




F-CDM-RtB

 CDM: FORM FOR SUBMISSION OF “LETTER TO THE BOARD” (Version 01.1) <i>(To be used only by the Project Participants and other Stakeholders for submitting Letter to the Board as per Modalities and Procedures for Direct Communication with Stakeholders)</i>	
<i>Name of the stakeholder¹ submitting this form (individual/organisation):</i>	Niroj Mohanty Core CarbonX Solutions Private Limited
<i>Address and Contact details of the individual submitting this Letter:</i>	Address: 6-3-903/A/4/1, Vani Nilayam, Somajiguda, Hyderabad 500080, India Telephone number: +91-40-23410367 E-mail Address: nmohanty@corecarbonx.com
<i>Title/Subject (give a short title or specify the subject of your submission)</i>	Queries on start date for the project activity where the operation was ceased because of financial non viability and it was restarted only after consideration of carbon revenue.
<i>Please mention whether the Submitter of the Form is:</i>	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other Stakeholder, please specify Consultant
<i>Specify whether you want the Letter to be treated as confidential²):</i>	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
Purpose of the Letter to the Board:	
Please use the space below to describe the purpose for submitting Letter to the Board. (Please tick only one of the four types in each submission)	
<input checked="" type="checkbox"/> Type I: <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 2px;"><input checked="" type="checkbox"/> Request Clarification</div> <div style="border: 1px solid black; padding: 2px;"><input type="checkbox"/> Revision of Existing Rules</div> </div> <ul style="list-style-type: none"> <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 checked="" type="checkbox"/> Others. Please specify reference :EB 41 meeting report paragraph 67. 	
<input type="checkbox"/> Type II: Request for Introduction of New Rules	
<input type="checkbox"/> Type III: Provision of Information and Suggestions on Policy Issues	

¹ Note that DNAs and DOEs shall not use this form to submit letter to the Board.

² Note that the Board may decide to make this Letter and the Response publicly available



Please use the space below to describe in detail the issue that needs to be clarified/ revised or on which the response is requested from the Board as highlighted above. In doing this please describe the exact reference source including the version (if any).

The request is submitted by the project participants, who is having a 6 MW biomass based power project (hereafter “POWERPROJECT”) activity which is under validation. The project activity involves recommencement of the operation of 6 MW power project activity by the project developer. Earlier, the operation of the power plant was ceased on 15th December 2003 after the initial erection of the 6 MW cogeneration plant in the 24/05/2000 and the implementation is recommenced on 22nd December 2006 due to consideration of the CDM. The operation was ceased during Dec 2003 due to financial non viability of the project. The unit was declared sick as per the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1986), India commonly known as the SICA. The project was declared sick and operation got closed. However, due to availability of carbon credits the management of the project activity had again started the revival process for the project activity in June 2006. The operation of the project activity was again restarted on 22nd Dec 2006 only after consideration of carbon revenue. The board had taken the investment decision for the recommencement of the operation only on 03/07/2006 and the order for overhauling was issued on 06/07/2006. The management had then started the revival process for the plant under Board for Industrial and Financial Reconstruction (BIFR).

As per the EB 41 meeting report paragraph 67 *“The “Glossary of CDM terms” defines the start date of a CDM project activity as: “the earliest date at which either the implementation or construction or real action of a project activity begins”. To facilitate the clear definition of this term the Board further clarified that:*

“In light of the above definition, the start date shall be considered to be the date on which the project participant has committed to expenditures related to the implementation or related to the construction of the project activity. This, for example, can be the date on which contracts have been signed for equipment or construction/operation services required for the project activity. Minor pre-project expenses, e.g. the contracting of services /payment of fees for feasibility studies or preliminary surveys, should not be considered in the determination of the start date as they do not necessarily indicate the commencement of implementation of the project. For those project activities which do not require construction or significant pre-project implementation (e.g. light bulb replacement) the start date is to be considered the date when real action occurs. In the context of the above definition, pre-project planning is not considered “real action”.

The Board further noted that there may be circumstances in which an investment decision is taken and the project activity implementation is subsequently ceased. If such project activities are restarted due to consideration of the benefits of the CDM the cessation of project implementation must be demonstrated by means of credible evidence such as cancellation of contracts or revocation of government permits. Any investment analysis used to demonstrate additionality shall comply with the requirements of paragraph 7 of the “Guidance on the assessment of investment analysis” (version 02).”

Accordingly, the current PDD considers the start date of the project activity as date of “work order for Servicing Overhauling calibration and commissioning of instruments” for restarting the project because this is the date when the project participant has committed to expenditure only after its decision for the revival of the project for the restarting of the project. However, as per the above definition of para 67 of EB 41 meeting report the start has been defined for the project under implementation or construction. The second paragraph of para 67 of EB 41 meeting report also elaborates on circumstances in which the implementation was ceased and the implementation was restarted. These paragraphs does not specifies anything about the project operation ceased and subsequently restarted.



The project activity falls under the provision where the operation was ceased due to financial non viability and it was declared as a sick unit. The operation of the biomass based power plant was subsequently restarted only after consideration of carbon revenue by the management.

The start date for the restarting of the project implementation is best fitted into the second last statement of first paragrapg of EB 41 meeting report Paragraph 67 *“For those project activities which do not require construction or significant pre-project implementation (e.g. light bulb replacement) the start date is to be considered the date when real action occurs.”* The project “ POWERPROJECT” also does not require construction or significant pre-project implementation because the plant was in existence. It required expenses on overhauling and repairing that was was not significant in comparison to project cost. The major expenses subsequent to the cost associated overhauling and repairing happened for the procurement of the bagasse from the market and one time settlement of dues with the lender banks by the project developers. Thus, the POWERPROJECT does not require construction or significant pre-project implementation; still it involves real action in terms of payment at various level and activity associated with it.

The PPs request the Board to clarify if the “POWERPROJECT” start date can be considered as the date for of “work order for Servicing Overhauling calibration and commissioning of instruments” for restarting the project because this is the date when the project participant has committed to expenditure only after its decision for the revival of the project which is the real action for the project or the date of work order for bagasse procurement from the market because this was involved significant expenses for the restarting of the project activity.

Please use the space below to any mention any suggestions or information that you want to provide to the Board. In doing this please describe the exact reference source including the version (if any).

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If necessary, list attached files containing relevant information (if any)	<ul style="list-style-type: none"> [replace this bracket with text, the field will expand automatically with size of text]
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Section below to be filled in by UNFCCC secretariat

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History of document

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01.1	09 August 2011	Editorial revision.
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