

VALIDATION REPORT

QUENA PAPER INDUSTRY Co. (QPIC)

FUEL SWITCHING FROM MAZOUT TO
NATURAL GAS IN QUENA PAPER INDUSTRY
Co. (QPIC)

Report No: 11CDMEG11001 – 12/045

Date: 2012-12-04

TÜV NORD CERT GmbH
JI/CDM Certification Program
Langemarckstraße, 20
45141 Essen, Germany
Phone: +49-201-825-3335
Fax: +49-201-825-3290
www.tuev-nord.de
www.global-warming.de

Validation Report:	Report No.	Rev. No.	Date of 1st issue:	Date of this rev.
	11CDMEG11001– 12/045 V01	0	2012-12-04	2012-12-04
Project:	Title:	Initial PDD Version:	Final PDDVersion	
	Fuel Switching from Mazout to Natural Gas in Quena Paper Industry Co. (QPIC)	2012-01-18	2012-11-28	
Client:	Quena Paper Industry Co. (QPIC)	Client ref:	Tawfik Abd El-Hakim	
Project Participant(s):	Host Party:	Other involved parties:		
	Egypt	UK		
Applied methodology/ies:	Title:	No.:	Scope / TA:	
	Switching Fossil Fuels	AMS III B ver. 16	1 / 1.1 & 1.2	
Validation team / Technical Review and Final Approval	Validation Team:	Technical review:	Final approval:	
	Pankaj Mohan TL /TE Ramy Marei TM/TE Prabhat Kumar TM	Rainer Winter Samir Beqqal	Rainer Winter	
Expected Emission reductions: [t CO₂e]	Expected emission reductions over the first crediting period:	project starting date:		
	587,378 t CO ₂ e	2010-12-22		
Confidential content:	<input type="checkbox"/> Yes		<input checked="" type="checkbox"/> No	
Summary of Validation Opinion:	<input checked="" type="checkbox"/> Positive validation opinion		<input type="checkbox"/> Negative validation opinion	
	<p>In detail the conclusions can be summarised as follows:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The project is in line with all relevant host country criteria (Egypt) and all relevant UNFCCC requirements for CDM. Project activity approval have been obtained from DNA of Egypt vide the Letter of Approval (HCA) dated October 2011. Also the Annex 1 country approval from DNA of United Kingdom dated 2012-04-02. <input checked="" type="checkbox"/> The project additionality is sufficiently justified in the PDD. <input checked="" type="checkbox"/> The monitoring plan is transparent and adequate. <input checked="" type="checkbox"/> The calculation of the project emission reductions is carried out in a transparent and conservative manner, so that the calculated emission reductions of 587,378 tCO₂e are most likely to be achieved within the fixed crediting period. <input checked="" type="checkbox"/> The conclusions of this report show, that the project, as it was described in the project documentation, is in line with all criteria applicable for the validation. 			
Document information:	Filename:	No. of pages:		
	S01-VA010-A1	98		

Abbreviations

BAU	Business as usual
CA	Corrective Action / Clarification Action
CAR	Corrective Action Request
CDM	Clean Development Mechanism
CDM APU	Clean Development Mechanism Awareness and Promotion Unit
CER	Certified Emission Reduction
CL	Clarification Request
CO₂	Carbon dioxide
CO_{2e}	Carbon dioxide equivalent
CP	Certification Program
DNA	Designated National Authority
EB	CDM Executive Board
EEAA	Egyptian Environmental Affairs Agency
EIA	Environmental Impact Assessment
FAR	Forward Action Request
GHG	Greenhouse gas(es)
I	Interview
IPCC	Intergovernmental Panel on Climate Change
PDD	Project Design Document
QC/QA	Quality control/Quality assurance
QPIC	Quena Paper Industry Co. (QPIC)
SV	Site Visit
UNFCCC	United Nations Framework Convention on Climate Change
VVM	Validation and Verification Manual

Table of Contents	Page
1 OBJECTIVE / SCOPE	6
2 GHG PROJECT DESCRIPTION.....	7
2.1 Project Characteristics	7
2.2 Involved Parties and Project Participants	7
2.3 Project Location	8
2.4 Technical Project Description	8
3 METHODOLOGY AND VALIDATION SEQUENCE.....	9
3.1 Validation Steps	9
3.2 Contract review	10
3.3 Appointment of team members and technical reviewers	10
3.4 Consideration of Public Stakeholder Comments	11
3.5 Validation Protocol	11
3.6 Review of Documents	12
3.7 Follow-up Interviews	12
3.8 Project comparison	13
3.9 Resolution of Clarification and Corrective Action Requests	13
3.9.1 Definition	13
3.9.2 Draft Validation	14
3.9.3 Final Validation	14
3.10 Technical review	14
3.11 Final approval	15
4 VALIDATION FINDINGS	16
5 VALIDATION ASSESSMENT SUMMARY	30
5.1 General Description of the Project Activity	30
5.1.1 Participation	30
5.1.2 Contribution to Sustainable Development	30
5.1.3 PDD editorial Aspects	31
5.1.4 Technology to be employed.	31
5.1.5 Small Scale Projects	31
5.2 Project Baseline, Additionality and Monitoring Plan	32
5.2.1 Application of the Methodology	32
5.2.2 Project Boundary	32
5.2.3 Baseline Identification	32
5.2.4 Calculation of GHG Emission Reductions	33
5.2.5 Additionality Determination	33
5.2.6 Monitoring Methodology	37
5.2.7 Monitoring Plan	37
5.2.8 Project Management Planning	37

5.2.9	Crediting Period	37
5.2.10	Environmental Impacts	38
5.2.11	Comments by Local Stakeholders	38
6	VALIDATION OPINION	40
7	REFERENCES	41
	ANNEX 1: VALIDATION PROTOCOL.....	46
	ANNEX 2: ASSESSMENT OF BASELINE IDENTIFICATION.....	91
	ANNEX 3: ASSESSMENT OF FINANCIAL PARAMETERS.....	92
	ANNEX 4: ASSESSMENT OF BARRIER ANALYSIS	93
	ANNEX 5: OUTCOME OF THE GSCP	95
	ANNEX 6: STATEMENTS OF COMPETENCE OF ALL INVOLVED PERSONNEL.....	96

1 OBJECTIVE / SCOPE

The purpose of a validation is to have an independent third party assess the project design. In particular the project's baseline, the monitoring plan (MP), and the project's compliance with

- the requirements of Article 12 of the Kyoto Protocol;
- the CDM modalities and procedures as agreed in the Marrakech Accords under decision 3/CMP.1
- the annex to the decision;
- subsequent decisions made by COP/MOP & CDM Executive Board and
- other relevant rules, including the host country legislation and sustainability criteria

are validated in order to confirm that the project design as documented is sound and reasonable and meets the stated requirements and identified criteria. Validation is seen as necessary to provide assurance to stakeholders on the quality of the project and its intended generation of certified emission reductions (CERs).

The validation scope is given as a thorough independent and objective assessment of the project design including especially: the correct application of the methodology, the project's baseline study, additionality justification, local stakeholder commenting process, environmental impacts and monitoring plan, which are included in the PDD and other relevant supporting documents, to ensure that the proposed CDM project activity meets all relevant and applicable CDM criteria.

The information included in the PDD and the supporting documents were reviewed against the requirements as set out by the UNFCCC. The validation team has, based on the requirements in the Validation and Verification Manual^{VVM}, carried out a full assessment of all evidences to assess the compliance of the project with the key areas as outlined in section V.E. and V.F. of the VVM (version 01.2, EB 55).

The validation is based on the information made available to TÜV NORD JI/CDM CP and on the contract conditions.

The validation is not meant to provide any consulting to the project participants. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

2 GHG PROJECT DESCRIPTION

2.1 Project Characteristics

Essential data of the project is presented in the following Table 2-1.

Table 2-1: Project Characteristics

Item	Data
Project title	Fuel Switching from Mazout to Natural Gas in Quena Paper Industry Co. (QPIC)
Project size	<input type="checkbox"/> Large Scale <input checked="" type="checkbox"/> Small Scale
Project Scope (according to UNFCCC sectoral scope numbers for CDM)	<input checked="" type="checkbox"/> 1 Energy Industries (renewable- /non-renewable sources)
	<input type="checkbox"/> 2 Energy distribution
	<input type="checkbox"/> 3 Energy demand
	<input type="checkbox"/> 4 Manufacturing industries
	<input type="checkbox"/> 5 Chemical industry
	<input type="checkbox"/> 6 Construction
	<input type="checkbox"/> 7 Transport
	<input type="checkbox"/> 8 Mining/Mineral production
	<input type="checkbox"/> 9 Metal production
	<input type="checkbox"/> 10 Fugitive emissions from fuels (solid, oil and gas)
	<input type="checkbox"/> 11 Fugitive emissions from production and consumption of halocarbons and hexafluoride
	<input type="checkbox"/> 12 Solvents use
	<input type="checkbox"/> 13 Waste handling and disposal
	<input type="checkbox"/> 14 Afforestation and Reforestation
	<input type="checkbox"/> 15 Agriculture
Applied Methodology	AMS III B version 16
Technical Area(s)	1.1 Thermal Energy Generation 1.2 Renewable Energies
Crediting period	<input type="checkbox"/> Renewable Crediting Period (7 y) <input checked="" type="checkbox"/> Fixed Crediting Period (10 y)
Start of crediting period	2012-12-30

2.2 Involved Parties and Project Participants

The following parties to the Kyoto Protocol and project participants are involved in this project activity (Table 2-2).

Table 2-2: Project Parties and project participants

Characteristic	Party	Project Participant
Host party	Egypt	Quena Paper Industry Co. (QPIC)
Other involved party/ies	UK	Climate Corporation Emissions Trading GmbH

2.3 Project Location

The details of the project location are given in table 2-3:

Table 2-3: Project Location

No.	Project Location
Host Country	Arab Republic of Egypt (A.R.E)
Region:	Quena Governorate
Project location address:	Kous Town
Latitude:	26.124962°N
Longitude:	32.491019°E

2.4 Technical Project Description

The technical key data are provided in table 2-4 below

Table 2-4: Technical data of the project activity

Parameter	Unit	Value
Main power boiler specification		
Maximum Continuous Rating	t/h	240
Economic Continuous Rating	t/h	200
Outlet Steam Temperature	°C	500
Operating Pressure	Bar	64

3 METHODOLOGY AND VALIDATION SEQUENCE

3.1 Validation Steps

The validation of the project consisted of the following steps:

- Contract review
- Appointment of team members and technical reviewers
- Publication of the project design document (PDD)
- Desk review of the PDD and supporting documents
- Validation planning
- On-Site assessment
- Background investigation and follow-up interviews with personnel of the project developer and its contractors
- Draft validation reporting
- Resolution of corrective actions (if any)
- Final validation reporting
- Technical review
- Final approval of the validation

The sequence of the validation is given in the table 3.1 below:

Table 3.1: Validation sequence

Topic	Time
Assignment of validation	2011-11-28
Submission of PDD for global stakeholder commenting process	2012-02-02 to 2012-03-02
On-site visit date	2012-03-14
Draft reporting finalised	2012-03-25
Final reporting finalised	2012-10-22
Technical review on final reporting finalised	2012-12-04

3.2 Contract review

To assure that

- the project falls within the scopes for which accreditation is held,
- the necessary competences to carry out the validation can be provided,
- Impartiality issues are clear and in line with the CDM accreditation requirements

a contract review was carried out before the contract was signed.

