

CDM-PA6242-RULE01

Ruling note

Request for registration for “Yuecheng Coal Mine Methane Power Generation Project”

Version 01.0



United Nations
Framework Convention on
Climate Change

1. The CDM-Executive Board decided to reject the above proposed project activity on 8 March 2013, during its 72nd meeting, in accordance with "Procedures for review of requests for registration", version 01.1, EB 55, Annex 40, paragraphs 23, 24 and 28 (the procedures). In accordance with paragraph 27 of the procedures, the rulings shall contain an explanation of the reasons and rationale for the final decision, which are as follows:
 - (a) The DOE (DNV) failed to validate (a) the identification of the (most economically attractive) baseline scenario in accordance with validation and verification manual (VVM), version 01.2, paragraph 85 and ACM0008, version 07.0, step 5, page 8 and (b) the calculation of leakage in accordance with ACM0008, version 7, page 16.
 - (b) VVM, version 01.2, Paragraph 85 states that "The DOE shall determine whether the baseline scenario identified is reasonable by validating the assumptions, calculations and rationales used, as described in the PDD." Further, the applied methodology ACM0008, version 07.0, step 5 – "Identify most economically attractive baseline scenario alternative", page 8, states that the PP shall "Determine which of the remaining baseline scenario alternatives not prevented by any barrier is the most economically or financially attractive, and, therefore, is a possible baseline scenario. For this purpose, Step 2 (investment analysis) of the latest approved version of the 'Tool for the demonstration and assessment of additionality' shall be used to identify the most plausible baseline scenarios by eliminating options which are clearly economically unattractive".
 - (c) ACM0008, version 07.0, page 16 states that: "even when a project's average annual VAM/CMM/CBM use for electricity generation or other uses is significantly below baseline VAM/CMM/CBM emissions, there may be times due to daily fluctuations in thermal energy demand or in VAM/CMM/CBM extraction rates - that the project will use VAM/CMM that would have been used for thermal energy under baseline conditions".
 - (d) The DOE has not justified scenario (i) - venting coal mine methane to the atmosphere - as a reasonable identified baseline alternative as it is observed that NPV calculations for scenario (v) - use of CMM for captive power generation - shows a NPV of +790,000 RMB. Assuming that the NPV for scenario (i) as zero, scenario (v) would be the identified baseline scenario as it has the higher NPV.
 - (e) Further, the PP failed to account the thermal energy demand by the mines in the same group. The DOE has not substantiated the baseline thermal energy demand as it only considers consumption by the boilers installed at the mine while there had also been demands by the local residence and other mines. The DOE failed to explain how those demands carried out during pre-project scenario will be met during the project activity scenario.
2. Please note, however, that, with appropriate revisions, this project activity may be resubmitted for validation and registration provided it meets the requirements for validation and registration, in accordance with paragraph 42 of the CDM Modalities and Procedures (Decision 3/CMP.1).

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Document information

<i>Version</i>	<i>Date</i>	<i>Description</i>
01.0	19 April 2013	Initial publication. Related to EB 55, Annex 40 (Paragraphs 23, 24, 27 & 28).

Decision Class: Ruling
Document Type: Ruling note
Business Function: Registration
Keywords: rejected project activity, PA6242, coal mine methane, E-0003
