

CDM-PA8238-RULE01

Ruling note

Request for registration for “Use of charcoal from renewable biomass plantations as reducing agent in Pig Iron mill of ArcelorMittal Juiz de Fora, Brazil”

Version 01.0



United Nations
Framework Convention on
Climate Change

1. The CDM-Executive Board decided to reject the above proposed project activity on 20 May 2013, in accordance with "Procedures for review of requests for registration", version 01.1, EB 55, Annex 40, paragraphs 20 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 the additionality of the proposed project activity through barrier analysis in accordance with validation and verification manual (VVM), version 01.2, Para 115 (a); EB 50, Annex 13, paragraph 9, and the methodology AM0082, version 01.0.
 - (b) VVM, version 01.2, Para 115 (a) states that "If barrier analysis has been used to demonstrate the additionality of the proposed CDM project activity, the PDD shall demonstrate that the proposed CDM project activity faces barriers that prevent the implementation of this type of proposed CDM project activity."
 - (c) EB 50, Annex 13, para 9, under its Guideline 6, states that: "In case the PPs make the claim for investment barriers, they should demonstrate in the PDD that the financing of the project was assured only due to the benefit of the CDM. Therefore, it should be demonstrated that the loan approval (or other significant financing decision(s)) by the lender takes explicitly the CDM registration into account."
 - (d) The methodology AM0082, version 01.0 prescribes to use the latest version of the "Combined tool to identify the baseline scenario and to demonstrate additionality" which under paragraph 24 requires to "provide transparent and documented evidence, and offer conservative interpretations of this evidence, as to how it demonstrates the existence and significance of the identified barriers and whether alternative scenarios are prevented by these barriers."
 - (e) The DOE validated both investment and regulatory barriers. The DOE stated that CDM revenues could alleviate the lack of financing in Brazil, yet did not demonstrate that the financing of the project was assured only due to the benefit of the CDM. The DOE also claimed regulatory barriers in terms of the cumbersome licensing process imposed to agricultural activities, yet did not demonstrate that these barriers were prohibitive for the proposed project activity as opposed to the agricultural sector in general.
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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