3.3 Appointment of team members and technical reviewers

On the basis of a competence analysis and individual availabilities, a validation team, consisting of one team leader and 1 additional team member, as well as the Technical Review personnel were appointed.

The list of involved personnel, the tasks assigned and the qualification status are summarized in the table 3-2 below.

Table 3-2: Involved Personnel

	Name	Company	Function ¹⁾	Qualification Status ²⁾	Scheme competence ³⁾	Technical competence ⁴⁾	Host country Competence	On-site visit
<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms.	Pankaj Mohan	TUV India	TL	SA	<input checked="" type="checkbox"/>	1.1 & 1.2	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms.	Ramy Marei	TUV NORD EGYPT	TM ^{A)}	TE	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms.	Prabhat Kumar	TUV India	TM ^{A)}	TM	<input checked="" type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms.	Samir Beqqal	TUV NORD CERT	TR ^{B)}	LA	<input checked="" type="checkbox"/>	-	<input type="checkbox"/>	-
<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms.	Rainer Winter	TUV NORD CERT	TR/FA ^{B)}	SA	<input checked="" type="checkbox"/>	1.1 & 1.2	<input type="checkbox"/>	-

¹⁾ TL: Team Leader; TM: Team Member; TR: Technical review; OT: Observer-Team; OR: Observer-TR; FA: Final approval

²⁾ GHG Auditor Status: A: Assessor; LA: Lead Assessor; SA: Senior Assessor; T: Trainee; TE: Technical Expert

³⁾ GHG auditor status (at least Assessor)

⁴⁾ As per S01-MU03 or S01-VA070-A2 (such as 1.1, 1.2, ...)

⁵⁾ In case of verification projects

^{A)} Team Member: GHG auditor (at least Assessor status), Technical Expert (incl. Host Country Expert or Verification Expert), not ETE

^{B)} No team member

All team members contributed to the review of documents, the assessment of the project activity and to the preparation of this report under the leadership of the team leader.

Technical Experts contributed to the assessment of special aspects of the project activity, e.g. technical or host country aspects.

In order to qualify further personnel the project team was accompanied by observers and/or trainees as indicated in the table above. They are usually not considered as team members.

Statements of competence for the above mentioned team members are enclosed in annex 6 of this report.

3.4 Consideration of Public Stakeholder Comments

Acc. to the modalities and procedures the draft PDD, as received from the project participants, has been made publicly available on the dedicated UNFCCC CDM website prior to the validation activity commenced. Stakeholders have been invited to comment on the PDD within the 30 days public commenting period.

In case comments are received, they are taken into account during the validation process. The comments and the discussion of the same are documented in annex 5 of this report.

3.5 Validation Protocol

In order to ensure consideration of all relevant assessment criteria, a validation protocol is used. The protocol shows, in a transparent manner, criteria and requirements, means of validation and the results from pre-validating the identified criteria. The validation protocol reflects the generic CDM requirements each CDM project has to meet as well as project specific issues as applicable. The validation protocol serves the following purposes:

- It organises, details and clarifies the requirements that a CDM project is expected to meet;
- It ensures a transparent validation process where the validating entity will document how a particular requirement has been validated and the result of the determination.

The validation protocol is described in Figure 1.

Validation Protocol Table A-1: Requirement checklist				
Checklist Item	Validation Team Comment	Reference	Draft Conclusion	Final Conclusion
<i>The checklist items in Table A-1 are linked to the various requirements the project should meet. The checklist is organised in various sections. Each section is then further sub-divided as per the requirements of the topic and the individual project activity.</i>	<i>The section is used to elaborate and discuss the checklist item in detail. It includes the assessment of the validation team and how the assessment was carried out. The reporting requirements of the VVM shall be covered in this section.</i>	<i>Gives reference to the information source on which the assessment is based on</i>	<i>Assessment based on evidence provided if the criterion is fulfilled (OK), or a CAR, CL or FAR (see below) is raised. The assessment refers to the draft validation stage.</i>	<i>In case a corrective action or a clarification the final assessment at the final validation stage is given.</i>

Figure 1: Validation protocol table

The completed validation protocol is enclosed in Annex 1 to this report.

3.6 Review of Documents

The published PDD and supporting background documents related to the project design and baseline were reviewed.

Furthermore, the validation team used additional documentation by third parties like host party legislation, technical reports referring to the project design or to the basic conditions and technical data.

3.7 Site Visit and Follow-up Interviews

The validation team has carried out a site visit in order to assess the information included in the project documentation and to gain additional information regarding the compliance of the project with the relevant criteria applicable for CDM.

During validation the validation team has performed interviews to confirm selected information and to resolve issues identified in the document review. The main topics of the interviews are summarized in table 3-3.

Table 3-3: Interviewed persons and interview topics

Interviewed Persons / Entities	Interview topics
Project proponent ^{/IM01/} Project consultant ^{/IM02/}	<ul style="list-style-type: none"> - Chronological description of the project activity with documents of key steps of the implementation. - Current status of plant design - Technical details of the project realization, project

Interviewed Persons / Entities	Interview topics
	feasibility, designing, operational life time, monitoring of the project - Host Government Approval - Approval procedures and status - Monitoring and measurement equipment and system. - Financial aspects - Crediting period - Project activity starting date - CER allocation / ownership - Baseline study assumptions - Additionality - Sustainable development issues - Monitoring - Analysis of local stakeholder consultation - Roles & responsibilities of the project participants w.r.t. project management, monitoring and reporting - National Legislation - Editorial issues of the PDD

A comprehensive list of all interviewed persons is part of section 7 ‘References’.

3.8 Project comparison

The validation team has compared the proposed CDM project activity with similar projects or technology that have similar or comparable characteristics and with similar projects in the host country in order to achieve additional information esp. regarding:

- Project technology
- Additionality issues
- Reasons for reviews, requests for reviews and rejections within the CDM registration process.

3.9 Resolution of Clarification and Corrective Action Requests

3.9.1 Definition

A **Corrective Action Request (CAR)** will be established where:

- mistakes have been made in assumptions, application of the methodology or the project documentation which will have a direct influence the project results,

- the requirements deemed relevant for validation of the project with certain characteristics have not been met or
- there is a risk that the project would not be registered by the UNFCCC or that emission reductions would not be able to be verified and certified.

A **Clarification Request (CL)** will be issued where information is insufficient, unclear or not transparent enough to establish whether a requirement is met.

A **Forward Action Request (FAR)** will be issued when certain issues related to project implementation should be reviewed during the first verification.

3.9.2 Draft Validation

After reviewing all relevant documents and taken all other relevant information into account, the validation team issues all findings in the course of a draft validation report and hands this report over to the project proponent in order to respond on the issues raised and to revise the project documentation accordingly.

3.9.3 Final Validation

The final validation starts after issuance of the proposed corrective action (CA) of the CARs, CLs and FARs by the project proponent. The project proponent has to reply on those and the requests are “closed out” by the validation team in case the response is assessed as sufficient. In case of raised FARs the project proponent has to respond on this, identifying the necessary actions to ensure that the topics raised in this finding are likely to be resolved at the latest during the first verification. The validation team has to assess whether the proposed action is adequate or not.

In case the findings from CARs and CLs cannot be resolved by the project proponent or the proposed action related to the FARs raised cannot be assessed as adequate, no positive validation opinion can be issued by the validation team.

The CAR(s) / CL(s) / FAR(s) are documented in chapter 4.

3.10 Technical review

Before submission of the final validation report a technical review of the whole validation procedure is carried out. The technical reviewer is a competent GHG auditor being appointed for the scope this project falls under. The technical reviewer is not considered to be part of the validation team and thus not involved in the decision making process up to the technical review.

As a result of the technical review process the validation opinion and the topic specific assessments as prepared by the validation team leader may be confirmed or revised. Furthermore reporting improvements might be achieved.

3.11 Final approval

After successful technical review of the final report an overall (esp. procedural) assessment of the complete validation will be carried out by a senior assessor located in the accredited premises of TÜV NORD.

Only after this step the request for registration can be started (in case of a positive validation opinion).

4 VALIDATION FINDINGS

In the following table the findings from the desk review of the published PDD, visits, interviews and supporting documents are summarised:

Table 1-1: Summary of CARs, CLs and FARs issued

Validation topic ¹⁾	No. of CAR	No. of CL	No. of FAR
General description of project activity (A) - Project specification - Technical project description - Participation - Contribution to sustainable development - PDD editorial aspects - Technology to be employed	6	0	0
Project Baseline, Additionality and Monitoring Plan (B) - Application of the Methodology - Project Boundary - Baseline identification - Calculation of GHG emission reductions Project emissions Baseline emissions Leakage - Additionality determination - Monitoring Methodology - Monitoring Plan - Project management planning	10	2	1
Duration of the Project / Crediting Period (C)	1	0	0
Environmental impacts (D)	1	2	0
Stakeholder Comments (E)	0	0	0
SUM	18	4	1

¹⁾ The letters in brackets refer to the validation protocol

Table 1-2: PDD versions used for assessments

Version Nr.	Assessment Round
PDD v. 1 (Published)	Description of Finding
PDD v. 2	DOE Assessment #1
PDD v. 3	DOE Assessment #2
PDD V.4	Due to TR comments
PDD V.5 (Final)	After TR comments

The following tables include all raised CARs, CLs and FARs. For an in depth evaluation of all validation items it should be referred to the validation protocols (see Annex 1).

The findings of validation process are summarized in the tables below.

Finding	A1		
Classification	<input checked="" type="checkbox"/> CAR	<input type="checkbox"/> CL	<input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	The written host country approval from Egyptian DNA was not provided by PP. Hence CAR A1 was raised.		
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	Written host country approval from Egyptian DNA is provided. QPIC LoA from the Egyptian DNA		
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The host country approval dated October 2011 and having reference number LoA EC-CDM0016. This was checked with the original as well during the site visit. This was also cross verified with CDM EPU member of EEAA present during the site visit. This is the DNA and the DNA has provided this Host country approval was also confirmed by host country expert and CDM APU member present during validation. The HCA is attached with this response. It clearly states that Egypt is the host country and they ratified the Kyoto protocol on 12 January 2005. Voluntary participation, Project will contribute to Sustainable development of country. The title of project activity is also matching with PDD. The authorization of PP i.e. Quena Paper Industry Co. (QPIC) and Climate Corporation Emissions Trading GmbH is also clearly mentioned in HCA. Hence accepted by VT and CAR A1 was closed.		
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed		

Finding	A2		
Classification	<input checked="" type="checkbox"/> CAR	<input type="checkbox"/> CL	<input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	Annex 1 country U.K letter of Approval was also missing hence CAR A2 was raised		

Finding	A2
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	Written host country approval from UK is provided. QPIC LoA from UK
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	Annex 1 country U.K letter of approval having reference number EA/ClimateCorp/05/2012 dated 02/04/2012 was checked and found to be satisfactory. This was cross verified with original copy and hence accepted by validation team. The Environment Agency acting as the UK's DNA confirms that the United Kingdom ratified the Kyoto Protocol on 31st May 2002, the UK participates voluntarily in the CDM. Also this letter is the authorization for Climate Corporation Emissions Trading GmbH for participation in the CDM project activity. The LoA is attached with this response and hence accepted by validation team and CAR A2 was closed.
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	A3
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	The project participants listed in section A.3 and Annex 1 of PDD is not consistent for the project participant. Hence CAR A3 is raised
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	The PP listing is consistent in Ver. 02 of the PDD.
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The revised PDD provided by the PP was checked and found that the necessary corrections have been made in section A.3 and Annex 1 of PDD. This was found to be satisfactory, Hence CAR A3 is closed.
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	A4
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	Latest version of form is utilized for writing the PDD. But the PP has made certain modifications like making section A.2.1, A.2.2 and A.2.3. which were not there in the PDD template. Hence CAR A4 was raised.
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	The PDD has been modified (Ver. 02) to comply with the PDD template.

