activity (Greenfield plants).</td>
<td></td>
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</tbody>
</table>
plants); (b) involve a capacity addition; (c) involve a retrofit of (an) existing plant(s); or (d) involve a replacement of (an) existing plant(s).

5.2.2.2. The project activity is the installation, capacity addition, retrofit or replacement of a power plant/unit of one of the following types: hydro power plant/unit (either with a run-of-river reservoir or an accumulation reservoir), wind power plant/unit, geothermal power plant/unit, solar power plant/unit, wave power plant/unit or tidal power plant/unit.

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<tbody>
<tr>
<td>ACM 0002</td>
<td></td>
<td></td>
<td>The Project is the installation of a wind power plant.</td>
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5.2.2.3. In the case of capacity additions, retrofits or replacements: the existing plant started commercial operation prior to the start of a minimum historical reference period of five years, used for the calculation of

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<tr>
<td>ACM 0002</td>
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<td>N.A.</td>
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<tr>
<td>baseline emissions and defined in the baseline emission section, and no capacity expansion or retrofit of the plant has been undertaken between the start of this minimum historical reference period and the implementation of the project activity.</td>
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</table>

5.2.2.4. In case of hydro power plants, one of the following conditions must apply:

- The project activity is implemented in an existing reservoir, with no change in the volume of reservoir; or
- The project activity is implemented in an existing reservoir, where the volume of reservoir is increased and the power density of the project activity, as per definitions given in the Project Emissions section, is greater than 4 W/m²; or
- The project activity results in new reservoirs and the power density of the power plant, as per definitions given in

| ACM | 0002 | N.A. | OK | OK |
the Project Emissions section, is greater than 4 W/m².

5.2.2.5. The methodology is not applicable to the following conditions. Please confirm
- Project activities that involve switching from fossil fuels to renewable energy sources at the site of the project activity
- Biomass fired power plants;
- Hydro power plants that result in new reservoirs or in the increase in existing reservoirs where the power density of the power plant is less than 4 W/m².

5.2.3. Is the project activity expected to result in emissions other than those allowed by the methodology?

5.2.4. Is the choice of the methodology justified?

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<tr>
<td>the Project Emissions section, is greater than 4 W/m².</td>
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</tr>
<tr>
<td>5.2.2.5. The methodology is not applicable to the following conditions. Please confirm</td>
<td>ACM</td>
<td>0002</td>
<td>The Project does not involve switching from fossil fuels to renewable energy at the site of the project activity.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>- Project activities that involve switching from fossil fuels to renewable energy sources at the site of the project activity</td>
<td></td>
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</tr>
<tr>
<td>- Biomass fired power plants;</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- Hydro power plants that result in new reservoirs or in the increase in existing reservoirs where the power density of the power plant is less than 4 W/m².</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>5.2.3. Is the project activity expected to result in emissions other than those allowed by the methodology?</td>
<td>VVM</td>
<td>71</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.2.4. Is the choice of the methodology justified?</td>
<td>VVM</td>
<td>71</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
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</tr>
<tr>
<td>5.2.5. Have the project participants shown that the project activity meets each of</td>
<td>VVM</td>
<td>71</td>
<td>Yes. Please refer to the section 5.2.2 above.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>the applicability conditions of the approved methodology?</td>
<td></td>
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<tr>
<td>5.2.6. Have the project participants shown that the project activity meets each of</td>
<td>VVM</td>
<td>71</td>
<td>Yes. The Project meets the applicability conditions of &quot;Tool to Calculate the Emission Factor for an Electricity System&quot; and &quot;Tool for Demonstration and Assessment of Add tionality&quot;.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>the applicability conditions of any tool or other methodology component referred</td>
<td></td>
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<tr>
<td>to the methodology?</td>
<td></td>
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</tr>
<tr>
<td>5.2.7. Is the DOE, based on local and sectoral knowledge, aware that comparable</td>
<td>VVM</td>
<td>71</td>
<td>Yes. Public information in the website of Inner Mongolia Autonomous Region Development and Reform Commission has been checked and found consistent.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>information is available from sources other than that used in the PDD?</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>5.2.8. If yes, was the PDD cross checked against the other sources to confirm that</td>
<td>VVM</td>
<td>71</td>
<td>Yes. Bureau Veritas Certification has checked the public information, FSR approval, EIA approval, equipment purchase contracts and conducted on-site observation and confirmed the Project meets the applicability of the applied methodology.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>the project activity meets the applicability conditions of the methodology?</td>
<td></td>
<td></td>
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<tr>
<td>(provide the reference to these choices)</td>
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<tr>
<td>5.2.9. Can a determination regarding the applicability of the selected methodology to the proposed CDM project activity be made?</td>
<td>VVM</td>
<td>72</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.2.10. If no, clarification of the methodology was requested, in accordance with the guidance provided by the CDM Executive Board?</td>
<td>VVM</td>
<td>72</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.2.11. If answer to (5.2.2) above is “no”, revision or deviation from the methodology was requested, in accordance with the guidance provided by the CDM Executive Board?</td>
<td>VVM</td>
<td>73</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.2.12. If yes to (5.2.10) and (5.2.11) above, a request for registration was submitted before the CDM Executive Board has approved the proposed deviation or revision?</td>
<td>VVM</td>
<td>74</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.3. Project boundary</td>
<td>VVM</td>
<td>78-80</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>5.3.1. Is the delineation in the PDD of the project boundary correct and include identification of all locations, processes and equipment including secondary equipment and associated processes such as logistics etc.?</td>
<td>VVM</td>
<td>79</td>
<td>Yes. The spatial extent of the project boundary includes the project power plant and all power plants connected physically to NCPG, the grid delineation (NCPG) has been correctly described in the PDD; this is in line with the delineation of grid boundaries as provided by the DNA of China.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.3.2. Does the delineation in the PDD of the project boundary meet the requirements of the selected baseline?</td>
<td>VVM</td>
<td>79</td>
<td>Yes. The defined project boundary is in line with ACM0002 version 12.3.0 and all emission sources and GHGs have been included in the project boundary.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.3.3. Have changes been made to the project boundary in comparison to the webhosted PDD? If yes please comment on the reason for the changes.</td>
<td>VVM</td>
<td>79</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.3.4. Have all sources and GHGs required by the methodology been included within the project boundary?</td>
<td>VVM</td>
<td>79</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.3.5. Does the methodology allow project</td>
<td>VVM</td>
<td>79</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
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### Validation Report

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<td>Participant to choose whether a source or gas is to be included within the project boundary</td>
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<tr>
<td>5.3.6. If yes, have the project participants justified that choice?</td>
<td>VVM</td>
<td>79</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.3.7. If yes, is the justification provided reasonable? (provide reference to the supporting documented evidence provided by the project participants)</td>
<td>VVM</td>
<td>79</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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**5.4. Baseline identification**

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<tbody>
<tr>
<td>5.4.1. Does the methodology require several alternative scenarios to be considered in the identification of the most reasonable baseline scenario?</td>
<td>VVM</td>
<td>83</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.4.2. If yes, are all scenarios that are considered by the project participants and are supplementary to those required by the methodology reasonable in the</td>
<td>VVM</td>
<td>83</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
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<td>context of the proposed CDM project activity?</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4.3. Has any reasonable alternative scenario been excluded?</td>
<td>VVM</td>
<td>83</td>
<td>N.A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4.4. Is the baseline scenario identified reasonably supported by:</td>
<td>VVM</td>
<td>84</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4.4.1. Assumptions?</td>
<td>VVM</td>
<td>84</td>
<td>N.A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4.4.2. Calculations?</td>
<td>VVM</td>
<td>84</td>
<td>N.A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4.4.3. Rationales?</td>
<td>VVM</td>
<td>84</td>
<td>N.A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4.5. Are the documents and sources referred to in the PDD correctly quoted and</td>
<td>VVM</td>
<td>84</td>
<td>Yes, the Notification on Determining Baseline Emission Factor of China’s Grid issued by NDRC has been checked and found consistent.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>interpreted?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4.6. Was the information provided in the PDD cross checked with other verifiable</td>
<td>VVM</td>
<td>84</td>
<td>Yes, the Notification on Determining Baseline Emission Factor of China’s Grid issued by NDRC has been checked and found consistent.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
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<tr>
<td>5.4.7. Have all applicable CDM requirements been taken into account in the</td>
<td>VVM</td>
<td>85</td>
<td>Yes. The ACM0002 prescribes the baseline scenario.</td>
<td></td>
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<tr>
<td>identification of the baseline scenario for the proposed CDM project activity?</td>
<td></td>
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<tr>
<td>5.4.8. Have all relevant policies and circumstances been identified and correctly</td>
<td>VVM</td>
<td>85</td>
<td>Yes. The ACM0002 prescribes the baseline scenario.</td>
<td></td>
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<tr>
<td>considered in the PDD, in accordance with the guidance by the CDM Executive</td>
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<td>Board?</td>
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| 5.4.9. Does the PDD provide a verifiable description of the identified baseline    | VVM  | 86 | Yes. The baseline is Electricity delivered to the grid by the project activity would have otherwise been generated by the operation of grid-connected power plants and by the addition of new generation sources, as reflected in the combined margin (CM) calculations described in the “Tool to calculate the emission factor for an electricity system”.
<p>| scenario, including a description of the technology that would be employed and/or |      |    |                                                                                                                                                                                                                                                                                                                                       |
| the activities that would take place in the absence of the proposed CDM project   |      |    |                                                                                                                                                                                                                                                                                                                                       |
| activity?                                                                         |      |    |                                                                                                                                                                                                                                                                                                                                       |
| 5.5. <strong>Algorithms and/or formulae used to determine emission reductions</strong>        | VVM  | 89-93 |                                                                                                                                                                                                                                                                                                                                   |
| 5.5.1. Have the equations and parameters in                                        | VVM  | 90 | Yes. The equations are in accordance with &quot;Tool to                                                                                                                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                                 |</p>
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<tr>
<td>the PDD been correctly applied with respect those in the select approved methodology?</td>
<td></td>
<td></td>
<td>Calculate the Emission Factor for an Electricity System&quot;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.5.2. Does the methodology provide for selection between different options for equations or parameters?</td>
<td>VVM</td>
<td>90</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.5.3. If yes, has adequate justification been provided (based on the choice of the baseline scenario, context of the proposed CDM project activity and other evidence provided)?</td>
<td>VVM</td>
<td>90</td>
<td>Yes. Adequate justification has been provided and correct equations and parameters been used in accordance with the methodology selected.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.5.4. If yes, have correct equations and parameters been used, in accordance with the methodology selected?</td>
<td>VVM</td>
<td>90</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.5.5. Will data and parameters be monitored throughout the crediting period of the proposed CDM project activity?</td>
<td>VVM</td>
<td>91</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.5.6. If no, and these data and parameters will remain fixed throughout the crediting</td>
<td>VVM</td>
<td>91</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>CHECKLIST QUESTION</td>
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<tr>
<td>period, are all data sources and assumptions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.5.6.1. Appropriate and correct?</td>
<td>VVM</td>
<td>91</td>
<td>Yes. All data source used are appropriate and calculations are correct as they are consistent with official EF calculation.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.5.6.2. Applicable to the proposed CDM project activity?</td>
<td>VVM</td>
<td>91</td>
<td>Yes, all equations and parameters used are applicable to the Project.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.5.6.3. Resulting in a conservative estimate of the emission reductions?</td>
<td>VVM</td>
<td>91</td>
<td>Yes, all equations and parameters will result in a conservative estimate of the emission reductions.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.5.6.4. Will data and parameters be monitored on implementation and hence become available only after validation of the project activity?</td>
<td>VVM</td>
<td>91</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>5.5.6.5. If yes, are the estimates provided in the PDD for these data and parameters reasonable?</td>
<td>VVM</td>
<td>91</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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6. Additionality of a project activity

