

 <p><b>CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD” (Version 01.2)</b></p> <p>This form should be used only by project participants and other stakeholders for submitting a “Letter to the Board” in accordance with the latest version of the <i>Modalities and procedures for direct communication with stakeholders</i></p>	
Name of the stakeholder <sup>1</sup> submitting this form (individual/organization):	GenPower Carbon Solutions Limited; Mensilin Holdings Sdn Bhd
Address and contact details of the individual submitting this form:	Address: Level 22, Unit A-22-13 Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000 Kuala Lumpur, Malaysia Telephone number: +60322826841 E-mail address: <a href="mailto:ghamliuk@gpcarbonolutions.com">ghamliuk@gpcarbonolutions.com</a>
Title/Subject (give a short title or specify the subject of your submission)	Issues with Project 1214 Validation and first CER issuance
Please mention whether the submitter of the form is:	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other stakeholder, please specify CER Buyer
Specify whether you want the letter to be treated as confidential <sup>2</sup> :	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
Please choose any of the type(s) below <sup>3</sup> to describe the purpose of this submission.	
<input type="checkbox"/> <b>Type I:</b> <input type="checkbox"/> <b>Request for clarification</b> <input type="checkbox"/> <b>Revision of existing rules</b> <input type="checkbox"/> Standards. Please specify reference <input type="checkbox"/> Procedures. Please specify reference <input type="checkbox"/> Guidance. Please specify reference <input type="checkbox"/> Forms. Please specify reference <input type="checkbox"/> Others. Please specify reference  <input type="checkbox"/> <b>Type II: Request for Introduction of new rules</b> <input checked="" type="checkbox"/> <b>Type III: Provision of information and suggestions on policy issues</b>	
Please describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable).	

<sup>1</sup> DNAs and DOEs shall use the respective DNA/DOE forms for communication with the Board.

<sup>2</sup> As per the applicable modalities and procedures, the Board may make its response publicly available.

<sup>3</sup> Latest CDM regulatory documents and information are available at: <http://cdm.unfccc.int/Reference/index.html> .

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With regards to PDD 1214 Validation Report -

1. Steam to natural gas consumption conversion factor: Consumer 1 was validated with 81.39 m3 natural gas/t steam (82% boiler efficiency) but Consumer 2 was validated with 17.93 m3 natural gas/t steam (which translates to 372% boiler efficiency) – unrealistic value. This was likely a typographical error in the PDD, as 77.93m3/t steam is 85.6% boiler efficiency, a realistic value. This makes a large impact on the CERs generated, since Consumer 2 is the major customer of the project.

With regards to PDD 1214 Monitoring and Verification Report No. 1 -

1. Type III activity emission reduction not being claimed for combustion of biomass waste (wood waste) that would have been landfilled. Per Validation report page 16 & 29, baseline emissions for the biomass component are deemed appropriate and emission accounted for; to be checked during verification. The checking specified was that no landfill gas was collected from the specific landfill and that no wood waste recycling was being done at the landfill site. Per Verification report section 3.4.6 (page 14-15), the assessment team required evidence to support this parameter and duly obtained by visiting the landfill site and confirming that no landfill gas collection system was in place and that no wood recycling was conducted at the landfill, and by interviewing two of the biomass suppliers on the biomass waste disposal practices in the region. Assessment need be made based on the biomass disposal practice specific to the project site by the biomass supplier; who had signed a biomass purchase contract with the project activity and was disposing the biomass waste to the landfill site prior to the project activity. This omission resulted in the loss of 6,293 CERs, which would set a precedent for the balance of the 21 years crediting period if not reversed.

2. For parameter  $DAF_w$  and  $DAF_{ash}$  (average incremental distacen for waste transportation); definition per AMS.III-E version 11 paragraph 7b – incremental  $CO_2$  emission due to incremental distances between the collection points to the controlled combustion site and to the baseline disposal site as well as transportation of combustion residues and final waste from controlled burning site to disposal site; which was accepted as zero (the project site is located nearer to the biomass supplier than to the baseline disposal site, page 14 of PDD) per validation assessment and reported in the validation report page 33-34. However, verification report section 3.4.8 page 15 did not adhere to the description, only taking the absolute travel distance of the biomass from supplier site to project site, resulting in a loss of 447 CERs.