Finding	A4
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The revised PDD was checked and found that the PDD is now following the template as well as the PDD writing guidelines. This was accepted by VT. Hence CAR A4 was closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	A5
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>The PDD does not mention about training and maintenance needs hence CAR A5 is raised.</p>
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>The PDD (section A.4.2.) has been modified (Ver. 02), where a description of the regular maintenance and training procedures at QPIC is included based on the QMS procedures at the company.</p> <ul style="list-style-type: none"> • ISO 9001:2008 certificate • Sample of training records (QP-622) • Boiler maintenance instructions manual
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The revised PDD section A.4.2 was checked and found that maintenance and training procedures are mentioned satisfactorily. The documents provided i.e. ISO 9001 certificate, sample training records and Boiler maintenance instructions manual were checked and found to be satisfactory. These documents were checked by local host country expert as well. These were found to be satisfactory. This was accepted by Validation team and hence CAR A5 was closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	A6
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>Meth AMS III B version 15 was used. Latest version is not used.</p>
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>The PDD is revised to AMS III B Version 16.</p>

Finding	A6
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The revised PDD is using latest version of methodology AMS III B version 16. This was found to be satisfactory. This was accepted by Validation team and hence CAR A6 was closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B1
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>The project's spatial boundaries are not correctly defined in section B.3 of PDD. The diagram shows that there will be no fuel used from fuel storage tanks in the Main power boiler but during discussion it came to the light that this is a HFO storage tanks and during emergencies HFO might be used in the project activity. This is not clear in the PDD. Also the geographical coordinates mentioned in PDD are not as per Degree minutes and seconds. Hence CAR B1 was raised.</p>
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<ul style="list-style-type: none"> - Figure 3 (section B.3) has been modified to show that HFO might be used in emergencies. It has also been modified to show that the electricity produced will be used in the factory. - The project's description (section A.2) has been modified. - The geographical coordinates in the text and in Figure 2 (section A.4.1.4) in the PDD have been modified (Ver. 02) to be in degrees, minutes and seconds.
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The revised PDD was checked and found that the sections B.3, section A.2 and section A.4.1.4 are corrected satisfactorily. The project boundary is corrected now. The description of project activity is transparently written in revised PDD. The geographical co-ordinates are also mentioned in Degrees, minutes & seconds. The geographical coordinates were cross verified from the net search by the validation team. These changes were accepted and hence CAR B1 was closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B2
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>Referencing of sources are missing in PDD hence CAR B2 is raised.</p>

Finding	B2
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>- The PDD has been modified (Ver. 02), where section B.5 now includes footnotes referring to online sources of information. A copy of each reference used is also provided.</p> <p>For Egypt credit rating:</p> <ul style="list-style-type: none"> Egypt rating by S&P - Reuters 24 Nov 2011 Egypt rating by Fitch - Reuters 30 Dec 2011 <p>For dynamic production rate of the paper industry:</p> <ul style="list-style-type: none"> Paper and Paperboard Industry in Egypt - A US Report dated 13 Mar 2011 Memo submitted to the Ministry of Industry – Article dated 26 Aug 2009
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The CAR B2 is open as PP has only mentioned the foot notes in section B.5 of revised PDD but this was for whole of PDD. Referencing is still missing in other sections of PDD.</p>
Corrective Action #2	<p>Additional referencing is now included in the PDD (Version 03).</p>
DOE Assessment #2	<p>Referencing is corrected in the revised PDD as checked by the validation team. Hence CAR B2 is closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B3
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>The Starting date written in C.1.1 is not according to the CDM glossary of terms, Hence CAR B3 was raised.</p>
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>The PDD has been modified (Ver. 02), where the date of first payment is taken as the starting date of the project.</p>
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The starting date in section C.1.1 is now changed to 2010-12-22. This is the date on which PP made the first payment and commitment to go for the CDM Project activity. This was accepted as this is in line with Glossary of CDM terms. Hence accepted and CAR B3 is closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B4
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	The PP has informed both DNA and UNFCCC about the intention to take the project activity as a CDM project activity. The PP informed the UNFCCC on 2011-02-20 and to DNA on May 2010. The PP obtained the Letter of NO objection from Egyptian DNA, but did not mention this in the PDD and also not provided the documents hence CAR B4 was raised.
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>- Documents relevant to notifying UNFCCC of the project activity are provided.</p> <ul style="list-style-type: none"> • QPIC prior consideration form • Prior consideration email to UNFCCC • Prior consideration publishing date on UNFCCC website <p>- The PDD (Table 9) refers to the letter of no objection obtained from the DNA in May 2011.</p> <ul style="list-style-type: none"> • Letter of no objection from the Egyptian DNA
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	In response to CAR B4 the PP provided the documents i.e. QPIC Prior consideration form, Prior consideration email to UNFCCC dated 2011-01-24, Prior consideration published on UNFCCC website mentions date received as 2011-01-24 and letter of No-objection from the Egyptian DNA dated 2011-05-25. These were checked by the validation team and found to be satisfactory. These documents were also checked by local host country expert and he was also satisfied with the same. The validation team cross verified the letter of no-objection dated 2011-05-25 with CDM-APU professional present during the site visit. He told that it is necessary to get this letter before any construction work start at site. The UNFCCC website was also checked and found that it mentions the same date as the date of email. Hence accepted and CAR B4 was closed.
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B5
Classification	<input type="checkbox"/> CAR <input type="checkbox"/> CL <input checked="" type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	The project started the implementation on 2010-12-22, which is taken as start date, through equity however, the final decision on stakeholder financing is still not taken by the board as checked during the site visit as they are still searching for finance from the stakeholders of the company and hence this is raised as FAR B5.
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	The actual date will be reviewed during verification.
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The actual date of commissioning and stakeholder financing date decision will be checked during verification.

Finding	B5
Conclusion <i>Tick the appropriate checkbox</i>	<input checked="" type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input type="checkbox"/> The finding is closed

Finding	B6
Classification	<input type="checkbox"/> CAR <input checked="" type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>The barriers are risk related as the PP has to develop NG network and piping and also the pricing of NG will be rising because of which the NG will be hard to buy after 10 years contract is over. The documentary evidences for price increase is missing and hence CL B6 is raised.</p>
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>- Documents relevant to that PP has to develop NG network and piping are provided.</p> <ul style="list-style-type: none"> • External NG network construction contract with GASCO • Supplementary contract to the external NG network • Internal NG network construction contract with Egypt Gas • Gas pumping station agreement with GASCO <p>- Documents relevant to rising price of NG are provided.</p> <ul style="list-style-type: none"> • Ministerial decree number 1914 for 2007 • Ministerial decree number 1795 for 2008 • Egypt to cut energy subsidies for heavy industry - Reuters 01 Jan 2012
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The documents related to price rise i.e. Ministerial decree number 1914 for 2007 and Ministerial decree number 1795 for 2008 provided by PP were checked and found to be satisfactory. This was cross verified with host country expert and it was found to be correct that Egypt to cut energy subsidies for heavy industry. This was checked from the Reuters 01 Jan 2012. This was accepted and hence CAR B6 is closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B7
Classification	<input type="checkbox"/> CAR <input checked="" type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>The project activity faces unavailability of means of finance for the project activity as the PP has occurred losses from 2009 onwards till 2010 and even in 2011 the losses are in the range of 87 million Egyptian pounds as checked from the financial person during onsite interview. The Egyptian banks have suspended the borrowing privileges of the company. The PP provides a letter from one Bank in Egypt mentioned in it that the client has a difficulty to cover and pay his debts. The documentary evidences are missing hence CL B7 was raised for the same.</p>

Finding	B7
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>- Evidence regarding the financial position of the company from 2009 until 2010 is provided.</p> <ul style="list-style-type: none"> Financial auditor statement for QPIC financial position in 2009-2010 CAO report for QPIC financial statement in 2010 <p>- As mentioned in the PDD and evidenced by documents, QPIC has large outstanding debts which it has not been able to repay. This resulted in its being unable to get further loans from banks.</p> <ul style="list-style-type: none"> Bank letter on QPIC borrowing privileges
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The financial position of the company is not as sound as checked from the Financial auditors statement along with CAO report of 2010. Even the National Bank of Egypt letter dated 2012-03-13 was checked and found to be mentioning irregular payments of earlier loans. This also proved that the company was in bad financial position. This was also cross verified by interviewing the company personals on site as well as CDM APU personal on site present during validation. They also confirmed the same. These documents were accepted and hence CL B7 was closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B8
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>The equations are correctly applied but the equation numbers of the methodology is not mentioned in the PDD. Hence CAR B8 is raised.</p>
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>- The PDD has been modified (Ver. 02), where the equations are numbered as per the new version of the methodology (AMS.III.B - Ver.16).</p> <p>- Further modifications to Section B.6 in the PDD have been applied in accordance with the new version of the methodology and Ver. 02 of the Emission Reduction calculation sheet.</p>
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The revised PDD was checked and found that now the PDD has been revised to AMS III B version 16 and also the equation numbers are also mentioned as per the methodology. The revised PDD section B.6 was also checked and found that it is corrected as per latest methodology AMS III B Version 16. The revised ER sheet was also checked and found to be satisfactorily corrected. This was accepted and hence CAR B8 was closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B9		
Classification	<input checked="" type="checkbox"/> CAR	<input type="checkbox"/> CL	<input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	In section B.6.2 of the PDD the data sources and assumptions are mentioned which remain fixed, but some parameters like NCV of NG are mentioned twice with different units. Even in some parameters the section of "Any comment" in section B.6.2 refers to IPCC 2006 data though the PP is using national data. Hence CAR B9 was raised.		
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	The PDD has been modified (Ver. 02), where: - The repeated parameter (NCV of NG) has been removed. - Where national data are used, the reference to IPCC has been removed.		
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The revised PDD version 02 dated 2012-04-05 was checked and found that in section B.6.2 The repeated parameter (NCV of NG) has been removed as this was mentioned twice with different units. The other parameters where national data is used the IPCC 2006 reference has been removed. These corrections in PDD were accepted by the validation team and hence CAR B9 was closed.		
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed		

Finding	B10		
Classification	<input checked="" type="checkbox"/> CAR	<input type="checkbox"/> CL	<input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	All monitoring parameters required in the PDD as per the methodology are not mentioned in section B.7.1. Hence CAR B10 was raised.		
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	The PDD has been modified (Ver. 02), where HFO consumption (to be used in emergencies) is included as a monitored parameter.		
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The revised PDD was checked and found that all the parameters to be monitored as per methodology and project design are mentioned in Monitoring plan. These were accepted by the validation team and hence CAR B10 is closed.		
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed		

Finding	B11		
Classification	<input checked="" type="checkbox"/> CAR	<input type="checkbox"/> CL	<input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	The PDD is not mentioning about the frequency of calibration of equipments, Internal Audits, Training Requirements and their procedures for keeping the records. Hence CAR B11 is raised.		