VVM 94-97
**CHECKLIST QUESTION** | **Ref.** | **§** | **COMMENTS** | **Draft Concl** | **Final Concl**
--- | --- | --- | --- | --- | ---
6.1. General checklist for additionality | | | | |
6.1.1. Does the CDM-PDD state the latest version of the additionality tool being used? | VVM | 95 | Yes. | OK | OK
6.1.2. Is the entire host country selected as the applicable geographical area as a default? | EB 65 Ann 21 |  | No. | OK | OK
6.1.3. If the technology applied in the project is not country specific, is the applicable geographical area extended to other countries? | EB 65 Ann 21 |  | N.A. | OK | OK
6.1.4. If the applicable geographical area is smaller than the host country, has the project participants provided justification that technologies that vary considerably from location to location depending on local conditions? | EB 65 Ann 21 |  | In China, the energy resources, tariff, regulatory framework and investment climate for grid-connected projects in the applicable output range are only similar and comparable for projects connected to the same grid and located in the same Province/Autonomous Region. And also, those projects with the applicable output range are approved by the provincial authorities. Therefore, it is | OK | OK
## CHECKLIST QUESTION

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<tr>
<td>EB 65 Ann 21</td>
<td>Yes. The measure of the project belongs to type (b).</td>
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</table>

6.1.5. Has the measure of proposed project activity falls in:
(a) Fuel and feedstock switch;
(b) Switch of technology with or without change of energy source (including energy efficiency improvement as well as use of renewable energies);
(c) Methane destruction;
(d) Methane formation avoidance.

6.1.6. Were the following steps of the tool to assess additionality used:

### 6.1.6.1. Identification of alternatives to the project activity?
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<td>EB 65 Ann 21</td>
<td>Yes.</td>
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### 6.1.6.2. Investment analysis to determine that the proposed project activity is either: 1) not the most economically or
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<td>EB 65 Ann 21</td>
<td>Yes.</td>
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<td>financially attractive, or 2) not economically or financially feasible?</td>
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<tr>
<td>6.1.6.3. Barriers analysis?</td>
<td>EB 65</td>
<td>Ann 21</td>
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<tr>
<td>6.1.6.4. Common practice analysis?</td>
<td>EB 65</td>
<td>Ann 21</td>
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<tr>
<td>6.1.7. Step 1, Identification of alternatives to the project activity</td>
<td>EB 65</td>
<td>Ann 21</td>
</tr>
<tr>
<td>6.1.8. Have the following alternatives been included while defining alternatives as per sub-step 1a?</td>
<td>EB 65</td>
<td>Ann 21</td>
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<tr>
<td>6.1.8.1. The proposed project activity undertaken without being registered as a CDM project activity;</td>
<td>EB 65</td>
<td>Ann 21</td>
</tr>
<tr>
<td>6.1.8.2. Other realistic and credible alternative scenario(s) to the proposed CDM project activity scenario that deliver outputs services or services with</td>
<td>EB 65</td>
<td>Ann 21</td>
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<td>comparable quality, properties and application areas, taking into account, where relevant, examples of scenarios identified in the underlying methodology;</td>
<td></td>
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<tr>
<td>6.1.8.3. If applicable, continuation of the current situation (no project activity or other alternatives undertaken).</td>
<td>EB 65</td>
<td>Ann 21</td>
</tr>
<tr>
<td>6.1.9. Has the project participant included the technologies or practices that provide outputs or services with comparable quality, properties and application areas as the proposed CDM project activity and that have been implemented previously or are currently being introduced in the relevant country/region?</td>
<td>EB 65</td>
<td>Ann 21</td>
</tr>
<tr>
<td>6.1.10. Has the outcome of Step 1a: Identified realistic and credible alternative scenario(s) to the project activity done</td>
<td>EB 65</td>
<td>Ann 21</td>
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<tr>
<td>6.1.11. Is the alternative(s) in compliance with all mandatory applicable legal and regulatory requirements, even if these laws and regulations have objectives other than GHG reductions, e.g. to mitigate local air pollution?</td>
<td>EB 65 Ann 21</td>
<td>Yes.</td>
</tr>
<tr>
<td>6.1.12. If an alternative does not comply with all mandatory applicable legislation and regulations, has it been shown that, based on an examination of current practice in the country or region in which the law or regulation applies, those applicable legal or regulatory requirements are systematically not enforced and that noncompliance with those requirements is widespread in the country?</td>
<td>EB 65 Ann 21</td>
<td>N.A.</td>
</tr>
<tr>
<td>6.1.13. Has the outcome of Step 1b: Identified</td>
<td>EB 65 Ann</td>
<td>Yes.</td>
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<tr>
<td>realistic and credible alternative scenario(s) to the project activity that are</td>
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<td>in compliance with mandatory legislation and regulations taking into account the</td>
<td></td>
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<td>enforcement in the region or country and EB decisions on national and/or sectoral</td>
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<tr>
<td>policies and regulations done correctly? Please state the outcome.</td>
<td></td>
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<tr>
<td>6.1.14. Has PP selected Step 2 (Investment analysis) or Step 3 (Barrier analysis)</td>
<td>EB 65</td>
<td>Ann</td>
</tr>
<tr>
<td>or both Steps 2 and 3?</td>
<td></td>
<td>21</td>
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<tr>
<td>6.1.15. Step 2, Investment analysis</td>
<td>EB 65</td>
<td>Ann</td>
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<tr>
<td>6.1.16. In sub-step 2a has the determination of appropriate method of analysis</td>
<td>EB 65</td>
<td>Ann</td>
</tr>
<tr>
<td>done as per the guidance as below?</td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>6.1.16.1 Simple cost analysis if the CDM project activity and the alternatives</td>
<td>EB 65</td>
<td>Ann</td>
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<tr>
<td>identified in Step 1 generate no</td>
<td></td>
<td>21</td>
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<tr>
<td>6.1.16.2. Otherwise, use the investment comparison analysis (Option II) or the benchmark analysis (Option III). Specify option used with justification.</td>
<td>EB 65</td>
<td>Ann 21</td>
</tr>
<tr>
<td>6.1.17. Has the below guideline followed for sub-step 2b Option I. Apply simple cost analysis? Document the costs associated with the CDM project activity and the alternatives identified in Step1 and demonstrate that there is at least one alternative which is less costly than the project activity.</td>
<td>EB 65</td>
<td>Ann 21</td>
</tr>
<tr>
<td>6.1.18. Has the below guideline followed for sub-step 2b Option II. Apply investment comparison analysis? Identify the financial indicator, such as IRR, NPV, cost benefit ratio, or unit cost of service most suitable for the project type and</td>
<td>EB 65</td>
<td>Ann 21</td>
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BUREAU VERITAS CERTIFICATION

REPORT NO: BVC/CHINA-VAL/6181/2011 REV. 01

VALIDATION REPORT

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<td>decision-making context. Please specify</td>
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<tr>
<td>6.1.19. Has the below guideline followed for Sub-step 2b: Option III. Apply benchmark analysis?</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Project IRR of 8% is determined as the benchmark. CL-4: Whether the Project IRR is pre-tax or after-tax should be specified. The Project IRR is post-tax and this has been specified in the revised PDD. Hence, CL-4 is closed out.</td>
<td>CL-4</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.19.1. Identify the financial/economic indicator, such as IRR, most suitable for the project type and decision context.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Yes. Project IRR was identified as the financial indicator.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.19.2. When applying Option II or Option III, the financial/economic analysis shall be based on parameters that are standard in the market, considering the specific characteristics of the project type, but not linked to the subjective profitability expectation or risk profile of a particular project developer. Only in the particular case</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Yes. The financial analysis was based on parameters that are standard in the market, considering the specific characteristics of the project type, but not linked to the subjective profitability expectation or risk profile of the PP.</td>
<td>OK</td>
<td>OK</td>
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### CHECKLIST QUESTION

Where the project activity can be implemented by the project participant, the specific financial/economic situation of the company undertaking the project activity can be considered.