3. We feel the verification should be redone, as CERs were understated due to the two issues addressed in items 1 and 2.

*Please provide any specific suggestions or further information which would address the issue raised in the previous section, including the exact reference source and version (if applicable).*

A letter was sent to Ecosecurities addressing these issues, as Ecosecurities is the sole contact in the MOC for this project, but no response has been received from that correspondence (attached).

*If necessary, list attached files containing relevant information (if any)*

- Letter to Ecosecurities

**Section below to be filled in by UNFCCC secretariat**

Date when the form was received at UNFCCC secretariat 8 March 2012

Reference number 2012-084-S

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**History of document**

Version	Date	Nature of revision
01.2	08 February 2012	Editorial revision.
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.
<b>Decision Class:</b> Regulatory <b>Document Type:</b> Form <b>Business Function:</b> Governance		



Natural Energy Solutions for Tomorrow

Our ref: MHSB/ECO/CORR/01/2012

Date: 9 January 2012

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Attn: Miss Sabrina Dalini  
CDM Project Manager

Dear Mdm,

**Issuance of Carbon Credit Between Mensilin Holdings Biomass Energy Plant Project , Registered CDM Project No. 1214 and EcoSecurities**

We refer the above matters.

We wish to point out a number of issues with the Mensilin Holdings Biomass Energy Plant Project, registered CDM project No. 1214 that EcoSecurities is working with us for securing the CERs from *this project. The first issue is stemming from the initial validation of the project on the factors established for emission reductions from steam supplied to both customers. Using the factors established in the PDD, the factor for the Palmaju client is 81.39 m3/t steam, which translates into around 82% boiler efficiency, a reasonable number. However, when the factor for Carotino is used – 17.93 m3/t steam, the resulting boiler efficiency is about 372%, which is not possible. This is such a glaring error that should not have been missed by EcoSecurities and both DOEs involved.*

The second issue is the agreement to not claim any Type III emission reductions from *combusting wastes that would go to the landfill if not used in the project. The interpretation by SGS in the verification that each piece of biomass burned by the project had to be demonstrated to be disposed to the landfill if the project was not operational is impossible to achieve. EcoSecurities obviously took the easy way out in agreeing to not claim any emission reductions from Type III activities. In fact, the*

requirement in the Methodology is to “demonstrate the **amount** of waste combusted in the project activity would have been disposed...” This is easily done by demonstrating that wood waste is still being disposed in the adjacent landfill and that there is no wood recycling conducted at the landfill site and no landfill gas collected and burned to convert methane to CO2. This was demonstrated by us and is sufficient to confirm the required activity as Type III to any reasonable party. To allow SGS to insist on unreasonable conditions to establish applicability of the Type III activity without consulting us is not acceptable. This concept will need to be carried through for the balance of the 21 year crediting period if not reversed.

The third issue perhaps illustrates the problems surrounding this project very clearly. SGS and Ecosecurities removed the Type III activity from the project baseline for emission reductions, but still included the project emissions from Type III activities. If there were no Type III activities in the project, only Type I activities, therefore only Type I activities resulted in project emissions. However, both SGS and Ecosecurities included the Type III project emissions, resulting in 676 CERs less issued than should have been the case.

The last issue is on the transport project emissions. The transport project emissions were calculated on the total distance from the source of wastes to the project site, but the Methodology requires that only the incremental distance incurs project emissions. In the registered PDD, the transport of wastes had zero project emissions because the landfill is closer to the ocean than the project site, but only by a few kilometers. Since trees to produce wood waste and palm oil plantations do not grow on water, the source of wastes for the project are always closer to the project than the landfill the wastes were going to before the project started. The incremental distance is what should have been used for this project emission if any Type III activities occurred at the project site. This issue is important to address, as Type III activities need to be re-established for this project.

We would appreciate knowing the course of action Ecosecurities will take to rectify the issues identified above for our project in a short time, as this must be rectified before we can issue a Monitoring Report for the next period.

Sincerely yours,

**MENSILIN HOLDINGS SDN BHD**



**Mohamad Adan bin Yusof**  
Executive Director