Finding	B11
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	The PDD (section B.7.2.) has been modified (Ver. 02), where a description of the calibration, internal auditing and additional training is added to the QA/QC procedures.
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The revised PDD was checked and found that section B.7.2 is mentioning about the Frequency of calibration of equipments, Internal Audits, Training Requirements and their procedures for keeping the records. This was accepted by validation team and hence CAR B11 was closed.
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B12
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	Net Energy output is calculated based on measured parameters. The PDD mentions Steam flow as one parameter to be measured but mentions Temperature and Pressure as fixed parameters. PP/ QPIC to justify that the boiler is designed to operate under fixed temperature and pressure.
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	The PDD is modified such that the description of the measurement method of the net energy output under section B.7.1 is stated as "Net energy output will be calculated based on measured and monitored temperature, pressure, and steam generation. Specific enthalpy is obtained using these parameters using standard steam tables"
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The revised PDD submitted was checked and found to be satisfactorily corrected. Hence CAR B12 is closed.
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	B13
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	The project activity faces limited information barriers for Future price rise in Natural Gas (NG) and Future Production rate of Paper. As per EB50 Annex 13, paragraph 5, documentary evidences are missing.
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	As per EB50 Annex 13 paragraph 5, PP is not able to prove the limited information barrier for Future price rise in Natural Gas (NG) & Future Production rate of Paper, hence the barrier is removed from PDD.

Finding	B13
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>As the PP is not able to prove the Limited information barrier for future price rise of NG & Future Production rate as per EB guideline i.e. EB50 Annex 13 Paragraph 5, hence the barrier was deleted from PDD. The revised PDD submitted was checked and found to be satisfactory. Hence, CAR B13 is closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	C1
Classification	<input checked="" type="checkbox"/> CAR <input type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>The project operational life time is clearly mentioned as 20 years in section C.1.2 of PDD. Also during the site visit interview it was found that these 20 years will increase to 30 years as the operational life time of the power boiler is 30 years and not 20 years. The proof for the same is missing hence CAR C1 is raised.</p>
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<ul style="list-style-type: none"> - Evidence regarding the operational lifetime of the project is provided. <ul style="list-style-type: none"> • Building date on the project boiler plate - The PDD has been modified (Ver. 02).
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The revised PDD was checked and found that instead of 30 years it is written as 13 years as per remaining operational lifetime of the project boiler. No proof for 30 years submitted. Even remaining life time calculation was also not provided hence CAR C1 was still open.</p>
Corrective Action #2	<p>Lifetime estimation for the project boiler was revised to 13 years in accordance with the procedures provided in the "Tool to determine the remaining lifetime of equipment – Version 01, Option (c): Use default values".</p> <p>According to option (c) in the tool, project participants may use default values for the technical lifetime and determine the remaining lifetime as the difference of the technical lifetime and the operational time.</p> <p>As illustrated in section A.4.2. in the PDD, the regular maintenance at QPIC is carried out in accordance with the ISO procedures</p> <ul style="list-style-type: none"> • ISO 9001-2008 certificate <p>The boiler maintenance instructions are also provided</p> <ul style="list-style-type: none"> • Boiler maintenance instructions manual <p>In addition, the project boiler has been operating normally as evident by the historical data provided.</p> <p>Remaining Lifetime Calculation:</p>

Finding	C1
	<p>- Default value for Technical lifetime of Boilers = 25 years.</p> <p>Remaining lifetime = Default technical lifetime – Operational lifetime Operational lifetime = Present date - Commissioning date</p> <p>Evidence to support the commissioning date is provided:</p> <ul style="list-style-type: none"> • Building date on the project boiler plate • Commissioning data in Sep 2000 <p>Operational lifetime = 2012 – 2000 = 12 years Therefore, Remaining lifetime = 25 years – 12 years = 13 years.</p> <p>Based on the above, the remaining lifetime was listed in the PDD as 13 years. The description in the PDD (Version 03) has been modified accordingly.</p>
DOE Assessment #2	<p>The justification for the lifetime of boiler provided by PP was accepted by the validation team. The justification was accepted on the basis of Remaining lifetime guideline of EB. The total life of the new boiler was 25 years and it was commissioned in 2000 so this can run till 2025. The remaining life time of Boiler mentioned by calculation is 13 years. The relevant documents like commissioning certificate, name plate data, ISO Certificate, Boiler Maintenance manual and Remaining life time of boiler calculation was checked and found to be satisfactory. The revised PDD submitted was also checked and found to be suitably corrected. Hence accepted by VT and CAR C1 was closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	D1
Classification	<input type="checkbox"/> CAR <input checked="" type="checkbox"/> CL <input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	<p>EIA is required by the host party as per law 4/1994 and amended in law 9/2009. PP carried out the EIA. PP needs to provide copy of EIA hence CL D1 was raised.</p>
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	<p>EIA for the fuel switching project activity is provided.</p> <ul style="list-style-type: none"> • EIA for the fuel switching project at QPIC
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	<p>The EIA copy provided was checked and found that the EIA was carried out by PP as per law 4/1994 and amended in law 9/2009. This was accepted and hence CL D1 was closed.</p>
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed

Finding	D2		
Classification	<input type="checkbox"/> CAR	<input checked="" type="checkbox"/> CL	<input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	EIA was done by the PP but the approval is still pending hence CL D2 is raised to provide the Approval letter of EIA.		
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	EIA approval letter from EEAA is provided. <ul style="list-style-type: none"> Letter of approval of the EIA issued by EEAA 		
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	EIA Approval letter dated 2010-04-29 was checked and found to be satisfactory. Hence CL D2 was closed.		
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed		

Finding	D3		
Classification	<input checked="" type="checkbox"/> CAR	<input type="checkbox"/> CL	<input type="checkbox"/> FAR
Description of finding <i>Describe the finding in unambiguous style; address the context (e.g. section)</i>	Section D of PDD is not mentioning the environmental impacts sufficiently and transparently. Hence CAR D3 is raised.		
Corrective Action #1 <i>This section shall be filled by the PP. It shall address the corrective action taken in details.</i>	The PDD (section D) has been modified (Ver. 02).		
DOE Assessment #1 <i>The assessment shall encompass all open issues in annex A-1. In case of non-closure, additional corrective action and DOE assessments (#2, #3, etc.) shall be added.</i>	The revised PDD was checked and found to be satisfactorily corrected. Hence CAR D3 is closed.		
Conclusion <i>Tick the appropriate checkbox</i>	<input type="checkbox"/> To be checked during the first periodic verification <input type="checkbox"/> Additional action should be taken (finding remains open) <input checked="" type="checkbox"/> The finding is closed		

5 VALIDATION ASSESSMENT SUMMARY

5.1 General Description of the Project Activity

5.1.1 Participation

LOA

The Ministry of State for Environmental Affairs, Arab Republic of Egypt, is the DNA. Host country Approval (HCA) vide the code LoA EC-CDM0016 dated October 2011 from the Host Country DNA, has approved the project activity “ Fuel Switching from Mazout to Natural Gas in Quena Paper Industry Co. (QPIC)”.

Furthermore, the DNA of Egypt authorizes Quena Paper Industry Co. (QPIC) and Climate Corporation Emissions Trading GmbH as the project participants and to participate voluntarily in the CDM activity from host country, Egypt. The Arab Republic of Egypt has ratified the Kyoto protocol on 12th January 2005. The project activity contributes to the Sustainable Development.

Annex 1 DNA approval was granted by DNA of UK on 2012-04-02 having reference number EA/ClimateCorp/05/2012. This was checked and found that it confirms that it is granted to Climate Corporation Emissions Trading GmbH. The letter of Approval confirms that the participation of Climate Corporation Emissions Trading GmbH is voluntary and host country is Egypt. It also confirms that UK ratified the Kyoto protocol on 31st May 2002.

CAR A1 & CAR A2 were raised and successfully closed.

Project Participants

The Project Participants for the Project activity “Fuel Switching from Mazout to Natural Gas in Quena Paper Industry Co. (QPIC)” is Quena Paper Industry Co. (QPIC) and Climate Corporation Emissions Trading GmbH. The project activity was operated by Quena Paper Industry Co. (QPIC). The same is consistent in the PDD , Letter of Approval from Annex 1 country U.K and the host country approval. Apart from the mentioned PPs, no other PP were found mentioned in the approvals. The validation team concludes that the details of the PP approved are correctly mentioned in the PDD as well.

5.1.2 Contribution to Sustainable Development

The DNA of Egypt authorizes Quena Paper Industry Co. (QPIC) as the project participant and mentions that the project activity contributes to the Sustainable Development. This was checked from the host country approval.

5.1.3 PDD editorial Aspects

The PDD has been prepared in the approved format. Furthermore, the PDD has been duly filled in accordance with the guidelines for completing PDD. Furthermore CAR A3, CAR A4 & CAR B2 were raised and successfully closed.

5.1.4 Technology to be employed

There are two boilers operating in the premises of the QPIC factory.

- 1) Main power boiler: burns heavy fuel oil (HFO).
- 2) Recovery boiler: burns lignin as bio-fuel.

Under the project activity, the main power boiler of the QPIC factory was having dual fuel burner since its installation, but there were no NG pipeline in the locality so HFO was only used. Now the piping is changed and the boiler is made to burn natural gas (NG) from HFO and this is the only boiler included in the project activity. The project activity boiler will also remain connected to HFO storage tanks, which might be used for emergencies or if NG flow is disrupted or having problems in the pipeline. This was checked by the validation team by interviewing the PP during site visit. The electricity generation is taking place in the premises of the factory i.e. the steam from the boilers provides process steam and drives a turbine that generates electricity for the factory's operation. No steam or electricity is exported from the factory as checked by the validation team during the site visit interview and also cross verified from CDM APU member who was present during site visit. The project activity reduces greenhouse gas (GHG) emissions at QPIC factory through switching the fuel in the main power boiler from HFO to NG. The nearest natural gas pipeline is going from west of the river Nile, which is 7.5 km away. There is currently no existing connection to east of the river Nile where the project activity is located. This was confirmed by the CDM APU member present during site visit and also from the host country expert as well hence accepted by validation team.