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6.1.19.3. Discount rates and benchmarks shall be derived from: (a) Government bond rates, increased by a suitable risk premium to reflect private investment and/or the project type, as substantiated by an independent (financial) expert or documented by official publicly available financial data; (b) Estimates of the cost of financing and required return on capital (e.g. commercial lending rates and guarantees required for the country and the type of project activity concerned), based on bankers views and private equity investors/funds’ required return on comparable

Ref. EB 65 Ann 21

Yes. The benchmark selection complies with option d: Government/official approved benchmark where such benchmarks are used for investment decisions. The benchmark was derived from Interim Rules on Economic Assessment of Electrical Engineering Retrofit Projects issued by former State Power Corporation of China in 2002, which has been used widely in feasibility studies of new power plants, including wind power projects in China.

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<td>projects; (c) A company internal benchmark (weighted average capital cost of the company), only in the particular case referred to above in 2. The project developers shall demonstrate that this benchmark has been consistently used in the past, i.e. that project activities under similar conditions developed by the same company used the same benchmark; (d) Government/official approved benchmark where such benchmarks are used for investment decisions; (e) Any other indicators, if the project participants can demonstrate that the above Options are not applicable and their indicator is appropriately justified. Please specify benchmark and justify.</td>
<td></td>
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6.1.20. Has the below guideline followed for Sub-step 2c: Calculation and comparison of financial indicators (only applicable to Options II and III)?

<p>| EB 65 | Ann 21 | Draft Concl | Final Concl |</p>
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<tr>
<td>6.1.20.1. Calculate the suitable financial indicator for the proposed CDM project activity and, in the case of Option II above, for the other alternatives. Include all relevant costs (including, for example, the investment cost, the operations and maintenance costs), and revenues (excluding CER revenues, but possibly including inter alia subsidies/fiscal incentives, ODA, etc, where applicable), and, as appropriate, non-market cost and benefits in the case of public investors if this is standard practice for the selection of public investments in the host country.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>CAR-6: Some input values in the IRR spreadsheet are not consistent with that listed in table 5 of webhosted PDD. These input values in the revised PDD and the IRR have been checked and found consistent with that in the IRR spreadsheet and FSR. Hence, CAR-6 is closed out. The project IRR (post tax) is calculated.</td>
<td></td>
<td>CAR-6 OK</td>
</tr>
<tr>
<td>6.1.20.2. Present the investment analysis in a transparent manner and provide all the relevant assumptions, preferably in the CDM-PDD, or in separate annexes to the CDM-PDD.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Pending on CAR-6. Yes.</td>
<td>Pending</td>
<td>OK</td>
</tr>
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<td>CHECKLIST QUESTION</td>
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<tr>
<td>6.1.20.3. Justify and/or cite assumptions.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Pending on CAR-6. All assumptions are taken from the approved FSR.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.20.4. In calculating the financial/economic indicator, the project’s risks can be included through the cash flow pattern, subject to project-specific expectations and assumptions.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Pending on CAR-6. Yes, the project’s risks are included.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.20.5. Assumptions and input data for the investment analysis shall not differ across the project activity and its alternatives, unless differences can be well substantiated.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Not applicable as Option III is used.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.20.6. Present in the CDM-PDD a clear comparison of the financial indicator for the proposed CDM activity. Please specify details for above.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Not applicable as Option III is used.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.21. Has the below guideline followed for Sub-step 2d: Sensitivity analysis (only applicable to Options II and III)? Include</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Pending on CAR-6. The sensitivity analysis for four indicators with range from -10% to +10% has been provided, and it states that even</td>
<td>Pending</td>
<td>OK</td>
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<td>a sensitivity analysis that shows whether the conclusion regarding the financial/economic attractiveness is robust to reasonable variations in the critical assumptions.</td>
<td></td>
<td></td>
<td>considering a ±10% variation of the selected factors the IRR of the Project would still remain below the 8% benchmark.</td>
<td></td>
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<tr>
<td>6.1.22. Has the outcome of Step 2 clearly mentioned with justification?</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Pending on CAR 6. The Project is not financially feasible without the revenue of CERs.</td>
<td></td>
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<tr>
<td>6.1.23. Step 3: Barrier analysis</td>
<td>EB 65</td>
<td>Ann 21</td>
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<tr>
<td>6.1.24. Have the latest approved version of the “Guidelines for objective demonstration and assessment of barriers” been taken into account when applying this step?</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td></td>
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<tr>
<td>6.1.25. For barriers other than barriers due to project being “first of its kind” as defined in 6.1.25.3, has the project participant demonstrated that the CDM would alleviate the identified barriers that</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td></td>
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<td>CHECKLIST QUESTION</td>
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<td>prevent the proposed project activity from occurring?</td>
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<tr>
<td>6.1.26. Has the below guideline followed for Sub-step 3a: Identify barriers that would prevent the implementation of the proposed CDM project?</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.26.1. Investment barriers: For alternatives undertaken and operated by private entities: Similar activities have only been implemented with grants or other non-commercial finance terms. No private capital is available from domestic or international capital markets due to real or perceived risks associated with investment in the country where the proposed CDM project activity is to be implemented, as demonstrated by the credit rating of the country or other country investments reports of reputed origin.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
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<tr>
<td>6.1.26.2. Technological barriers: Skilled and/or properly trained labour to operate and maintain the technology is not available in the relevant country/region, which leads to an unacceptably high risk of equipment disrepair and malfunctioning or other underperformance; Lack of infrastructure for implementation and logistics for maintenance of the technology, Risk of technological failure: the process/technology failure risk in the local circumstances is significantly greater than for other technologies that provide services or outputs comparable to those of the proposed CDM project activity, as demonstrated by relevant scientific literature or technology manufacturer information, The particular technology used in the proposed project activity is not available in the relevant region.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<td>CHECKLIST QUESTION</td>
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<tr>
<td>6.1.26.3. Barriers due to prevailing practice: The project activity is the “first of its kind”.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.26.4. Other barriers, preferably specified in the underlying methodology as examples.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.27. Has the outcome from Step 3a clearly mentioned in PDD?</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.28. Has the below guideline followed for Sub-step 3 b: Show that the identified barriers would not prevent the implementation of at least one of the alternatives (except the proposed project activity)?</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.28.1. If the identified barriers also affect other alternatives, explain how they are affected less strongly than they affect the proposed CDM project activity. In other words, demonstrate</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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</table>
that the identified barriers do not prevent the implementation of at least one of the alternatives. Any alternative that would be prevented by the barriers identified in Sub-step 3a is not a viable alternative, and shall be eliminated from consideration.

6.1.28.2. Provide transparent and documented evidence, and offer conservative interpretations of this documented evidence, as to how it demonstrates the existence and significance of the identified barriers and whether alternatives are prevented by these barriers.

6.1.28.3. The type of evidence to be provided should include at least one of the following: (a) Relevant legislation, regulatory information or industry norms; (b) Relevant (sectoral) studies or surveys (e.g. market surveys,
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<td>technology studies, etc) undertaken by universities, research institutions,</td>
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<td>industry associations, companies, bilateral/multilateral institutions, etc; (c)</td>
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<td>Relevant statistical data from national or international statistics; (d)</td>
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<tr>
<td>Documentation of relevant market data (e.g. market prices, tariffs, rules);</td>
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<tr>
<td>(e) Written documentation of independent expert judgments from industry, educational</td>
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<tr>
<td>institutions (e.g. universities, technical schools, training centres), industry</td>
<td></td>
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<td>associations and others. Please specify.</td>
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<tr>
<td>6.1.29. Has the outcome from Step 3 clearly mentioned in PDD?</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.30. Step 4: Common practice analysis</td>
<td>EB 65</td>
<td>Ann 21</td>
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<tr>
<td>6.1.31. Has the proposed project been</td>
<td>EB 65</td>
<td>Ann</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
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<td>demonstrated to be first of its kind (according to sub-step 3a)?</td>
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<td>21</td>
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<tr>
<td>6.1.32. If not, for measures different from those listed in 6.1.5, have all the sub-steps as below followed?</td>
<td>EB</td>
<td>Ann</td>
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<td></td>
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</tr>
<tr>
<td>6.1.32.1. Sub-step 4a: Analyze other activities similar to the proposed project activity? Provide an analysis of any other activities that are operational and that are similar to the proposed project activity. Other CDM project activities are not to be included in this analysis. Provide documented evidence and, where relevant, quantitative information. On the basis of that analysis, describe whether and to which extent similar activities have already diffused in the relevant region.</td>
<td>EB</td>
<td>Ann</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.32.2. Sub-step 4b: Discuss any similar Options that are occurring? If similar</td>
<td>EB</td>
<td>Ann</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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</table>
activities are identified, then it is necessary to demonstrate why the existence of these activities does not contradict the claim that the proposed project activity is financially/economically unattractive or subject to barriers. This 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. In case similar projects are not accessible, the PDD should include justification about

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<tr>
<td>activities are identified, then it is necessary to demonstrate why the existence of these activities does not contradict the claim that the proposed project activity is financially/economically unattractive or subject to barriers. This 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. In case similar projects are not accessible, the PDD should include justification about</td>
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### VALIDATION REPORT

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<td>non-accessibility of data/information.</td>
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<tr>
<td>6.1.33. for measures that are listed in 6.1.5, have all the sub-steps as below followed?</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Yes. The total installed capacity of the Project is 49.5MW, therefore the applicable output range is 24.75 to 74.25 MW.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.1.33.1. Step 1: Calculate applicable output range as +/-50% of the design output or capacity of the proposed project activity.</td>
<td>EB 65</td>
<td>Ann 21</td>
<td>Yes. The total installed capacity of the Project is 49.5MW, therefore the applicable output range is 24.75 to 74.25 MW.</td>
<td>OK</td>
<td>OK</td>
</tr>
</tbody>
</table>
| 6.1.33.2. Step 2: In the applicable geographical area, identify all plants that deliver the same output or capacity, within the applicable output range calculated in Step 1, as the proposed project activity and have started commercial operation before the start date of the project. Note their number Nall. Registered CDM project activities and projects activities undergoing validation shall not be included in this step; | EB 65 | Ann 21 | **CAR-7**: Tool for Demonstration and Assessment of Additionality should be updated. According to public available data sources, the projects identified in the common practice are not complete.  

