

CDM-PA5731-RULE01

Ruling note

Request for registration for “Biomass based power plant in Batu Pahat in Johor state, Malaysia”

Version 01.0



1. The CDM-Executive Board decided to reject the above proposed project activity on 31 May 2013, during its 73rd meeting, in accordance with “Procedures for review of requests for registration”, version 1.1, 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 (BVCH) failed to substantiate the additionality of the project activity and to meet the requirements for validation of the suitability of the input parameters to the investment analysis, in particular the price for empty fruit bunches (EFB) purchased from the external sources, in accordance with validation and verification manual (VVM), version 1.2, paragraphs 111 (a) and (b);
 - (b) VVM, version 1.2, paragraph 111 (a) & (b) states that “To verify the accuracy of financial calculations carried out for any investment analysis, the DOE shall: (a) conduct a thorough assessment of all parameters and assumptions used in calculating the relevant financial indicator, and determine the accuracy and suitability of these parameters using the available evidence and expertise in relevant accounting practices; (b) cross-check the parameters against third-party or publicly available sources, such as invoices or price indices ”
 - (c) The DOE has not provided a validation opinion on why EFB are priced at RM35/ton in the investment analysis since the DOE validated the market price for EFB to be RM15/ton - RM18/ton. In addition, the analysis of cost per energy content of the biomass (RM/GJ) provided by the DOE to justify the suitability of biomass prices in general, is not suitable cross-comparison as it is based upon the unit calorific price for the palm kernel shell biomass type which has the highest unit calorific price compared to the other biomass types used by the project activity.
2. Please note 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

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