

Comments on the “Draft tool to determine the weighted average cost of capital (WACC)” (Version 01):

The last paragraph in Step 2 for the draft tool states: *“The parameter k_d should be calculated as the weighted average cost of debt funding of the legal entity owning the project activity. For bonds, use the weighted average yield of the bonds during the last three months prior to the submission of the CDM-PDD for validation or prior to the investment decision, whichever is earlier. For loans, use the weighted average cost of outstanding long-term debt.”*

Consideration of the parameter k_d related to the inputs for CDM-PDD and “*the investment decision*” by the legal entity owning the project activity in or prior to the period of “*during the last three months prior to the submission of the CDM-PDD for validation*”, the sentence of “*For bonds, use the weighted average yield of the bonds during the last three months prior to the submission of the CDM-PDD for validation or prior to the investment decision, whichever is earlier.*” is preferred simply to be “For bonds, use the weighted average yield of the bonds during the comparatively short period prior to the investment decision (or start date).”, which is consistent with EB 38 meeting report paragraph 54 and EB 41 meeting report paragraph 67.

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