The common practice part has been updated according to Tool for Demonstration and Assessment of Additionality 06.0.0.  

The criteria for identifying the similar projects are listed as follows:  

1. Installed capacity between 24.75MW to 74.25MW (+/-50% of 49.5MW)                                                                                                                                         | CAR-6       | OK          |
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<tr>
<td>2. Located within Inner Mongolia Autonomous Region,</td>
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<tr>
<td>3. Started commercial operation before 16/06/2011 (the start date of the Project)</td>
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<tr>
<td>The revised common practice analysis is considered complete by crosschecking the public statistics.</td>
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<tr>
<td>Hence, CAR-6 is closed out.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Data of wind power plants in Inner Mongolia Autonomous Region are taken from the Statistics of Installed capacity of wind farm in China in 2006, 2007, 2008, 2009, 2010 and 2011 by Mr. Shi Pengfei and Chinese Wind Energy Association. Statistics of Installed capacity of wind farm are employed by almost all CDM projects in China as data source of common practice; therefore, Bureau Veritas Certification confirms that the source is reasonable.</td>
<td></td>
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<tr>
<td>The data on power generation projects other than wind are not publicly available. Therefore, no comprehensive assessment can be made of any non-wind projects in the applicable output range. According to the approved clarificationCLA_Tool_0015, it is conservative in Step 2 to</td>
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<tr>
<td>6.1.33.3. Step 3: Within plants identified in Step 2, identify those that apply</td>
<td>EB</td>
<td>Ann</td>
<td>Excluding the registered CDM project activities and project undergoing validation, their number N\text{all} is 5.</td>
</tr>
<tr>
<td>technologies different that the technology applied in the proposed project activity. Note their number N_{diff}.</td>
<td>65</td>
<td>21</td>
<td>use N_{\text{all,wind}} for N_{\text{all}} and in Step 3 N_{\text{diff,wind}} for N_{\text{diff}}. Here list the projects identified as different, e.g. The Dali Phase III is Supported by National Debt Special Fund as a demonstration project; the Bailingmiao I, Bailingmiao IIand Xiwu I were supported by carbon revenue under Gold Standard Voluntary Emission Reductions. Thus the investment climate in the date of the investment decision is different from the Project, inter alia: subsidies or other financial flows. Therefore, N_{\text{diff}} is noted as 4.</td>
</tr>
<tr>
<td>6.1.33.4. Step 4: Calculate factor F=1-N_{diff}/N_{\text{all}} representing the</td>
<td>EB</td>
<td>Ann</td>
<td>The factor F=1-N_{\text{diff}}/N_{\text{all}} is therefore calculated as 0.2, not greater than 0.2. N_{\text{all}} – N_{\text{diff}} is 1, which is not greater than 3. Therefore, the Project is not a common practice.</td>
</tr>
<tr>
<td>share of plants using technology similar to the technology used in the proposed</td>
<td>65</td>
<td>21</td>
<td></td>
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</table>
### 6.1.33.5. Are the following conditions are fulfilled:
- (a) the factor \( F \) is greater than 0.2,
- (b) \( N_{\text{all}} - N_{\text{diff}} \) is greater than 3.

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| EB 65 | Ann 21 | Pending on CAR-6.  
The factor \( F = 1 - \frac{N_{\text{diff}}}{N_{\text{all}}} \) is therefore calculated as 0.2, not greater than 0.2. \( N_{\text{all}} - N_{\text{diff}} \) is 1, which is not greater than 3.  
Therefore, the Project is not a common practice. |

### 6.1.34. Has the outcome from Step 4 clearly mentioned in PDD?

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| EB 65 | Ann 21 | Pending on CAR-6.  
Yes.  
The outcome from step 4 has been clearly stated in the final version of PDD, that the Project is not common practice in the region. |

### 6.1.35. Has it been proved that the project is additional?

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| EB 65 | Ann 21 | Pending on CAR-6.  
Yes. |

### 6.2. Prior consideration of the clean development mechanism

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| VVM | 98-104 | Pending on CL-2.  
The project start date of 16/06/2011 is prior to the date of publication of the PDD for stakeholder comments of |
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<tr>
<td>**6.2.2. If yes, were the CDM benefits considered necessary in the decision to</td>
<td>VVM</td>
<td>98</td>
<td>Pending on CL-2. The board meeting minutes dated 17/01/2011 demonstrated that the CDM incentive was a decisive factor for the implementation of the Project.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>undertake the project as a proposed CDM project activity?</td>
<td></td>
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<tr>
<td>**6.2.3. Is the start date of the project activity, reported in the PDD, in</td>
<td>VVM</td>
<td>99</td>
<td>Pending on CL-2. 16/06/2011, the signed date of the wind turbines’ foundation construction contract, was identified as the start date of the Project, which is the earliest date at which either the implementation or construction or real action of a project activity begins, hence it is in accordance with the latest CDM glossary.</td>
<td>Pending</td>
<td>OK</td>
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<tr>
<td>accordance with the “Glossary of CDM terms”, which states that “The starting</td>
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<td>date of a CDM project activity is the earliest date at which either the</td>
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<td>implementation or construction or real action of a project activity begins”?</td>
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</tr>
<tr>
<td>**6.2.4. Does the project activity require construction, retrofit or other</td>
<td>VVM</td>
<td>99</td>
<td>Yes, the project activity requires construction.</td>
<td>OK</td>
<td>OK</td>
</tr>
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<td>modifications?</td>
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<tr>
<td>**6.2.5. If yes, is it ensured that the date of commissioning cannot be</td>
<td>VVM</td>
<td>99</td>
<td>Pending on CL-2. The date when the wind turbines’ foundation construction contract was signed is identified as the project start date,</td>
<td>Pending</td>
<td>OK</td>
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<td>considered as the project activity start date?</td>
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<tr>
<td>6.2.6. Is it a new project activity (a project activity with a starting date on or after 02 August 2008) or an existing project activity (a project activity with a start date before 02 August 2008)?</td>
<td>VVM EB62</td>
<td>100 Ann 13</td>
<td>It is a new project activity with starting date after 02/08/2008.</td>
<td>OK OK</td>
<td></td>
</tr>
<tr>
<td>6.2.7. For a new project, for which PDD has not been published for global stakeholder consultation or a new methodology proposed to the CDM Executive Board before the project activity start date, had PPs informed the Host Party DNA and the UNFCCC secretariat in writing of the commencement of the project activity and of their intention to seek CDM status? (Provide reference to such confirmation from host Party DNA and UNFCCC secretariat).</td>
<td>VVM EB62</td>
<td>100 Ann 13</td>
<td>Pending on CL-2. Yes, PP had informed the host party and the UNFCCC within 6 months of the start date, and the confirmation letters have been checked. Besides, the board meeting minutes</td>
<td>Pending OK</td>
<td></td>
</tr>
<tr>
<td>6.2.8. For an existing project activity, for which</td>
<td>VVM</td>
<td>102</td>
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<td>CHECKLIST QUESTION</td>
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<td>the start date is prior to the date of publication of the PDD for global stakeholder consultation, are the following evidences provided:</td>
<td>EB62</td>
<td>Ann 13</td>
<td></td>
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<tr>
<td>6.2.8.1. Evidence that must indicate that awareness of the CDM prior to the project activity start date, and that the benefits of the CDM were a decisive factor in the decision to proceed with the project,</td>
<td>VVM EB62</td>
<td>102 Ann 13</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.2.8.1.1. minutes and/or notes related to the consideration of the decision by the Board of Directors, or equivalent, of the project participant, to undertake the project as a proposed CDM project activity?</td>
<td>VVM EB62</td>
<td>102 Ann 13</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.2.8.2. Reliable evidence from project participants that must indicate that continuing and real actions were taken to secure CDM status for the</td>
<td>VVM EB62</td>
<td>102 Ann 13</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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## Validation Report