From the above it was concluded that the description of the project in the PDD is complete and accurate. This was also physically verified during site visit by the validation team as well.

CAR A5 was raised and successfully closed.

5.1.5 Small Scale Projects

The project activity is the small scale project activity applying AMS III B version 16. The methodology applied is correct as checked from the UNFCCC website by the validation team. The tools applied are also as per applied methodology. As the project activity is using AMS III B the CER's are less than 60,000 t CO₂ per year. The criterion for small scale is met and this is in line with EB guidelines. The project activity is not the de-bundled component of large scale project activity. This was checked from the de-bundling guidelines and found to be in line with guidelines. There were no other similar scale project activities implemented in the vicinity of 1km. There is no other project activity of same project proponent registered till date. This

was checked from UNFCCC website. The project qualifies as small scale project activity.

5.2 Project Baseline, Additionality and Monitoring Plan

5.2.1 Application of the Methodology

The project activity applies version 16 of AMS III B which is a valid version of a CDM Methodology and approved by the board. All applied methodological tools are valid and approved. Both meth and meth tools are derived from UNFCCC CDM website. All applicability conditions were checked by the validation team and the applicability of AMS III B version 16 is there and applicability conditions are met. This is also mentioned in Annex 1 below. The project activity is in line with all requirements and stipulations mentioned in all sections of the applied meth. The project activity is not expected to result in significant emissions, related both to project and leakage, other than those listed in the methodology AMS III B version 16.

CAR A6 was raised and successfully closed.

5.2.2 Project Boundary

The project boundary both physically and geographically and related to GHG sources / sinks is correctly mentioned in PDD. The physical project boundary covers main power boiler in QPIC factory and the steam generated by the project is used inside the factory only and not given to any other factory. This was checked and found to be correct and all the sources of GHG emissions were included in the project boundary as per the applied methodology AMS III B version 16. There are no other sources which are mentioned in PDD, and impact the project activity. This was checked during site visit and all sources are addressed by methodology are applied in the project activity.

CAR B1 was raised and successfully closed.

5.2.3 Baseline Identification

The baseline scenario is the continuation of HFO combustion in the main power boiler (Project activity) at QPIC factory. This is also evident from the historical fuel consumption records for the project activity power boiler. In compliance with the methodology AMS III B version 16 paragraph 15, emissions reduction are determined using actual data which will also be monitored during verification as well. Historical records of the power boiler from October 2008 until September 2011 for fuel use and steam output were also checked so as to calculate the baseline emissions as mentioned in the applied methodology. From the above it was concluded that the description of baseline identification in the PDD is transparent and verifiable. The baseline is as per the applied methodology AMS III B Version 16.

5.2.4 Calculation of GHG Emission Reductions

Methodology for calculating emission reductions is documented in PDD as per applied methodology AMS III B version 16. The project activity purposes to reduce the GHG generated from the HFO burning in power production by replacing the HFO with natural gas.

The leakage is considered to be zero however, the GHG emissions due to auxiliary fossil fuel use has been taken into account for the project activity.

The calculation approach and calculation of the baseline emission, project emissions and emission reduction are documented in section B.6.3 of PDD. According to the final PDD the project is expected to reduce emissions of 587,378 tCO_{2e} over a 10 year fixed crediting period. The DOE has assessed the emission reduction calculation sheet and parameters used therein, and found that estimated emission reductions are according to the applied methodology and tool and thus concluded them plausible and conservative for the proposed project activity.

Furthermore CAR B8 was raised and successfully closed.

5.2.5 Additionality Determination

Consideration of CDM in decision making (if project start before validation)

In May 2010, members of the CDM Awareness and Promotion Unit (CDM-APU), under the EEAA Climate Change Unit, carried out a site visit and started working on a the due diligence for the fuel switching project activity, and assisting QPIC in studying the feasibility of registering it as a CDM project. In order to accentuate how QPIC management considered CDM an essential tool for undertaking the project, the timeline of project implementation together with CDM implementation timeline are illustrated in the table below.

Event Description	Date
Submission of the Environmental Impact Assessment (EIA) to the Egyptian Environmental Affairs Agency (EEAA)	13 Jan 2010
EIA approval letter from the EEAA on the submitted EIA	29 Apr 2010
Due diligence and PIN development	May 2010
Letter to EGAS approving the budget set for the external network construction	07 Jul 2010
QPIC board meeting recommendation: Request from the shareholders increasing the company capital investment to implement the fuel switching project activity only	30 Sept 2010

QPIC issued a check as advance payment for construction of the external NG network. (Start Date)	22 Dec 2010
Contract signed with GASCO for extension of NG network to QPIC and ESIIC factories in Kous, and reduction station construction (signed by ESIIC on behalf of itself and QPIC)	30 Dec 2010
Submission of prior consideration of the CDM to UNFCCC secretariat	24 Jan 2011
Call for tenders requesting consulting services from a CDM developer	29 Mar 2011
Issuance of letter of no objection from the Egyptian DNA	25 May 2011
Supplementary contract signed by QPIC and ESIIC	14 Jun 2011
ERPA signing with a CDM developer	28 Jun 2011
Contract signed with Egypt Gas for internal NG network construction	17 Jul 2011
Agreement signed with GASCO for gas pumping station construction	14 Aug 2011
QPIC issued a check as advance payment for construction of the internal NG network	15 Aug 2011
QPIC issued a check as advance payment on construction of the pumping station	08 Sept 2011
Letter to the Egyptian DNA requesting the issuance of LoA	25 Sept 2011
Local stakeholder consultation announcement in newspaper and EEAA website	01 Nov 2011
Local stakeholder consultation meeting held at QPIC factory - Kous	13 Nov 2011
Letter from the National Bank of Egypt on QPIC borrowing privileges	13 Mar 2012

The start date of project activity is 2010-12-22 on which the payment was made for external NG network construction. The prior consideration form sent to UNFCCC and Egyptian DNA on 2011-01-24 were also checked and found to be in line with EB guidelines. The No objection certificate from Egyptian DNA was also obtained on 2011-05-25. This is within six months of the project start date, which is after 2nd August 2008 so the CDM consideration is considered serious for the project activity. Furthermore CAR B4 was raised and closed successfully.

Application of methodology / methodological tools

The additionality of the project activity was justified on the basis of EB68 Annex 27, and applied methodology AMS III B version 16. The methodology AMS III B and EB68 Annex 27 is correctly applied by the project proponent as checked by the validation team from UNFCCC website.

Alternatives

The PDD mentions the baseline as per paragraph 15 of applied methodology AMS III B version 16. There is no need to mention the alternatives as per the EB guideline.

Investment analysis

Not applicable

Barrier analysis

Other Barrier – Financial resources as per EB68 Annex 27

PP has used Other barrier – Financial resources i.e. access to finance barrier as the barrier to prove the additionality of the project activity. Quena Paper Industry Co. (QPIC) is an Egyptian Joint Stock Company (SAE) established on 15/06/1995 under Decision No. 347/1995 by minister of economy and foreign trade, under investment law No. 230/1989. This was checked from the business licence and host country expert also confirmed the same. The financial position of project participant was also checked. This was checked as per EB50 Annex 13 guideline paragraph 4. The project participant has been posting losses in the range of EGP 39,734,845 (EUR 5.1 million) in 2009 to EGP 37,592,669 (EUR 4.8 million) in 2010. The project proponent is having debts in the range of EGP 924,456,006 which the PP is unable to repay. This has lead to the fact that the QPIC Company's borrowing privileges had been suspended by Egyptian banks. In February 2010, the project proponent got the debts restructured with its major creditor bank. These were to be paid in semi-annual payments plus interest payable on the loan. Even after restructuring the PP had made only one payment in June 2010. After June 2010 the PP was not able to pay the debt. This was checked by the validation team from the actual audited financial statements of the company for the year 2009, 2010 and even current financial statement of 2011 was also checked and found that the company's financial health is improving. Still PP was unable to get the finance from the financing institutions for the project activity. This was also verified by checking the letter dated 15th May 2011 in which this was clear that even other share holders (Misr for life insurance company, Misr insurance company) were also not able to increase their share. Even the National Investment bank refused to provide the share of capital for these two share holders as mentioned in the letter dated 25th October 2011. This was also cross verified from the CDM APU member present on the site visit and also confirmed by host country expert by reviewing the original Arabic language letters. The PP again approached one more stakeholder on 2012-01-22 i.e. Food industry for increasing the capital by mentioning CDM benefits for the project activity. The same is also mentioned in revised PDD as well. This was also found in compliance with §5 of EB50 Annex 13.

The PDD mentions large capital investment is required for both external and internal NG network to get the NG, but as the PP is not able to get capital from other financial

institutions as shown above so the validation team concluded that this large capital investment corresponds to the other barrier of financial resources i.e. access to finance barrier and accepted by validation team.

Also, due to fluctuations in the currency market the PP was not able to pay the debts. Also, there was revolution in January 2011 in Egypt due to which the credit rating and currency outlook have been downgraded of Egypt several times. The most recent reports were checked and found that it has reached B+ by Standard and Poor's report and BB- by Fitch report. This was also checked that the Egyptian Pound has fallen against the US dollar which resulted in the increase of debt of PP. The credit rating documents were also verified from the respective websites and found to be satisfactory.

PP took the decision based on the fact that the CDM funds will help in alleviating the other barrier. The same is also clearly mentioned in PDD as well. This was validated from the board minutes which were verified by interviewing the PP during site visit as well. Even the ERPA was signed in June 2011 by the PP for the project activity as checked from the documents and also confirmed by interviewing the PP. This was also confirmed from the CDM APU member present on site. This is also as per EB50 Annex 13 guidelines as well i.e. Guideline 1 point number 1, Guideline 2 and also in line with EB35 Annex 34 point 2(b).

From the above, it was concluded that due to the revolution and poor financial condition the PP was not able to get the debts for the project activity and hence faces access to financial barrier.

CAR B3, CAR B4, CL B6, CL B7 & CAR B13 were raised and successfully closed. Additionally FAR B5 was raised to check the raising of finances from share holders.

Common practice analysis

Not applicable

Summary

From the above discussion it was concluded that the project activity has considered the CDM seriously as the UNFCCC and DNA both were informed within six months of start date. The project activity faces other barrier of financial resources i.e. Access to finance barrier as main barrier as per latest guidelines of EB68 Annex 27 for demonstrating additionality of small scale projects and also cross verified by DOE from EB 35 Annex 34 point 2(b) and EB50 Annex 13 guidelines 1 & 2 as well. The project activity was found to be additional.

5.2.6 Monitoring Methodology

The monitoring plan mentioned in the PDD is in compliance with the applied small scale methodology AMS III B Version 16. All applicable monitoring parameters are mentioned in the monitoring plan of PDD were checked and found to be in line with the methodology.

