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|  CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD” (Version 01.2) | |
| <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 ¹ submitting this form (individual/organization): | D. Satish Ecofarm wind projects |
| Address and contact details of the individual submitting this form: | Address: 18, Nadamuni St, pycrofts road Chennai india Telephone number: E-mail address: dsatish83chennai@gmail.com |
| Title/Subject (give a short title or specify the subject of your submission) | Clarification on para 6 of Investment guidelines |
| Please mention whether the submitter of the form is: | <input checked="" type="checkbox"/> Project participant <input type="checkbox"/> Other stakeholder, please specify |
| Specify whether you want the letter to be treated as confidential ² : | <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 ³ to describe the purpose of this submission. | |
| <input type="checkbox"/> Type I: <input checked="" type="checkbox"/> Request for clarification <input type="checkbox"/> Revision of existing rules <input type="checkbox"/> Standards. Please specify reference <input type="checkbox"/> Procedures. Please specify reference <input checked="" type="checkbox"/> Guidance. Please specify reference Guidance for investment analysis <input type="checkbox"/> Forms. Please specify reference <input type="checkbox"/> Others. Please specify reference <input type="checkbox"/> Type II: Request for Introduction of new rules <input type="checkbox"/> Type III: Provision of information and suggestions on policy issues | |
| Please describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable). | |

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

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

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

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We have conceptualised a project with CDM benefits in 2006. The Board decision of the company has indicated that wind power would be required for its manufacturing units, to be set up during the course of time. The financials have been computed for a period of 20 years matching with the technical lifetime of the wind generators.

As there is no option rather than sale of electricity to the grid up to the time period that the manufacturing facility is ready to use the generated power, the implementation (start date of operation, from 2006) as per the Power Purchase agreements has indicated tariff rate of sale to grid (Rs. 2.70/kWh) for three years (up to 2008). As the manufacturing facility is operational thereon, the Wheeling agreements have been in place to wheel the generated energy to the manufacturing facility from 2009 onwards. The savings (Rs. 3.65/kWh) is accounted in the financial calculations for a period of 13 years (from 2009 onwards) and the additionality has been proved. However the CDM consultant who is handling the project has advised us to apply the most conservative tariff rate of Rs. 3.65 / kWh for the entire lifetime of 20 years (starting from 2006 to 2025).

As per para 6, the investor is required to consider the options available and thereon determine the financial additionality. Thus we have estimated the additionality by accounting for the sale to grid tariff rate for the years up to which our manufacturing facility is established to wheel the energy. If we apply the conservative tariff rate, it is not logical or in agreement with para 6 of the investment guidelines.

The scenario is summarised below,

| Options | 1-3 years tariff rate | 4-20 years tariff rate |
|-----------------------------------|-----------------------|------------------------|
| Scenario as per Para 6 guidelines | Rs. 2.70/kWh | Rs. 3.65 / kWh |
| Scenario as per CDM consultant | Rs. 3.65 / kWh | Rs. 3.65 / kWh |

We are also aware of the EBs concern of the increase of tariff rate after implementation of the project activity. However in this case we had no other option but to sell the electricity to the grid for first few years until our manufacturing facility was capable of utilising the generated power. Thus there was no increase of tariff as such due to revision of rates by the state agencies.

In this context, we wish to clarify from the EB the following,

1. Is it correct in interpreting the para 6 guidelines and applying two tariff rates for the financial assumptions.
2. Does the financial analysis while recommending validation to the DoE need to prove additionality on the base case based on the most conservative rate of tariff or can the PDD specifically state that the base case is proved additional taking the two type tariff as per para 6.

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).

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

| Version | Date | Nature of revision |
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