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<td>project in parallel with its implementation</td>
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<td>6.2.8.2.1. contract with consultants for CDM/PDD/methodology services?</td>
<td>VVM EB62</td>
<td>102 Ann 13</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.2.8.2.2. Emission Reduction Purchase Agreements or other documentation related to the sale of the potential CERs (including correspondence with multilateral financial institutions or carbon funds)?</td>
<td>VVM EB62</td>
<td>102 Ann 13</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.2.8.2.3. evidence of agreements or negotiations with a DOE for validation services?</td>
<td>VVM EB62</td>
<td>102 Ann 13</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.2.8.2.4. submission of a new methodology to the CDM Executive Board?</td>
<td>VVM EB62</td>
<td>102 Ann 13</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.2.8.2.5. publication in newspaper?</td>
<td>VVM EB62</td>
<td>102 Ann</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<td>6.2.8.2.6. interviews with DNA?</td>
<td>VVM</td>
<td>102</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>6.2.8.2.7. earlier correspondence on the project with the DNA or the UNFCCC secretariat?</td>
<td>VVM</td>
<td>102</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.2.8.2.8. Has the chronology of events including time lines been appropriately captured and explained/detailed in the PDD?</td>
<td>VVM</td>
<td>102</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.3. Identification of alternatives</td>
<td>VVM</td>
<td>105-107</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6.3.1. Does the approved methodology that is selected by the proposed CDM project activity prescribe the baseline scenario and hence no further analysis is required?</td>
<td>VVM</td>
<td>105</td>
<td>Yes. The ACM0002 prescribed the baseline scenario and no further analysis is required.</td>
<td>OK</td>
<td>OK</td>
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<td>6.3.2. If no, does the PDD identify credible alternatives to the project activity in order to determine the most realistic baseline scenario?</td>
<td>VVM</td>
<td>105</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.3.3. Does the list of alternatives given in the PDD ensure that:</td>
<td>VVM</td>
<td>106</td>
<td>No. Not applicable, as methodology ACM0002 prescribes the baseline scenario and no further analysis required, therefore, there is no need to take steps to identify the baseline scenarios.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.3.3.1. the list of alternatives includes as one of the options that the project activity is undertaken without being registered as a proposed CDM project activity?</td>
<td>VVM</td>
<td>106</td>
<td>N.A. As the approved methodology ACM0002 selected by the proposed CDM project activity prescribes the baseline scenario and no further analysis is required.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.3.3.2. the list contains all plausible alternatives that the DOE, on the basis of its local and sectoral knowledge, considers to be viable means of supplying the outputs or services that are to be supplied by the proposed CDM project activity?</td>
<td>VVM</td>
<td>106</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>6.3.3.3. the alternatives comply with all applicable and enforced legislation?</td>
<td>VVM</td>
<td>106</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4. Investment analysis</td>
<td>VVM</td>
<td>108-114</td>
<td></td>
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</tr>
<tr>
<td>6.4.1. Has investment analysis been used to demonstrate the additionality of the proposed CDM project activity?</td>
<td>VVM</td>
<td>108</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.2. If yes, does the PDD provide evidence that the proposed CDM project activity would not be:</td>
<td>VVM</td>
<td>108</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4.2.1. The most economically or financially attractive alternative?</td>
<td>VVM</td>
<td>108</td>
<td>Not applied, the PDD employed the option III (Benchmark analysis).</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.2.2. Economically or financially feasible, without the revenue from the sale of certified emission reductions (CERs)?</td>
<td>VVM</td>
<td>108</td>
<td>Pending on CAR 6. Yes.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.3. Was this shown by one of the following approaches?</td>
<td>VVM</td>
<td>109</td>
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<tr>
<td>6.4.3.1. The proposed CDM project activity would produce no financial or economic</td>
<td>VVM</td>
<td>109</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<td>benefits other than CDM-related income. Document the costs associated with the</td>
<td></td>
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<td>proposed CDM project activity and the alternatives identified and demonstrate</td>
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<td>that there is at least one alternative which is less costly than the proposed</td>
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<td>CDM project activity.</td>
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<tr>
<td>6.4.3.2. The proposed CDM project activity is less economically or financially</td>
<td>VVM</td>
<td>109</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>attractive than at least one other credible and realistic alternative.</td>
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<tr>
<td>6.4.3.3. The financial returns of the proposed CDM project activity would be</td>
<td>VVM</td>
<td>109</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
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<td>insufficient to justify the required investment.</td>
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<td>6.4.3.4. Is the period of assessment limited to the proposed crediting period of</td>
<td>EB62</td>
<td>Ann5</td>
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<td>OK</td>
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<td>the</td>
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<td>the</td>
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<td>period of assessment is 21 years including one year for construction, not limited to the crediting period of the</td>
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<td>CDM project activity?</td>
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<td>Project.</td>
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<tr>
<td>6.4.3.5. Does the project IRR and equity IRR calculations reflect the period of</td>
<td>EB62</td>
<td>Ann 5</td>
<td>One year for construction and 20 years for operation period as per the approved FSR. The residual value of the project activity assets has been recovered; the residue value rate is 5%.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>expected operation of the underlying project activity (technical lifetime), or - if</td>
<td></td>
<td></td>
<td>spending period is chosen - include the fair value of the project activity assets at the end of the assessment period?</td>
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<tr>
<td>a shorter period is chosen - include the fair value of the project activity assets at the end of the assessment period?</td>
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<tr>
<td>6.4.3.6. Does the IRR calculation include the cost of major maintenance and/or</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. The annual maintenance costs were included.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>rehabilitation if these are expected to be incurred during the period of</td>
<td></td>
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<td>spending period?</td>
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<td>assessment?</td>
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<tr>
<td>6.4.3.7. Do the project participants justify the appropriateness of the period of</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. The 21 years including construction period for assessment used in the PDD is reasonable according to Interim Rules on Economic Assessment of Electric Engineering Retrofit Projects issued by government authority.</td>
<td>OK</td>
<td>OK</td>
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<td>assessment in the context of the underlying project activity, without reference to</td>
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<td>spending period?</td>
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<td>the proposed CDM crediting period?</td>
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<tr>
<td>6.4.3.8. Does the cash flow in the final year include a fair value of the project</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. 5% of the fixed assets have been recovered at the end of the assessment period; this is in line with the Enterprise Income Tax Law of P.R. China; the free cash has been recovered at the end of assessment period.</td>
<td>OK</td>
<td>OK</td>
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<td>activity assets at the end of the assessment period?</td>
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<tr>
<td>6.4.3.9. Has the fair value been calculated in accordance with local accounting</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. 5% of the fixed assets have been recovered at the end of the assessment period; this is in line with the Enterprise Income Tax Law of P.R. China.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>regulations where available, or international best practice?</td>
<td></td>
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<tr>
<td>6.4.3.10. Does the fair value calculation include both the book value of the asset</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. The residue value is 5% of the book value of assets and the calculation can reasonably expect the potential profit recoverable.</td>
<td>OK</td>
<td>OK</td>
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<td>and the reasonable expectation of the potential profit or loss on the realization</td>
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<td>of the assets?</td>
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<tr>
<td>6.4.3.11. Was the depreciation, and other non-cash items related to the project</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. The depreciation and the interest payable have been deducted in calculating tax and have been added back to net profits for calculating the IRR.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>activity, which have been deducted in estimating gross profits on which tax is</td>
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<td>calculated, added back to net profits for the purpose of calculating the financial</td>
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<td>indicator? (e.g. IRR, NPV)</td>
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<tr>
<td>6.4.3.12. Has taxation been included as an expense in the IRR/NPV calculation in</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. The income tax of 25% has been included in the IRR calculation.</td>
<td>OK</td>
<td>OK</td>
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<td>cases where the benchmark or other comparator is intended for post-tax comparisons?</td>
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<tr>
<td>6.4.4. Are the input values used in all investment analysis valid and applicable at</td>
<td>EB62</td>
<td>Ann 5</td>
<td>CL-5: When the FSR was finalized and the investment decision was made should be clarified. The FSR of the Project was completed in Oct. 2010 by Inner Mongolia Power Survey &amp; Design Institute. The FSR approval was issued by the Inner Mongolia Autonomous Region DRC on 29/12/2010. The FSR showed that the Project would not have been realized without CDM financial support. Based on the conclusion of the FSR, the PP decided to implement the Project with CDM support on 17/01/2011. Considering the short time gap between the FSR completion and the decision making of the implementation of the Project (less than four months), it is Bureau Veritas Certification’s opinion that it is unlikely in the context of the underlying project activity that the input values would have materially changed and all the input</td>
<td></td>
<td>CL-5</td>
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<td>the time of the investment decision taken by the project participant?</td>
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<td>values used in investment analysis valid and applicable at the time of the investment decision. Hence, CL-5 is closed out.</td>
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<tr>
<td>6.4.5. Is the timing of the investment decision consistent and appropriate with the input values?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Pending on CL-5. The FSR was completed by a qualified third party in Oct. 2010. A board meeting decision to seek for CDM support was made on 17/01/2011 based on the FSR. The period of time between the finalization of the FSR and the investment decision is only less than four months. The validation team was therefore confident that it is unlikely in the context of the underlying project activity that the input values would have materially changed.</td>
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</tr>
<tr>
<td>6.4.6. Are all the listed input values been consistently applied in all calculations?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Pending on CAR-6. Yes.</td>
<td></td>
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<tr>
<td>6.4.7. Does the investment analysis reflect the economic decision making context at point of the decision to recommence the project in the case of project activities for which implementation ceases after the</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes.</td>
<td></td>
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<td>commencement and where implementation is recommenced due to consideration of the CDM?</td>
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<tr>
<td>6.4.8. Have project participants supplied the spreadsheet versions of all investment analysis?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.9. Are all formulas used in this analysis readable and are all relevant cells viewable and unprotected?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.10. In cases where the project participant does not wish to make such a spreadsheet available to the public has the PP provided an exact read-only or PDF copy for general publication?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.11. In case the PP wishes to black-out certain elements of the publicly available version, is it justifiable?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.12. Was the cost of financing expenditures (i.e. loan repayments and interest)</td>
<td>EB62</td>
<td>Ann 5</td>
<td>The interest payable have been deducted in calculating tax and have been added back to net profits for</td>
<td>OK</td>
<td>OK</td>
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<td>CHECKLIST QUESTION</td>
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<td>included in the calculation of project IRR?</td>
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<td>calculating the IRR</td>
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<tr>
<td>6.4.13. In the calculation of equity IRR, has only the portion of investment costs which is financed by equity been considered as the net cash outflow?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.14. Has the portion of the investment costs which is financed by debt been considered a cash outflow in the calculation of equity IRR? (this is not allowed)</td>
<td>EB62</td>
<td>Ann 5</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.15. Was a pre-tax benchmark applied?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>6.4.16. In cases where a post-tax benchmark is applied, is actual interest payable taken into account in the calculation of income tax?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>The interest rate of 5.94% which is sourced from the NFSR is the prevailing commercial interest rate when the NFSR compiling, it is in line with the Guidelines on the Assessment of Investment Analysis version 05 (EB62, Annex 5).</td>
<td>OK</td>
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<tr>
<td>6.4.17. In such situations, was interest calculated according to the prevailing</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. The actual interest payable was calculated with taking the prevailing commercial interest rates into account.</td>
<td>OK</td>
<td>OK</td>
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<td>commercial interest rates in the region, preferably by assessing the cost of other</td>
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<td>debt recently acquired by the project developer and by applying a debt-equity</td>
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<td>ratio used by the project developer for investments taken in the previous three</td>
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<td>years?</td>
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<td>6.4.18. In cases where a benchmark approach is used, is the applied benchmark</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>appropriate to the type of IRR calculated?</td>
<td></td>
<td></td>
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<tr>
<td>6.4.19. Has local commercial lending rates or weighted average costs of capital</td>
<td>EB62</td>
<td>Ann 5</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>(WACC) selected as appropriate benchmarks for a project IRR?</td>
<td></td>
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<tr>
<td>6.4.20. Has required/expected returns on equity selected as appropriate benchmark</td>
<td>EB62</td>
<td>Ann 5</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>for an equity IRR?</td>
<td></td>
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<td>6.4.21. In case benchmarks supplied by relevant national authorities selected is it applicable to the project activity and the type of IRR calculation presented?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. The benchmark was sourced from Interim Rules on Economic Assessment of Electrical Engineering Retrofit Projects issued by former State Power Corporation of China in 2002, which has been used widely in feasibility studies of new power plants, including wind power projects in China.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.22. In the cases of projects which could be developed by an entity other than the project participant is the benchmark applied based on publicly available data sources which can be clearly validated?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.23. Have internal company benchmarks/expected returns (including those used as the expected return on equity in the calculation of a weighted average cost of capital - WACC) been applied in cases where there is only one possible project developer?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.24. In such cases, have these values been EB62 Ann N.A.</td>
<td>OK</td>
<td>OK</td>
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<td>used for similar projects with similar risks, developed by the same company or,</td>
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<td>if the company is brand new, would have been used for similar projects in the</td>
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<td>same sector in the country/region?</td>
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<tr>
<td>6.4.25. Has a minimum clear evidence of the resolution by the company’s Board</td>
<td>EB62</td>
<td>Ann 5</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<td>and/or shareholders been provided to the effect as above?</td>
<td></td>
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<tr>
<td>6.4.26. Has a thorough assessment of the financial statements of the project</td>
<td>EB62</td>
<td>Ann 5</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<td>developer - including the proposed WACC - to assess the past financial behavior</td>
<td></td>
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<td>of the entity during at least the last 3 years in relation to similar projects</td>
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<td>been conducted?</td>
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<tr>
<td>6.4.27. Does the risk premiums applied in the determination of required returns</td>
<td>EB62</td>
<td>Ann 5</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<td>on equity reflect the risk profile of the project activity being assessed,</td>
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<td>established according to national/international accounting principles? (It is not considered reasonable to apply the rate general stock market returns as a risk premium for project activities that face a different risk profile than an investment in such indices.)</td>
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<tr>
<td>6.4.28. Has an investment comparison analysis and not a benchmark analysis used when the proposed baseline scenario leaves the project participant no other choice than to make an investment to supply the same (or substitute) products or services?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>N.A.</td>
<td></td>
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</tr>
<tr>
<td>6.4.29. Have variables, including the initial investment cost, that constitute more than 20% of either total project costs or total project revenues been subjected to reasonable variation (positive and negative) and the results of this variation</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Pending on CAR 6. The sensitivity analysis for four indicators, i.e. static investment, annual O&amp;M cost, electricity tariff and annual electricity output, with range from -10% to +10% has been provided, and it states even considering a ±10% variation of the selected factors the IRR of the Project would still</td>
<td>Pending</td>
<td>OK</td>
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<td>been presented in the PDD and be reproducible in the associated spreadsheets?</td>
<td></td>
<td></td>
<td>remain below the 8% benchmark.</td>
<td></td>
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<tr>
<td>6.4.30. Have a corrective action been raised for a variable to be included in the sensitivity analysis which constitute less than 20% and have a material impact on the analysis?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>No.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.31. Is the range of variations selected is reasonable in the project context?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes. The range of -10%-+10% has been analyzed.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.32. Does the variations in the sensitivity analysis at least cover a range of +10% and -10%, unless this is not deemed appropriate in the context of the specific project circumstances?</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Yes, the sensitivity analysis covers a range of +10% and -10%</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.33. In cases where a scenario will result in the project activity passing the benchmark or becoming the most financially attractive alternative, is an</td>
<td>EB62</td>
<td>Ann 5</td>
<td>Pending on CAR-6. The PDD includes information about fluctuation of those indicators to make the project IRR passing the benchmark, and states that the IRR could not reach the</td>
<td>Pending</td>
<td>OK</td>
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<tr>
<td>assessment done of the probability of the occurrence of this scenario in comparison to the likelihood of the assumptions in the presented investment analysis, taking into consideration correlations between the variables as well as the specific socio-economic and policy context of the project activity?</td>
<td></td>
<td></td>
<td>benchmark due to the impossibility of fluctuation of those indicators.</td>
<td></td>
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</tr>
<tr>
<td>6.4.34. Was the plant load factor defined ex-ante in the CDM-PDD according to one of the following options:</td>
<td>EB 48</td>
<td>Ann 11</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6.4.34.1. The plant load factor provided to banks and/or equity financiers while applying the project activity for project financing, or to the government while applying the project activity for implementation approval?</td>
<td>EB 48</td>
<td>Ann 11</td>
<td>Yes. The PLF sourced from the FSR is the one that was applied for local government approval.</td>
<td></td>
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</tr>
<tr>
<td>6.4.34.2. The plant load factor determined by a third party contracted by the project</td>
<td>EB 48</td>
<td>Ann 11</td>
<td>Yes. The PLF is determined by an authorized third party</td>
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### CHECKLIST QUESTION

