

**CDM-PA6548-RULE01**

Ruling note

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Request for registration for “Gansu Jingyuan coal mine group Jieneng thermoelectricity company CMM 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 31 May 2013, during its 73<sup>th</sup> 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 (ERM CVS) failed to validate: (a) the suitability of the operation and maintenance (O&M) costs assumed in the investment analysis in accordance with validation and verification manual (VVM) version 1.2, paragraph 111; and (b) the completeness of the monitoring plan in accordance with VVM version 01.2, paragraph 123(a)(ii) and ACM0008, version 7, page 35.
  - (b) VVM, version 01.2, paragraph 111 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) VVM, version 01.2, paragraph 123(a)(ii) states that “The DOE shall confirm that the monitoring plan contains all necessary parameters, that they are clearly described and that the means of monitoring described in the plan complies with the requirements of the methodology.”
  - (d) ACM0008, version 7, page 35 includes *electricity consumption for capture and use or destruction of methane* (CONS<sub>ELEC, PJ</sub>) as one of the data and parameters to be monitored.
  - (e) The DOE did not substantiate the suitability of the material cost (component of O&M costs) as: (i) the values of the O&M costs breakdown reported in the PDD are not consistent with the one reported in the validation report (based on actual expenditure for 2009); and (ii) the unit O&M cost (O&M costs/MW) of the project activity is not comparable to the three similar projects used as cross-check given that one of those three projects include a cost for the CMM gas in its O&M costs and the remaining two similar projects have O&M costs significantly lower than that of the project activity.
  - (f) Further, the electricity consumption by the project activity is not included in the monitoring plan as requested by the applicable methodology, ACM008 version 7, page 35.
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

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