

## **RESPONSE TO REQUEST FOR REGISTRATION INCOMPLETE**

BUREAU VERITAS CERTIFICATION has performed the validation of the CDM Programme of Activities "Run of River Hydro Power Plants in Chile". The request for registration was incomplete on 30/01/2014. The reference number of the programme of activities is UNFCCC 9797.

Subsequently, there have been 5 requests.

The overall validation, from Contract Review to Validation Report & Opinion, was conducted using internal procedures (BMS, September 2003) which were audited by the CDM Accreditation Team in December 2004.

We give below our response to the 5 requests.

1. The eligibility criteria for assessment of additionality stated in B.5 (Part II of PoA DD) indicates that an investment analysis (benchmark analysis method) would be undertaken for each CPA. The eligibility criteria provides example of source for the benchmark such as Electricity Services General Law; however there is no information on the sources which will be used for other input values applied in the investment analysis and how these values will be crosschecked and considered suitable. Therefore, the DOE is requested to provide information on the sources and crosschecks that will be used for the input values to the investment analysis, that are mentioned in table 3 of B.5 (Part II of PoA DD), in line with EB 74, Annex 5 Para 13.

DOE answer: A new column has been included on PoA-DD (Part II, Section B.5, Table 3, page 19) indicating examples of sources to be used for the investment analysis. And CPA Validation Report (page 18) has also been revised to include the required information.

2. As per the PoA DD (page 20, Section B.5, Part II of PoA DD) it is indicated that if particular CPA faces exceptional barriers that prevent its implementations, the Step 3 (Barrier Analysis) can be applied instead of Step 2 Investment Analysis). However, there is no information on types of barriers that may prevent implementations of run of river hydropower projects in Chile. Therefore, the DOE is requested to provide information on sources and cross checks that will be used for objective demonstration and assessment of barriers at the time of CPA inclusion, in line with EB 74, Annex 5 Para 13.

DOE answer: As the demonstration of additionality based on Barrier Analysis was referred to potential future barriers and not to specific barriers that can be verified during validation, this alternative has been deleted from the CPA-DD Generic, CPA-DD and PoA-DD by the CME.

3. As per the PoA DD (Page 34 and 35) and CPA DD (page 26) the stated monitoring frequency for two monitored parameters A PJ (single or multiple reservoirs measured in the surface of the water, after the implementation of the project activity, when the reservoir is full) and Cap PJ (installed capacity of the hydro power plant after the implementation of the project activity) is once (after the implementation of project activity). However, the monitoring frequency for these two parameters is yearly as mentioned in the applied methodology ACM0002 version 14.0 (page 25). The DOE is required to clarify how it has validated that the monitoring frequency of A PJ and Cap PJ mentioned in the PoA DD and CPA DD complies with the applied methodology.

DOE answer: It was a mistake of DOE during the validation process. So the monitoring frequency on PoA-DD (pages 35 and 36), CPA-DD (page 27) and CPA-DD Generic (pages 26 and 27) has been corrected according methodology ACM0002.

4. As indicated in page 14 of CPA DD and IRR calculation sheet, the applied value for VAT is 19%. However, the DOE did not provide information on how it has validated: a) the evidences that support the referred value for VAT; and b) correctness of computation of VAT for the CPA. It is noticed that the DOE, through CL AVP 02, has requested the PP to provide evidences that support the referred value for VAT (19%). However, the CL AVP 02 has been closed without referring to any response from the PP with regard to raised issue. The DOE is requested to report on how it has validated that the applied value of VAT and VAT calculation are valid and applicable in the context of the CPA. Furthermore, the DOE is requested to report on response by the PP with regard to issue of VAT raised in CL AVP 02 and how it was resolved.

DOE answer: As stated in the first PP's response to CL AVP 02 the explanation of the sources and procedures used to define the parameters required are presented in the document "Evidences Explanation Tunnel Melado.pdf". As per this document, the VAT is based on Chilean Laws 19.888 (article N°1 a) and 20.102 (article N°7). The laws referred before sets modifications to Decree N° 825 ("Ley sobre Impuesto a las Ventas y Servicios" or Sales and Services' Tax Law), being the consolidated version of the Tax Law (which includes the modifications made by Laws 19.888 and 20.102) available at: <http://www.leychile.cl/Navegar?idNorma=6369> (VAT rate is defined in Article 14). So, the CPA Validation Report (pages 22 and 102) was revised to include the required information.

5. As per the CPA DD (page 16-17), the values of Nall and Ndiff determined under the common practice analysis are 4 and 3 respectively. However, the validated and reported values for Nall and Ndiff in the validation report (CPA validation report page 25) are 23 and 22 respectively. The DOE is requested to clarify this inconsistency.

DOE answer: It was a mistake of DOE during the validation report issuance. The information on CPA Validation Report (page 25) was corrected.