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<td>participants (e.g. an engineering company)?</td>
<td></td>
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<td>contracted by the PP.</td>
</tr>
<tr>
<td>6.4.35. Was a thorough assessment of all parameters and assumptions used in</td>
<td>VVM</td>
<td>111</td>
<td>Yes.</td>
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<tr>
<td>calculating the relevant financial indicator, and determine the accuracy</td>
<td></td>
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<tr>
<td>and suitability of these parameters using the available evidence and expertise in</td>
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<td>relevant accounting practices conducted?</td>
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<tr>
<td>6.4.36. Were the parameters cross-checked against third-party or publicly</td>
<td>VVM</td>
<td>111</td>
<td>Pending on CAR-6.</td>
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<td>available sources, such as invoices or price indices?</td>
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- The operation period of 20 years were selected reasonably following the         |
  requirements of “Interim Rules on Economic Assessment of Electric Power         |
  Engineering Retrofit Projects”.
- The static investment in the approved FSR is 8,373 RMB/kW, which is in the     |
  range of the registered CDM wind power projects in Inner Mongolia Autonomous     |
  Region covered by NCPG.
The board decision was made on 17/01/2011, at which all the Notice on guiding the on-grid tariff for all China land-based wind power project had been issued by NDRC (Doc No. [2009]1906). This Notice classified Chinese wind resource into four types and announced that the tariff for wind power project in Ulanqab City is 0.51RMB/kWh (incl. VAT). The electricity tariff approval was also issued by the Inner Mongolia Autonomous Region on 21/03/2012, which also confirmed that the electricity tariff of the Project was 0.51RMB/kWh (incl. VAT). Therefore the electricity tariff is found reasonable and reliable.

The supplied electricity of the Project was based on the wind resource history data, the on-site measurement of wind resource and software as stated in FSR. The PLF has also been crosschecked with that of the registered projects in Inner Mongolia covered by NCPG and found that the PLF falls into the reasonable range. Therefore the supplied electricity is found appropriate.

Bureau Veritas Certification confirms that the annual O&M cost is the sum of salary and welfare of employees,
materials fee, insurance cost, maintenance fee and miscellaneous account, which was studied based on the "Code on Compiling Feasibility Study Report of Wind Farms" issued by NDRC and "Economic Evaluation Method and Parameters for Project Construction" (version 3).

The residual value rate of 5% was selected reasonably following relevant regulation in China, i.e. Enterprise Income Tax Law Implementation Regulations of People's Republic of China issued by The People's Republic of China State Council, document code: Order No. 512.

