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Att: CDM Executive Board

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QUESTIONS RAISED BY CDM EXECUTIVE BOARD MEMBERS	RESPONSE SUMMARY FROM DNV	ACTION TAKEN ( IF RELEVANT)
Q1.a) The DOE shall further substantiate (a) the suitability of input values of the investment comparison, in particular the assumed aluminium sales price and electricity price rate in line with paragraph 111 (a) & (b) of VVM v1.2	Aluminium sales price: The pre-project aluminium sales price used by the PP in the financial analysis was 2 917 US\$ / ton-Al sourced by Dubal finance department report that has been audited by third party qualified chartered accountants'. In addition, DNV has checked that the aluminium price in June 2008, previous month to the investment decision taken in July 2008 , was 2 968 US\$ ton-Al, therefore the price used by the PP in the financial analysis is deemed to be suitable. Electricity cost rate: The pre-project electricity cost rate used by the PP in the financial analysis was 28 US\$ / MWh sourced by Dubal finance department report that has been audited by third party qualified chartered accountants'. The electricity is produced internally the cost rate have been verified by DNV checking Dubal SAP data Management System resulting that the value used by the PP is the sum of two components: the fuel costs (23 US\$ / MWh ) and the power plant operating cost (5 US\$ / MWh ), therefore the price used by the PP in the financial analysis is deemed to be suitable.	The explanation has been reported in page 17 of the FVR
Q1.b) The DOE shall further substantiate how it has validated the sensitivity analysis in line with paragraph 111 (e) of VVM v1.2 given that the investment cost related parameter "algorithm development costs" and the	Electricity Cost Rate  A ±10% variation of the annual consumption of electricity has been analysed resulting that, in both cases, the NPV of alternative 5 (1 024 071 US\$) would be higher than the NPV of alternative 2 (936 417 US\$).	The explanation has been reported in pages 19 and 20 of the FVR and also in the sensitivity analysis section of the PDD

electricity price rate have not been considered into the sensitivity analysis	<p>Algorithm Development Costs</p> <p>A <math>\pm 10\%</math> variation of the annual Algorithm Development Costs has been analysed resulting that, in both cases, the NPV of alternative 5 (1 024 071 US\$) would be higher than the NPV of alternative 2 (942 406 US\$ in the +10% case and 930 427 US\$ in the -10% case)</p> <p>Both scenarios have been checked and verified by DNV and show that the NPV of alternative 2 is always lower than those for alternative 3.</p>	
Q1.c) The DOE shall further substantiate the input values are valid at the time of investment decision in line with paragraph 6 of the "GUIDELINES ON THE ASSESSMENT OF INVESTMENT ANALYSIS" version 3.1, in particular parameter "discount rate", "annual electricity savings", "algorithm development costs" and "O&M costs".	As per the guidance from tool for demonstration and assessment of additionality 'Input values used in all investment analysis should be valid and applicable at the time of the investment decision taken by the project participant'. All parameters used in the Financial Analysis were determined one year prior to the decision to proceed with the project activity (i.e. the start date of the project of 6 July 2008) and their validity at the moment of the investment decision has been audited by third party qualified chartered accountants MCA in September 2010.	The explanation has been reported in page 20 of the FVR
Q2) The DOE shall further explain how it has validated the common practice analysis in line with paragraph 120 (a) & (b) of VVM v1.2, in particular, why the common practice is limited to the aluminium plants operation before 2000 and how the technology applied by the project is differentiated from the technology applied by ALBA plant.	All existing aluminum plants in the Gulf area have been considered and the differences in technologies have been explained.	The explanation has been reported in page 21 of the FVR and also in the common practice analysis section of the PDD
Q3.a) The DOE shall further substantiate why the alternative 6 has a lower baseline emission than alternative 5 as per AM0030 v3 (page 3);	Alternative 5 contemplates to increase the aluminium production without implementing the reduction algorithm and generating a higher number of anode effects with respect to the baseline (alternative 6) which contemplates no increase of aluminium production. Consequently, the emissions of alternative 5 are lower than those of alternative 6	The explanation has been reported in page 14 of the FVR
Q3.b) The DOE shall further substantiate why alternative 6 (continuation of the existing	For alternative 6 (baseline scenario) the NPV is equal to zero as the	The explanation has been reported in page 16 of the

practice maintaining aluminium production at pre-project levels, which is the identified baseline) has not been considered into the investment comparison for the baseline identification;	NPV of the feasible project alternatives is calculated using the investment and income differences with respect to the baseline	FVR and it was already reported in section B.6.3 of the PDD.
Q3.c) The DOE shall further substantiate how it has validated the relevant national/sectoral policies/circumstances that are considered in the baseline identification as per paragraph 87 (d) of VVM v1.2.	DNV has checked that no national and sectoral policies regarding PFC emissions has been issued by Abu Dhabi Environment Agency and, therefore, all the feasible alternatives above identified are neither forbidden nor requested by local legislation.	The explanation has been reported in page 15 of the FVR
Q4) The DOE shall further substantiate how it has validated the data used for the determination of baseline emission factor as per the requirement of AM0030 v3 (page 5), in particular whether the selected years of measurement correspond to the most stable and lowest anode effect period.	The period of measurement corresponds to one year later from the measures introduced by the technical group in January 2006 with the scope of optimising aluminium production through rationalising alumina feed strategies and other control practices as described in the alternative 3 baseline scenario. It is generally accepted in industry / 43c/ that a 6 month period is sufficient for achieving complete stabilization of the pots. Therefore it is DNV opinion that the data use for determining the ex ante emissions correspond to a period of pot stabilization.	The explanation has been reported in page 21 of the FVR and also in the common practice analysis section of the PDD
Q5) The DOE shall confirm that the PP includes the parameter EFCF4 and EFC2F6 into the monitoring plan as per the requirement of AM0030 v3 (page 14).	The parameters EFCF4 and EFC2F6 have been included in the monitoring plan	The explanation has been reported in page 23 of the FVR and also in section B.7.1 of the PDD