5.2.7 Monitoring Plan

The monitoring plan covers all the monitoring parameters as mentioned in the applied methodology AMS III B Version 16. The project activity is a future activity and the monitoring plan will be implemented and monitoring parameters will be monitored in accordance with the monitoring plan as mentioned in Section B.6.2, B.7.1, B.7.2 and Annex 4 of the PDD. This will be checked during the verification as well. QA/QC procedures are also adequately mentioned in the PDD. All the monitored data will be archived for a period of 2 years after the crediting period.

Furthermore CAR B8, CAR B9, CAR B10 & CAR B11 were raised and successfully closed.

5.2.8 Project Management Planning

The project operation and management structure clearly indicates the roles, responsibilities and institutional arrangements for data collection, monitoring, reporting and archiving.

The Monitoring plan reflects the good monitoring practice appropriate for the project activity. Trained manpower is employed by the project proponent for the same which was checked during the site visit by the validation team. Furthermore, in order to assess the performance of the project activity, internal audits are to be scheduled once in a year.

From the overall assessment during the site visit and desk review by the DOE, the project management planning is found to be adequate and appropriate for the project activity.

5.2.9 Crediting Period

The project activity is using fixed crediting period of 10 years and this has been mentioned in the PDD as well. The start date of the crediting period is clearly stated in section C.2.2 of the PDD. The start date of the crediting period is mentioned as 2012-12-30. This is acceptable as it is as per EB guidelines. The lifetime of project activity boiler was also checked and found to be calculated with the help of tool to calculate remaining life time of the equipment. Hence accepted by the validation team.

Additionally CAR C1 was raised and successfully closed.

5.2.10 Environmental Impacts

Environmental impacts of the project have been sufficiently addressed in sections D.1 and D.2 of the PDD. Environmental Impact Assessment (EIA) is required for this type of project activity as per the rules and regulations of host country (Egypt). Quena Paper Industry Co. (QPIC) has Egyptian Environmental Affairs Agency (EEAA) approval on the Environmental Impact Assessment for the project activity. The necessary documents and approvals have been checked by the validation team and approved by the host country expert and cross verified from the CDM APU member present during the site visit, Hence accepted by the validation team. These were also found to be in line with EB requirements as well.

Furthermore CL D1, CL D2 & CAR D3 were raised and successfully closed.

5.2.11 Comments by Local Stakeholders

A stakeholders meeting was held at QPIC factory on the 13th of November 2011. Public announcement of the meeting's time and date was published in Al-Akhbar newspaper which is the second biggest national newspaper in Egypt. This was published on 01/11/2011. The announcement was also published on EEAA website on 02/11/2011. In addition, personal invitations were sent to the organizations i.e. Head of the City Council – Kous town, Head of the Egyptian Environmental Affairs Agency (EEAA), Manager of the Environmental Protection Project for Private and Public Industrial Sectors, EEAA, Head of the Central Department for Environmental Impact Assessment, EEAA, Head of the Central Department for Climate Change, EEAA, General Manager of CDM and Mitigation Unit, Climate Change Unit, EEAA, Executive Manager of CDM Awareness and Promotion Unit (CDM APU), EEAA, Project Engineers from the CDM APU, EEAA, Manager of the Environmental Affairs Office - Quena governorate, Head of the EEAA Regional Office - Kous town branch, Health Inspector – Kous town, Manager of the Electricity Distribution Company – Kous town, Neighbouring industries, i.e. Egyptian Sugar and Integrated Industries Company (ESIIC), Vice president of South Valley University for Social and Environmental Affairs, NGOs (Sanabel). The copies of personal invitation letters, news paper clipping and website of EEAA were also checked and found to be correctly mentioned in PDD. The CDM APU member present during validation was there during the local stake holder consultation as well. While interviewing the CDM APU member it was judged that minutes of meeting and queries asked by local stakeholders were effectively answered and there were no negative comments from the local stakeholders and this is addressed in the PDD as well. All comments were

positive in nature. This was accepted by the validation team and also got confirmation for the same from host country expert as well.

6 VALIDATION OPINION

Quena Paper Industry Co. (QPIC) has commissioned the TÜV NORD JI/CDM Certification Program (CP) to validate the project: “Fuel Switching from Mazout to Natural Gas in Quena Paper Industry Co. (QPIC)” with regard to the relevant requirements of the UNFCCC for CDM project activities, as well as criteria for consistent project operations, monitoring and reporting. UNFCCC criteria include article 12 of the Kyoto Protocol, the modalities and procedures for CDM (Marrakech Accords) and the relevant decisions by COP/MOP and CDM Executive Board

In the course of the pre-validation 18 Corrective Action Requests (CARs) and 4 Clarification Requests (CLs) were raised and successfully closed. 1 Forward Action Request (FAR) was also raised.

The review of the project design documentation and additional documents related to baseline and monitoring methodology; the subsequent background investigation, follow-up interviews and review of comments by parties, stakeholders and NGOs have provided TÜV NORD JI/CDM CP with sufficient evidence to validate the fulfilment of the stated criteria.

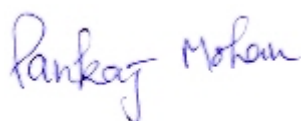
In detail the conclusions can be summarised as follows:

- The project is in line with all relevant host country criteria (Egypt) and all relevant UNFCCC requirements for CDM. Project activity approval have been obtained from DNA of Egypt vide the Letter of Approval (HCA) dated October 2011. Also the Annex 1 country approval from DNA of United Kingdom dated 2012-04-02.
- The project additionality is sufficiently justified in the PDD.
- The monitoring plan is transparent and adequate.
- The calculation of the project emission reductions is carried out in a transparent and conservative manner, so that the calculated emission reductions of 587,378 tCO₂e are most likely to be achieved within the fixed crediting period of 10 years.

The conclusions of this report show, that the project, as it was described in the project documentation, is in line with all criteria applicable for the validation.

New Delhi, 2012-12-04

Essen, 2012-12-04



PANKAJ MOHAN
TÜV NORD JI/CDM CP
Validation Team Leader



Rainer WINTER
TÜV NORD JI/CDM CP
Final Approval

7 REFERENCES

Table 7-1: Documents provided by the project participant

Reference	Document
/ADD/	<ul style="list-style-type: none"> State's General Budget for the Fiscal Year 2011-2012. Rejection letter dated 15th May 2011 QPIC board Request from the approving shareholders to cover the outstanding amount of the financing required on behalf of those who rejected dated 29th September 2011 Rejection letter dated 25th October 2011 Letter from QPIC to another share holder dated 2012-01-22.
/AEIA/	Approval of Environment Impact Assessment dated 2010-04-29
/BL/	Business Licence of QPIC
/Bank L/	National Bank of Egypt letter dated 2012-03-13
/CAO/	Central Auditing Organization report dated 2011-04-28
/CHR/	<ul style="list-style-type: none"> Due diligence and PIN development dated May 2010 ERPA signing with a CDM developer dated 28 June 2011
/EIA/	Environment Impact Assessment report dated 2010-01-13
/EX/	Exchange rate dated 2012-01-20
/FAS/	Financial Audited Statement of the year 2009 Financial Audited Statement of the year 2010 Financial Audited Statement of the year 2011.
/Fitch/	Fitch rating report on Reuters dated 2011-12-30
/HCA/	Host Country Approval from Egyptian DNA dated October 2011
/LOA/	Letter of Approval from UK DNA dated 2012-04-02
/MN/	<ul style="list-style-type: none"> The Official Journal - Issue Nr. 35 (2) dated 2nd September 2007 Prime Minister's Decree Nr. 1914 of year 2007 Prime Minister's Decree Nr. 1795 of Year 2008 dated 20th June 2008 1327/2006 ministerial decree for HFO pricing Ministerial decree 2888/2007 for HFO pricing
/MD/	Management decision 30 th September 2010.

Reference	Document
/MOC/	Modalities of Communication dated 18-06-2011
/PAPER/	Report on Paper and Paper board of Egypt dated 2011-03-13
/P-CDM/	Prior consideration form submitted to UNFCCC dated 2011-01-24 NO objection from Egyptian DNA dated 2011-05-25
/PDD/	Draft Project Design Document named "Fuel Switching from Mazout to Natural gas in Quena Paper Industry Co. (QPIC)" hosted from 2012-02-02 to 2012-03-02
/PDD-2/	Project Design Document named "Fuel Switching from Mazout to Natural gas in Quena Paper Industry Co. (QPIC)" dated 2012-04-05
/PDD-3/	Project Design Document named "Fuel Switching from Mazout to Natural gas in Quena Paper Industry Co. (QPIC)" dated 2012-04-26
/PDD-4/	Project Design Document named "Fuel Switching from Mazout to Natural gas in Quena Paper Industry Co. (QPIC)" dated 2012-06-19
/PDD-5/	Project Design Document named "Fuel Switching from Mazout to Natural gas in Quena Paper Industry Co. (QPIC)" dated 2012-11-28
/PDD-T/	Project Design Document Form (CDM PDD) - Version 03
/PSD/	Evidence of Project starting date 2010-12-22
/SHCP/	Stakeholder consultation process evidences: News paper clipping dated 2011-11-01 EEAA website dated 2011-11-02 Minutes of meeting dated 2011-11-13
/S&P/	Standards and Poor rating on Reuters dated 2011-11-24
/XLS/	Emission reduction calculation spreadsheet
/XLS 1/	Final Emission reduction spreadsheet

Table 7-2: Background investigation and assessment documents

Reference	Document
/AMS III B/	AMS III B: Switching Fossil Fuels (Version 16)

Reference	Document
/CON/	Contract between DOE & PP dated 2011-11-28
/CPM/	TÜV NORD JI / CDM CP Manual (incl. CP procedures and forms)
/Guideline/	EB68 Annex 27 i.e. "Guidelines on the demonstration of Additionality of small –scale project activities" EB50 Annex 13 i.e. "Guidelines for objective demonstration and assessment of barriers version 01.0" EB35 Annex 34 i.e. Non-binding best practice examples to demonstrate additionality for SSC project activities.
/GCP/	UNFCCC: Guidelines for completing CDM-PDD and CDM-NM
/HCE/	Host Country Expert of Egypt
/IPCC/	<ul style="list-style-type: none"> • IPCC Good Practice Guidance & Uncertainty Management in National Greenhouse Gas Inventories, 2000 • Revised 2006 IPCC Guidelines for National Greenhouse Gas Inventories: Reference Manual
/PDD-T/	Project Design Document Form (CDM PDD) – Version 03
/KP/	Kyoto Protocol (1997)
/MA/	Decision 3/CMP. 1 (Marrakesh – Accords & Annex to decision (17/CP.7))
/VVS/	Validation and Verification Standard (Version 02, Annex 4, EB 65)

Table 7-3: Websites used

Reference	Link	Organisation
/dna/	eeaa.gov.eg	Egyptian Environmental Affairs Agency (DNA of EGYPT)
/cd4cdm/	www.cd4cdm.org	UNEP Riso Centre
/ipcc/	www.ipcc-nggip.iges.or.jp	IPCC publications
/unfccc/	http://cdm.unfccc.int http://cdm.unfccc.int/DNA/index.html	UNFCCC