As per the VAT, half of the normal VAT of 17% will be refunded to wind power projects. It complies with the Notice of Value added Tax Policy Regarding Products Using Certain Synthesized Resources and Other Products issued by the Ministry of Finance and the State Administration of Taxation effective from 01/01/2009 (Cai Shui [2008]156) The equipment cost VAT is recouped over the operation period by deducting from the electricity sales VAT until the equipment VAT is fully recovered, which is in line with the Notice about Implementation of
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<tr>
<td>VAT Reform in the Whole Country (Cai Shui [2008]170) effected on 01/01/2009,</td>
<td></td>
<td></td>
<td>The income tax of 25% complies with Enterprise Income Tax Law of China which is effective from 01/01/2008.</td>
<td></td>
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</tr>
<tr>
<td>6.4.37. Were feasibility reports, public announcements and annual financial reports related to the proposed CDM project activity and the project participants reviewed?</td>
<td>VVM</td>
<td>111</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.38. Was the correctness of computations carried out and documented by the project participants assessed?</td>
<td>VVM</td>
<td>111</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.39. Was the sensitivity analysis by the project participants to determine under what conditions variations in the result would occur, and the likelihood of these conditions assessed?</td>
<td>VVM</td>
<td>111</td>
<td>Pending on CAR 6. The sensitivity analysis for four indicators with range from -10% to +10% has been provided, and it states that even considering a ±10% variation of the selected factors the IRR of the Project would still remain below the 8% benchmark.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.40. Is the type of benchmark applied</td>
<td>VVM</td>
<td>112</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>suitable for the type of financial indicator presented?</td>
<td></td>
<td></td>
<td>The benchmark of 8% is widely used for wind power projects similar to the Project in China.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.4.41. Do any risk premiums applied determining the benchmark reflect the risks associated with the project type or activity?</td>
<td>VVM</td>
<td>112</td>
<td>N.A. The benchmark of 8% is widely used for wind power projects similar to the Project in China.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.42. To determine this, was it assessed whether it is reasonable to assume that no investment would be made at a rate of return lower than the benchmark by:</td>
<td>VVM</td>
<td>112</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6.4.42.1. assessing previous investment decisions by the project participants involved?</td>
<td>VVM</td>
<td>112</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.42.2. determining whether the same benchmark has been applied?</td>
<td>VVM</td>
<td>112</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.42.3. determining if there are verifiable circumstances that have led to a change in the benchmark?</td>
<td>VVM</td>
<td>112</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>6.4.43. Did the project participants rely on values from Feasibility Study Reports (FSR) that are approved by national authorities for proposed CDM project activities?</td>
<td>VVM</td>
<td>113</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.44. If yes:</td>
<td>VVM</td>
<td>113</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6.4.44.1. has the FSR been the basis of the decision to proceed with the investment in the project, i.e. that the period of time between the finalization of the FSR and the investment decision is sufficiently short for the DOE to confirm that it is unlikely in the context of the underlying project activity that the input values would have materially changed?</td>
<td>VVM</td>
<td>113</td>
<td>Pending on CL-5. The FSR was completed by a qualified third party in Oct. 2010. A board meeting decision to seek for CDM support was made on 17/01/2011 based on the FSR. The period of time between the finalization of the FSR and the investment decision is only less than four months. The validation team was therefore confident that it is unlikely in the context of the underlying project activity that the input values would have materially changed.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.44.2. Are the values used in the PDD and associated annexes fully consistent with the FSR?</td>
<td>VVM</td>
<td>113</td>
<td>Pending on CAR-6. All input parameters are sourced from the approved FSR.</td>
<td>OK</td>
<td>OK</td>
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<td>6.4.44.3. If not, was the appropriateness of the values validated?</td>
<td>VVM</td>
<td>113</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.4.44.4. On the basis of its specific local and sectoral expertise, is confirmation 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?</td>
<td>VVM</td>
<td>113</td>
<td>Refer to section 6.4.36 above. The input values from the FSR are valid and applicable at the time of investment decision.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>6.5. Barrier analysis</td>
<td>VVM</td>
<td>115-118</td>
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<tr>
<td>6.5.1. Has barrier analysis been used to demonstrate the additionality of the proposed CDM project activity?</td>
<td>VVM</td>
<td>115</td>
<td>Not applied in the PDD.</td>
<td>OK</td>
<td>OK</td>
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<tr>
<td>6.5.2. If yes, does the PDD demonstrate that the proposed CDM project activity faces barriers that:</td>
<td>VVM</td>
<td>115</td>
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<tr>
<td>6.5.2.1. prevent the implementation of this type of proposed CMD project</td>
<td>VVM</td>
<td>115</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
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<td>activity?</td>
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<tr>
<td>6.5.2.2. do not prevent the implementation of at least one of the alternatives?</td>
<td>VVM</td>
<td>115</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.5.3. Are there any issues that have a clear direct impact on the financial returns of the project activity, other than: risk related barriers, for example risk of technical failure, that could have negative effects on the financial performance; or barriers related to the unavailability of sources of finance for the project activity? (If yes, these issues cannot be considered barriers and shall be assessed by investment analysis. Refer to (6.4) above)</td>
<td>VVM</td>
<td>116</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
</tr>
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<td>6.5.4. Were the barriers determined as real by:</td>
<td>VVM</td>
<td>117</td>
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<tr>
<td>6.5.4.1. Assessing the available evidence and/or undertaking interviews with relevant individuals (including</td>
<td>VVM</td>
<td>117</td>
<td>N.A.</td>
<td>OK</td>
<td>OK</td>
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<td>members of industry associations, government officials or local experts if necessary) to determine whether the barriers listed in the PDD exist?</td>
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</tr>
<tr>
<td>6.5.4.2. ensuring that existence of barriers is substantiated by independent sources of data such as relevant national legislation, surveys of local conditions and national or international statistics?</td>
<td>VVM</td>
<td>117</td>
<td>N.A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5.4.3. Is existence of a barrier substantiated only by the opinions of the project participants? (If yes, this barrier cannot be considered as adequately substantiated)</td>
<td>VVM</td>
<td>117</td>
<td>N.A.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.5.5. Were the barriers determined as preventing the implementation of the project activity but not the implementation of at least one of the possible alternatives by applying local and sectoral expertise to judge whether</td>
<td>VVM</td>
<td>117</td>
<td>N.A.</td>
<td></td>
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</tbody>
</table>
a barrier or set of barriers would prevent the implementation of the proposed CDM project activity and would not equally prevent implementation of at least one of the possible alternatives, in particular the identified baseline scenario?

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</thead>
<tbody>
<tr>
<td>6.6. Common practice analysis</td>
<td>VVM</td>
<td>119-121</td>
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<td></td>
</tr>
<tr>
<td>6.6.1. Is this a proposed large-scale or first-of-its kind small-scale project activity?</td>
<td>VVM</td>
<td>119</td>
<td>It is a large-scale project activity.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.6.2. If yes, was common practice analysis carried out as a credibility check of the other available evidence used by the project participants to demonstrate additionality?</td>
<td>VVM</td>
<td>119</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>6.6.3. Was it assessed whether the geographical scope (e.g. defined region)</td>
<td>VVM</td>
<td>120</td>
<td>The geographical region for the common practice analysis of wind power projects is Inner Mongolia.</td>
<td>OK</td>
<td>OK</td>
</tr>
</tbody>
</table>
### CHECKLIST QUESTION

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<tr>
<th>of the common practice analysis is appropriate for the assessment of common practice related to the project activity’s technology or industry type? (For certain technologies the relevant region for assessment will be local and for others it may be trans-national /global.)</th>
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</table>

6.6.4. Was a region other than the entire host country chosen?  

| 6.6.4. | VVM | 120 | Yes.  
The geographical region for the common practice analysis is Inner Mongolia. |

6.6.5. If yes, was the explanation why this region is more appropriate assessed?  

| 6.6.5. | VVM | 120 | Yes. |

6.6.6. Using official sources and local and industry expertise, was it determined to what extent similar and operational projects (e.g., using similar technology or practice), other than CDM project activities, have been undertaken in the defined region?  


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<td>OK</td>
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<td>OK</td>
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<tr>
<td>6.6.7. Are similar and operational projects, other than CDM project activities,</td>
<td>VVM</td>
</tr>
<tr>
<td>already “widely observed and commonly carried out” in the defined region?</td>
<td></td>
</tr>
<tr>
<td>6.6.8. If yes, was it assessed whether there are essential distinctions between</td>
<td>VVM</td>
</tr>
<tr>
<td>the proposed CDM project activity and the other similar activities?</td>
<td></td>
</tr>
<tr>
<td>7. Monitoring plan</td>
<td>VVM</td>
</tr>
<tr>
<td>7.1. Does the PDD include a monitoring plan?</td>
<td>VVM</td>
</tr>
<tr>
<td>7.2. Is this monitoring plan based on the approved monitoring methodology applied</td>
<td>VVM</td>
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<tr>
<td>to the proposed CDM project activity?</td>
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</table>
## Validation Report

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</thead>
<tbody>
<tr>
<td>7.3. Were the list of parameters required by the selected methodology identified?</td>
<td>VVM</td>
<td>123</td>
<td>Pending on CAR-5. EG\textsubscript{export,y}, EG\textsubscript{import,y} and EG\textsubscript{facility,y} are listed in B.7.1.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>7.4. Does the monitoring plan contain all necessary parameters?</td>
<td>VVM</td>
<td>123</td>
<td>Pending on CAR-5. Yes.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>7.5. Are the parameters clearly described?</td>
<td>VVM</td>
<td>123</td>
<td>Pending on CAR-5. Yes.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>7.6. Do the means of monitoring described in the plan comply with the requirements of the methodology?</td>
<td>VVM</td>
<td>123</td>
<td>Pending on CAR-5. The electricity will be continuously measured and recorded monthly.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>7.7. Are the monitoring arrangements described in the monitoring plan feasible within the project design?</td>
<td>VVM</td>
<td>123</td>
<td>Pending on CAR-5. Yes.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>7.8. Are the following means of implementation of the monitoring plan sufficient to ensure that the emission reductions achieved by/resulting from the proposed CDM project activity can be reported ex post and verified?</td>
<td>VVM</td>
<td>123</td>
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<tr>
<td>7.8.1. data management procedures?</td>
<td>VVM</td>
<td>123</td>
<td>Pending on CAR-5. The revised monitoring plan is considered complete and sufficient.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>7.8.2. quality assurance procedures?</td>
<td>VVM</td>
<td>123</td>
<td>Pending on CAR-5. Yes.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>7.8.3. quality control procedures?</td>
<td>VVM</td>
<td>123</td>
<td>Pending on CAR-5. Yes.</td>
<td>Pending</td>
<td>OK</td>
</tr>
<tr>
<td>8. Sustainable development</td>
<td>VVM</td>
<td>125-127</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.1. Does the CDM project activity assists Parties not included in Annex I to the Convention in achieving sustainable development?</td>
<td>VVM</td>
<td>125</td>
<td>Yes, according to the approved FSR, the Project assists China in achieving sustainable development.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>8.2. Does the letter of approval by the DNA of the host Party confirm the contribution of the proposed CDM project activity to the sustainable development of the host Party?</td>
<td>VVM</td>
<td>126</td>
<td>Yes.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
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<tr>
<td>9. Local stakeholder consultation</td>
<td>VVM</td>
<td>128-</td>
<td>The PP carried out the stakeholders’ survey on Apr.2010 by distributing questionnaires, 36 pieces of questionnaires were distributed to the local stakeholders and all of them were responded. The stakeholder consulting was prior to the publication of the PDD on the UNFCCC website on 19/11/2011.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>9.1. Were local stakeholders (public, including individuals, groups or communities</td>
<td>VVM</td>
<td>128</td>
<td>Yes. The stakeholders are all supportive of the Project.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>9.2. Have comments by local stakeholders that can reasonably be considered relevant</td>
<td>VVM</td>
<td>129</td>
<td>Sampled questionnaires have been cross checked with the summary of comments in the PDD section E. 2 and found consistent.</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>9.3. Is the summary of the comments received as provided in the PDD complete?</td>
<td>VVM</td>
<td>129</td>
<td>See PDD section E.3. The stakeholders are all supportive</td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
<td>9.4. Have the project participants taken due</td>
<td>VVM</td>
<td>129</td>
<td></td>
<td>OK</td>
<td>OK</td>
</tr>
<tr>
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<tr>
<td>account of any comments received and described this process in the PDD?</td>
<td></td>
<td></td>
<td>of the Project, no negative comment received.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Environmental impacts</td>
<td>VVM</td>
<td>131-133</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.1. Have the project participants submitted documentation on the analysis of the environmental impacts of the project activity?</td>
<td>VVM</td>
<td>131</td>
<td>Pending on CL-3. The EIA form completed by Inner Mongolia Environmental Protection Science Research Institute has been provided and verified.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.2. Have the project participants undertaken an analysis of environmental impacts?</td>
<td>VVM</td>
<td>132</td>
<td>Pending on CL-3. Several aspects of impacts on environment made by the proposed project have been analyzed in PDD. And the impacts are not considered to be significant and can be mitigated greatly by adopting efficient measures according to EIA.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.3. Does the host Party require an environmental impact assessment?</td>
<td>VVM</td>
<td>132</td>
<td>Yes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.4. If yes, have the project participants undertaken an environmental impact assessment?</td>
<td>VVM</td>
<td>132</td>
<td>Pending on CL-3. the Environmental Impact Assessment was approved by the Environmental Protection Bureau of Inner Mongolia</td>
<td></td>
<td></td>
</tr>
<tr>
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<td>Ref.</td>
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</table>
Table 2 Resolution of Corrective Action and Clarification Requests

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>CAR-1: LoA from DNA of China has not been provided.</td>
<td>1.1</td>
<td>The LoA from the DNA of China was issued in Dec. 2011 (No. 3456). It has been provided.</td>
<td>The LoA issued by DNA of China in Dec. 2011 has been provided by the project participant and verified authentic by Bureau Veritas Certification. Hence, CAR-1 is closed out.</td>
</tr>
<tr>
<td>CAR-2: LoA from DNA of UK has not been provided.</td>
<td>1.1</td>
<td>The LoA issued by DNA of UK on 30/04/2012 (Code: EA/Eco-Tec/09/2012) has been provided.</td>
<td>The LoA issued by DNA of UK on 30/04/2012 has been provided by the project participant and verified authentic by Bureau Veritas Certification. Hence, CAR-2 is closed out.</td>
</tr>
<tr>
<td>CAR-3: It is stated in PDD section A.2 that the Project will install and operate 25 sets of wind turbines, each of which has a capacity of 1500kW. Then the total installed capacity of the Project should be 37.5MW, rather than 49.5MW.</td>
<td>3.3.1</td>
<td>It is clarified that the Project involves the installation of 24 set wind turbines with the unit capacity of 2,000kW and 1 set wind turbine with the capacity of 1,500kW, which amount to a total capacity of 49.5MW. The relevant description has been updated in the revised PDD.</td>
<td>The description in the revised PDD is correct and consistent with that in the FSR. Hence, CAR-3 is closed out.</td>
</tr>
</tbody>
</table>
## Draft report clarifications and corrective action requests by validation team

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<tr>
<td>CAR-4: The steps applied for the calculation of $\text{EF}_y$ is not fully consistent with that in the Tool to calculate the emission factor for an electricity system (version 2.2.0) in PDD B.6.3 and Annex 3.</td>
<td>3.15.2</td>
<td>1. The version of the “Tool to calculate the emission factor for an electricity system” has been updated to Version 2.2.1, EB63. 2. Some of the information about the calculation of $\text{EF}_y$ in PDD has been updated based on the updated “Tool to calculate the emission factor for an electricity system (Version2.1, EB63)”.</td>
<td>Six steps given by the “Tool-Grid EF” version 02.2.1 has been correctly applied to determine the emission factor of the electricity system. Hence, CAR-4 is closed out.</td>
</tr>
<tr>
<td>CAR-5: The monitoring of parameters $\text{EG}<em>{\text{export},y}$ and $\text{EG}</em>{\text{import},y}$ should be specified in the section B.7 of the PDD since they will be monitored.</td>
<td>3.19.1</td>
<td>The relevant information in Section B.7, PDD has been updated. According to the monitoring plan, the quantity of net electricity supplied to the grid by the Project ($\text{EG}<em>{\text{facility},y}$) will be calculated follows: [ \text{EG}</em>{\text{facility},y} = \text{EG}<em>{\text{export},y} - \text{EG}</em>{\text{import},y} ] $\text{EG}<em>{\text{export},y}$ and $\text{EG}</em>{\text{import},y}$ would be monitored by the main meter installed at the 220kV grid company’s substation and the backup meter</td>
<td>The monitoring plan in Section B.7 has been updated. Bureau Veritas Certification is of the opinion that the monitoring plan complies with the requirements of the methodology. Hence, CAR-5 is closed out.</td>
</tr>
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<tr>
<td>CAR-6: Some input values in the IRR spreadsheet are not consistent with that listed in table 5 of webhosted PDD.</td>
<td>6.1.16.1</td>
<td>The values mentioned in CAR-5 were wrongly inputted by mistake. The correct input values and IRR have been stated in the revised PDD, which are fully consistent with that in the FSR. <strong>The input values listed in the webhosted PDD:</strong> The input values are wrongly inputted. Sales electricity (91,290 MWh/yr), bus-bar tariff (0.54RMB/kWh), construction capital (8370.36 10^4RMB), long-term loans capital (33074.18 10^4RMB), loans for circulating capital (0 10^4RMB), interest rate of long-term loans (6.12%), interest rate of loans for circulating capital (6.07%), repair fee rate (1.0~2.5%).</td>
<td>These input values in the revised PDD and IRR have been checked and found consistent with that in the IRR spreadsheet and FSR. Hence, CAR-6 is closed out.</td>
</tr>
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<tr>
<td>The IRR (6.26%) and the critical points (86.5% for annual O&amp;M cost, 13.4% for static investment, 13.1% for electricity tariff, and 13.1% for annual electricity output).</td>
<td>The input values listed in the PDD version 2.0: The input values are source from the FSR. Annual electricity output (108,502 MWh/yr), bus-bar tariff (0.51RMB/kWh), construction capital (8474.31 (10^4)RMB), long-term loans capital (32970.23 (10^4)RMB), loans for circulating capital (103.95 (10^4)RMB), interest rate of long-term loans (5.94%), interest rate of loans for circulating capital (5.31%) repair fee rate (2.5%). The IRR was changed to 6.18%. The critical</td>
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<tr>
<td>CL-1: An English version map should be used.</td>
<td>3.5.2</td>
<td>An English version map of Ulanqab has been inserted into PDD.</td>
<td>An English version map has been used in the revised PDD, which is in line with the requirement of Guidelines for Completing the Project Design Document (CDM-PDD) and the Proposed New Baseline and Monitoring Methodologies (CDM-NM) (EB41, Annex 12). Hence, CL-1 is closed out.</td>
</tr>
<tr>
<td>CL-2: The date of wind turbines' foundation construction purchase contract, 16/06/2011, is chosen as the starting date of the Project. It needs to elaborate the appropriateness of the chosen project starting date with evidences.</td>
<td>3.14.4</td>
<td>It is clarified that the project starting date stated in the PDD section C.1.1. in the webhosted PDD were wrongly inputted by mistake. According to the Glossary of CDM terms, the starting date of a CDM project activity is the earliest date at which either the main equipment purchase and the construction contracts as well as the construction start order have been checked by the validation team. It could be confirmed that it is reasonable to choose 16/06/2011 as the project starting date.</td>
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### Draft report clarifications and corrective action requests by validation team

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<tr>
<td>CL-2: The EIA report and the approval should be provided.</td>
<td>The wind turbines’ foundation construction contract was signed on 16/06/2011, the construction start order was issued on 07/07/2011, the wind towers purchasing contract was signed on 10/09/2011, and the wind turbines and the attaching equipments purchasing contract was signed in Sep., 2011. Therefore, the date of signing wind turbines’ foundation construction contracts is the earliest date and considered as the starting date of the Project. These contracts have been provided.</td>
<td>Start date since it is the earliest date on which the PP took real action related to the project implementation, which is in line with the CDM glossary. Hence, CL-2 is closed out.</td>
</tr>
<tr>
<td>3.25</td>
<td>The EIA report and the approval have been provided to DOE.</td>
<td>The EIA report and the approval have been verified and it is confirmed that the relevant information regarding the EIA report and the approval in the PDD is correct. Hence, CL-3 is closed out.</td>
</tr>
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<tr>
<td>CL-4: Whether the Project IRR is pre-tax or after-tax should be specified.</td>
<td>6.1.15</td>
<td>The IRR is after tax according to the Interim Rules on Economic Assessment of Electric Engineering Retrofit Projects issued by State Power Corporation of China in 2002, which is widely used in the Chinese power sector.</td>
</tr>
<tr>
<td>CL-5: When the FSR was finalized and the investment decision was made should be clarified.</td>
<td>6.4.4</td>
<td>The FSR of the Project was completed in Oct. 2010 by Inner Mongolia Power Survey &amp; Design Institute. The FSR approval was issued by the Inner Mongolia Autonomous Region DRC on 29/12/2010. The FSR showed that the Project would not have been realized without CDM financial support. Based on the conclusion of the FSR, the PP decided to implement the Project with CDM support on 17/01/2011. Considering the short time gap between the FSR completion and the decision making of the implementation of the Project (less than four months), it is Bureau Veritas Certification’s opinion that it is unlikely in the context of the underlying project activity that the input values would have materially changed and the all the input values used in investment analysis valid and applicable at the time of the investment decision.</td>
</tr>
<tr>
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<td>context of the underlying project activity that the input values would have materially changed and all the input values used in investment analysis valid and applicable at the time of the investment decision.</td>
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