Table 7-4: List of interviewed persons

Reference	Mol ¹		Name	Organisation / Function
/IM01/	V	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms	Adel Abd El Hameid	QPIC / Environment Department Manager
/IM01/	V	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms	Ahmed Hanafy	QPIC / Operation Department
/IM02/	V	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms.	Omar Roushdy	Project Consultant
/IM02/	V	<input type="checkbox"/> Mr. <input checked="" type="checkbox"/> Ms.	Aya Salah	Project Coordinator
/IM03/	V	<input checked="" type="checkbox"/> Mr. <input type="checkbox"/> Ms.	Ahmed Bahaa	CDM Technical Specialist- CDM APU

¹⁾ Means of Interview: (Telephone, E-Mail, Visit)

ANNEX

- A1:** Validation Protocol
- A2:** Assessment of Baseline Identification
- A3:** Assessment of Financial Parameters
- A4:** Assessment of Barrier analysis
- A5:** Outcome of the GSCP
- A6:** Appointment certificates of the team members

ANNEX 1: VALIDATION PROTOCOL

Table A-1: Requirements Checklist

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
A. General Description of Project Activity				
A.1. Approval <i>The written approval of the parties involved is a mandatory requirement</i>				
A.1.1. Has the project provided written approvals of all parties involved? (EB 55 Annex 1, § 44) <i>Indicate whether a letter of approval has been received, with a clear reference to the supporting documentation.</i> <i>Indicate whether this letter was provided to the DOE by the project participants or directly by the DNA</i>	<i>Description:</i> The written host country approval from Egyptian DNA was not provided by PP. Hence CAR A1 was raised. Even Annex 1 country U.K letter of Approval was also missing hence CAR A2 was raised for the same. <i>Justification of evidences:</i> <i>Conclusion:</i> CAR A1 & CAR A2	/PDD/	CAR A1 CAR A2	OK
A.1.2. Are the approvals issued from organisations listed as DNAs on the UNFCCC CDM website? (EB 55 Annex 1, §§ 44, 47, 48, 49 (b), 49 (c), 53)	<i>Description:</i> refer section A.1.1 <i>Justification of evidences:</i>	/PDD/	CAR A1 CAR A2	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>Indicate the means of validation employed to assess the authenticity, i.e. in case of doubt whether LoA has been verified with the DNA. Further describe which entity submitted the LoA for validation.</i>	<i>Conclusion: pending CAR A1 & CAR A2</i>			
A.1.3. Do the written approvals confirm that the corresponding party is a Party to the Kyoto Protocol? (EB 55 Annex 1, § 45(a))	<i>Description:</i> <i>Justification of evidences:</i> <i>Conclusion: pending CAR A1 & CAR A2</i>	/PDD/	CAR A1 CAR A2	OK
A.1.4. Do the written approvals confirm that the participation is voluntary? (EB 55 Annex 1, § 45(b))	<i>Description:</i> <i>Justification of evidences:</i> <i>Conclusion: pending CAR A1 & CAR A2</i>	/PDD/	CAR A1 CAR A2	OK
A.1.5. Does the written approval from the host country confirm that the project contributes to the sustainable development in the country? (EB 55 Annex 1, § 45(c))	<i>Description:</i> <i>Justification of evidences:</i> <i>Conclusion: pending CAR A1 & CAR A2</i>	/PDD/	CAR A1 CAR A2	OK
A.1.6. Do the written approvals refer to the precise project title in the PDD submitted for registration or an additional specification of the	<i>Description:</i>	/PDD/	CAR A1	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
project activity, e.g. PDD version number? (EB 55 Annex 1, §§ 45(d), 50)	<i>Justification of evidences:</i> <i>Conclusion:</i> pending CAR A1			
A.1.7. Are the written approvals unconditional with regard to A.1.3 to A.1.6? (EB 55 Annex 1, § 46)	<i>Description:</i> <i>Justification of evidences:</i> <i>Conclusion:</i> pending CAR A1 & CAR A2	/PDD/	CAR A1 CAR A2	OK
A.1.8. Is the information regarding the project participants listed in section A.3 and in Annex 1 of the PDD internally consistent to each other? (EB 55 Annex 1, § 51)	<i>Description:</i> The project participants listed in section A.3 and Annex 1 of PDD is not consistent for the project participant. <i>Justification of evidences:</i> PDD was checked <i>Conclusion:</i> CAR A3 was raised	/PDD/	CAR A3	OK
A.1.9. Are all project participants listed in the PDD approved at least by one Party involved? (EB 55 Annex 1, § 51) <i>Indicate whether the participation of the project participant(s) has been approved by a Party to the Kyoto Protocol.</i> <i>Describe the means of validation employed to draw this conclusion.</i>	<i>Description:</i> <i>Justification of evidences:</i> <i>Conclusion:</i> pending CAR A1 & CAR A2	/PDD/	CAR A1 CAR A2	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
A.1.10. Are any other project participants approved but not listed in the PDD? (EB 55 Annex 1, § 52)	<p><i>Description:</i> The project participant mentioned in PDD is only the one which needs to be checked. There is no extra PP for this project activity.</p> <p><i>Justification of evidences:</i> PDD was checked and even cross verified with the onsite interview of PP. This needs to be checked with HCA Approval as well</p> <p><i>Conclusion:</i> pending CAR A1</p>	/PDD/ /IM01/	CAR A1	OK
A.1.11. Does the DoE have a direct contractual relationship with the PP? (EB 55 Annex 1, § 51; EB 50 Annex 48, §§ 7–9) <i>Check whether the PPs listed in the published PDD are still listed in the PDD going to be submitted to request for registration.</i>	<p><i>Description:</i> TÜV NORD Egypt has a direct contractual relationship with the PP</p> <p><i>Justification of evidences:</i> contract copy was checked</p> <p><i>Conclusion:</i> direct contractual relationship with the PP is there.</p>	/CON/	OK	OK
<p>A.2. Contribution to Sustainable Development</p> <p><i>The project's contribution to sustainable development is assessed.</i></p>				
A.2.1. Has the host country confirmed that the project assists it in achieving sustainable development?	<p><i>Description:</i></p> <p><i>Justification of evidences:</i></p>	/PDD/	CAR A1	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
(EB 55 Annex 1, §§ 125–127) <i>Contains a statement confirming whether the letter of approval by the DNA of the host party confirmed the contribution of the project to the sustainable development of the Host Party.</i>	<i>Conclusion:</i> pending CAR A1			
A.2.2. Will the project create other environmental or social benefits than GHG emission reductions? (EB 55 Annex 1, §§ 125–127) <i>Describe the other positive aspects not related to GHG emission reduction on the environment.</i>	<i>Description:</i> The project creates other environmental and social benefits other than GHG Emission reductions by handling less HFO. Improvement of health conditions in Kous town. <i>Justification of evidences:</i> This was confirmed from the CDM APU member present during the site visit and who was also present during the Local Stake holder consultation as well. <i>Conclusion:</i> The project creates other environmental and social benefits other than GHG Emission reductions	/PDD/ /IM03/	OK	OK
A.3. PDD editorial aspects <i>The PDD used as a basis for validation shall be prepared in accordance with the latest template and guidance from the CDM Executive Board available on the UNFCCC CDM website.</i>				
A.3.1. Has the latest version of the PDD form been applied? (EB 55 Annex 1, § 55)	<i>Description:</i> Latest version of form is utilized for writing the PDD. But the PP has made certain modifications like making section A.2.1, A.2.2 and A.2.3. Which were not there in the PDD template.	/PDD/ /unfccc/	CAR A4	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
	<i>Justification of evidences:</i> Checked from unfccc website <i>Conclusion:</i> CAR A4 was raised			
A.3.2. Has the PDD been duly filled in accordance with the latest guidance(s)? (EB 55 Annex 1, §§ 56–57)	<i>Description:</i> Latest guidance has been followed to fill the PDD. <i>Justification of evidences:</i> checked from unfccc website. <i>Conclusion:</i> Latest guidance has been followed.	/PDD/ /unfccc/	OK	OK
A.4. Technology to be employed <i>Validation of project technology focuses on the project engineering, choice of technology and competence/maintenance needs. The DOE should ensure that environmentally safe and sound technology and know-how is used.</i>				
A.4.1. Does the PDD contain a clear, accurate and complete project description? (EB 55 Annex 1, §§ 58–59, 64) <i>The PDD shall contain a clear description of the project activity which provides the reader with a clear understanding of the precise nature of the project activity and the technical aspects of its implementation.</i> <i>Pl. consider esp. chapters A.2, A.4.2 and A.4.3 (in case of</i>	<i>Description:</i> The PDD contains a clear, accurate and complete description of project activity in sections A.2 and A.4.2 of web hosted PDD. The project activity is the switching of HFO with NG in Main Power Boiler of the facility and involves construction of External NG network to bring NG to the plant, a pressure reduction station, the internal NG network, installation of new piping system for the flow of NG as well as adjusting an back up energy system of NG. <i>Justification of evidences:</i> This was physically checked by carrying	/PDD/ /IM01/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p><i>LSC PDD) for assessment.</i></p> <p><i>§64 (a) Describe the process undertaken to validate the accuracy and completeness of the project description.</i></p> <p><i>§64 (b) Contain the DOE's opinion on the accuracy and completeness of the project description.</i></p>	<p>out onsite visit and interview.</p> <p><i>Conclusion:</i> The PDD contains a clear, accurate and complete description of project activity</p>			
<p>A.4.2. Is this description in accordance with the real situation or (in case of greenfield projects) is it most likely that the project will be implemented acc to the project description?</p>	<p><i>Description:</i> The implementation of project activity already started in the site by starting the construction of the internal pipelines & network for the NG. The description is in accordance with real situation and the implementation will continue as per the description in the PDD as discussed during the site visit.</p> <p><i>Justification of evidences:</i> This was physically checked by carrying out onsite visit and interview.</p> <p><i>Conclusion:</i> the implementation of the project will be in accordance with the real situation.</p>	/PDD/ /IM01/	OK	OK
<p>A.4.3. In case the project involves alteration of the existing installation or process, is a clear description available regarding the differences between the project and the pre-project situation?</p> <p>(EB 55 Annex 1, §§ 63–64)</p> <p><i>Describe the steps taken to validate this issue.</i></p>	<p><i>Description:</i> The project activity is a separate project activity and does not involve alteration of existing process. This involves construction of External NG network to bring NG to the plant, a pressure reduction station, the internal NG network, installation of new piping system for the flow of NG as well as adjusting a back up energy system of NG.</p> <p><i>Justification of evidences:</i> This was physically checked by carrying out onsite visit and interview. PDD was also checked.</p> <p><i>Conclusion:</i> The project activity is a separate project activity and does not involve alteration of existing process.</p>	/PDD/ /IM01/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>A.4.4. Does the project design engineering reflect current good practices?</p> <p><i>Consider the equipment specifications, literature (e.g. EU BREF papers) and professional experiences. Describe the process undertaken to assess the engineering.</i></p>	<p><i>Description:</i> The project design engineering reflects current good practices as this is not a common practice in paper industry to use NG for power generation.</p> <p><i>Justification of evidences:</i> This was checked by interviewing CDM APU member present during validation site visit. This was also approved by local host country expert.</p> <p><i>Conclusion:</i> The project design engineering reflects current good practices</p>	<p>/PDD/ /IM03/ /HCE/</p>	<p>OK</p>	<p>OK</p>
<p>A.4.5. Does the project use state of the art technology or would the technology result in a significantly better performance than any commonly used technologies in the host country?</p> <p><i>Describe the process undertaken to assess the state of the art technology.</i></p>	<p><i>Description:</i> The project technology will results in a significantly better performance than any commonly used technologies in the Arab Republic of Egypt.</p> <p><i>Justification of evidences:</i> This was checked by interviewing CDM APU member present during validation site visit. This was also approved by local host country expert.</p> <p><i>Conclusion:</i> The project technology will results in a significantly better performance than any commonly used technologies in the Arab Republic of Egypt.</p>	<p>/PDD/ /IM03/ /HCE/</p>	<p>OK</p>	<p>OK</p>
<p>A.4.6. Does the project make provisions for meeting training and maintenance needs?</p> <p><i>Describe the process undertaken to assess the maintenance and training needs.</i></p>	<p><i>Description:</i> The PDD does not mention about training and maintenance needs for the same.</p> <p><i>Justification of evidences:</i> PDD was checked</p> <p><i>Conclusion:</i> CAR A5 was raised</p>	<p>/PDD/</p>	<p>CAR A5</p>	<p>OK</p>

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
A.5. Small scale project activity <i>It is assessed whether the project qualifies as small-scale CDM project activity</i>				
A.5.1. Does the project qualify as a small scale CDM project activity as defined in decision 4 / CMP.1 annex II? (EB 55 Annex 1, §§ 135–136 (a))	<p><i>Description:</i> The project activity uses Small scale Methodology AMS III B Version 15 and even the emission reductions calculated per year is less than 60000 t CO₂ per year. Hence Qualify as a small scale project activity.</p> <p><i>Justification of evidences:</i> AMS III B version 15 was checked along with SSC guidelines.</p> <p><i>Conclusion:</i> Project activity Qualifies as a small scale project activity.</p>	/PDD/ /AMS III B/	OK	OK
A.5.2. Does the project apply one of the approved small scale categories and any methodology and tool referred therein? (EB 55 Annex 1, § 136 (b)) <i>Check, if applicable the expiry dates of the applied methodology. Further, take into consideration the general guidance to the methodologies¹, which provide guidance on equipment capacity, equipment performance, sampling and other monitoring related issues.</i>	<p><i>Description:</i> The PDD mentions the approved small scale methodology AMS III B version 15, which is applied for the project activity.. The methodology was valid when the PDD was webhosted. The meth version has recently being changed but the Request for registration on version 15 can be sent till 15th November 2012. Latest methodology is not used.</p> <p><i>Justification of evidences:</i> AMS III B and unfccc website was checked.</p> <p><i>Conclusion:</i> Project activity applies approved small scale methodology AMS III B version 15. CAR A6 was raised.</p>	/PDD/ /AMS III B/ /unfccc/	CAR A6	OK
A.5.3. Is the small scale project activity not a debundled component of a larger project	<p><i>Description:</i> The project activity is not a debundled component of large scale project activity as there is no other project registered or applied by same project participant in the same project category or</p>	/PDD/ /unfccc/	OK	OK

¹ <http://cdm.unfccc.int/methodologies/SSCmethodologies/approved.html>

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
activity? (EB 55 Annex 1, § 136 (c)) <i>Describe the steps taken to validate this issue. PI refer to the Compendium of guidance on debundling (EB 36, Annex 27 54, Annex 13).</i>	measure in last 2 years which is within 1 km of present project activity. <i>Justification of evidences:</i> This was checked from unfccc website as well as from the CDM APU member present during validation site visit. <i>Conclusion:</i> The project activity is not a debundled component of large scale project activity	/IM03/		
A.5.4. Is an assessment of the environmental impacts of the proposed SSC CDM project activity required by the host Party? (EB 55 Annex 1, § 136 (d))	<i>Description:</i> The assessment of the environmental impacts of the proposed SSC CDM project activity is required by the host party. <i>Justification of evidences:</i> confirmed by CDM APU member present during validation site visit. <i>Conclusion:</i> The assessment of the environmental impacts of the proposed SSC CDM project activity is required by the host party.	/IM03/ /HCE/	OK	OK
B. Project Baseline, Additionality and Monitoring Plan				
B.1. Application of the Methodology				
B.1.1. Does the project apply an approved and applicable CDM methodology and a valid version thereof?	<i>Description:</i> The PDD mentions the approved small scale methodology AMS III B version 15, which is applied for the project activity. The methodology was valid when the PDD was webhosted. The meth version has recently being changed to version 16 but the	/PDD/ /AMS III B/ /unfccc/	GAR A6	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
(EB 55 Annex 1, § 65) <i>Describe the steps taken to validate this issue.</i>	Request for registration on version 15 can be sent till 15 th November 2012. <i>Justification of evidences:</i> AMS III B and unfccc website was checked. <i>Conclusion:</i> Project activity applies approved small scale methodology AMS III B version 15. Pending CAR A6			
B.1.2. Is the applied CDM methodology identical with the version available on the UNFCCC website? (EB 55 Annex 1, §§ 65, 70) <i>Describe the steps taken to validate this issue.</i>	<i>Description:</i> The PDD mentions the approved small scale methodology AMS III B version 15, which is applied for the project activity.. The methodology was valid when the PDD was webhosted. The meth version has recently being changed but the Request for registration on version 15 can be sent till 15 th November 2012. <i>Justification of evidences:</i> AMS III B and unfccc website was checked. <i>Conclusion:</i> Project activity applies approved small scale methodology AMS III B version 15. Pending CAR A6	/PDD/ /AMS III B/ /unfccc/	CAR A6	OK
B.1.3. Are all applicability criteria in the methodology, the applied tools or any other methodology component referred to therein fulfilled? (EB 55 Annex 1, §§ 66(a)–(b), 68, 71, 76) <i>Describe for <u>each</u> applicability criterion listed in the selected approved methodology the steps taken to assess the information contained in the PDD.</i>	<i>Description:</i> There are 13 applicability criteria mentioned in the PDD as per the methodology. All the 13 criteria were checked one by one during the site visit. 1. The project activity is a fuel switching measure in main power boiler from HFO to NG. 2. This fuel switch is a single element process and switch is from HFO to NG. 3. The project activity will involve retrofitting in existing power boiler only by installing external & internal NG networks. 4. The project activity is primarily aims at fuel switching only.	/PDD/ /IM01/ /IM03/ /HCE/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
	<p>5. The project activity is neither a new facility and nor any capacity addition but only simple fuel switch project.</p> <p>6. The project activity is a simple fuel switch project so this is not applicable.</p> <p>7. The project activity is a simple fuel switch project so this is not applicable.</p> <p>8. It is possible to directly measure energy output of steam generated by the boiler and consumption of NG within the project boundary.</p> <p>9. The energy (heat + electricity) produced by this project activity is used for captive use only.</p> <p>10. This is not applicable as the energy produced by this project activity is used for captive use only.</p> <p>11. The regulations do not constrain the facility to use either HFO or NG before or after the fuel switch. Also there is no regulatory requirement in the Arab Republic of Egypt to use low carbon energy sources.</p> <p>12. There is no change in any of the processes which will affect the final product i.e. paper.</p> <p>13. The emission reductions are less than 60000 t co2 per year.</p> <p><i>Justification of evidences:</i> All these were checked from the onsite physical verification, by interviewing the PP, got the confirmation from CDM APU member present during the site visit and also got confirmation from the host country expert as well. Methodology AMS III B was also checked.</p>			

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
	<i>Conclusion:</i> Relevant Applicability criteria's are met.			
<p>B.1.4. In case one or more applicability criteria have not been met, has the validation team requested clarification to, revision of or deviation from the methodology in accordance with the latest guidelines?</p> <p>(EB 55 Annex 1, §§ 72–75)</p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	/AMS III B/ /PDD/	OK	OK
<p>B.1.5. Is the project in accordance with every other stipulation or requirement mentioned in all sections of the methodology and in guidances for approved methodologies provided by the CDM EB?</p> <p>(EB 55 Annex 1, § 69, 71)</p> <p><i>Describe the steps taken to check whether the proposed project activity meets <u>all the other possible stipulations and /or limitations</u> mentioned in all sections of the approved methodology selected.</i></p>	<p><i>Description:</i> Pending CARs / CLs</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	AMS III B	Pendi ng CARs /CLs	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
B.2. Project Boundaries <i>Project Boundaries are the limits and borders defining the GHG emission reduction project</i>				
<p>B.2.1. Are the project's spatial boundaries (geographical) clearly defined?</p> <p>(EB 55 Annex 1, §§ 67(a), 78–80)</p> <p><i>Provide information on how the validation of the geographical boundary has been performed either based on reviewed documented evidence or by describing what was observed/viewed during a site visit.</i></p>	<p><i>Description:</i> The project's spatial boundaries are not correctly defined in section B.3 of PDD. The diagram shows that there will be no fuel used from fuel storage tanks in the Main power boiler but during discussion it came to the light that this is a HFO storage tanks and during emergencies HFO might be used in the project activity. This is not clear in the PDD. Also the geographical coordinates mentioned in PDD are not as per Degree minutes and seconds.</p> <p><i>Justification of evidences:</i> PDD was checked</p> <p><i>Conclusion:</i> CAR B1 was raised</p>	/PDD/	CAR B1	OK
<p>B.2.2. Are all sources and GHGs included in the project boundary as required in the applied methodology?</p> <p>(EB 55 Annex 1, §§ 67(a), 78–80)</p> <p><i>Provide information on how the validation of the GHGs and sources has been performed either based on reviewed documented evidence or by describing what was observed/viewed during a site visit.</i></p>	<p><i>Description:</i> Refer section B.2.1</p> <p><i>Justification of evidences:</i> PDD was checked</p> <p><i>Conclusion:</i> Pending CAR B1</p>	/PDD/	CAR B1	OK
B.2.3. In case the methodology allows to choose	<i>Description:</i> All the sources mentioned in the section of project	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>whether a source and/or gas is to be included, is the choice sufficiently explained and justified?</p> <p>(EB 55 Annex 1, §§ 67(a), 78–80)</p> <p><i>Confirm if the justification provided by the PPs is reasonable, based on assessment of supporting documented evidence provided by the PPs or by onsite observations.</i></p>	<p>boundary of applied methodology are included in the PDD as mentioned in Table 5 of webhosted PDD.</p> <p><i>Justification of evidences:</i> PDD was checked along with methodology.</p> <p><i>Conclusion:</i> All the gases mentioned in the methodology are included in the PDD</p>	/AMS III B/		
<p>B.3. Baseline Identification</p> <p><i>The choice of the baseline scenario will be validated with focus on whether the baseline is a likely scenario, and whether the methodology to define the baseline scenario has been followed in a complete and transparent manner.</i></p>				
<p>B.3.1. What possible baseline scenarios have been considered?</p> <p>(EB 55 Annex 1, §§ 67(b), 83)</p> <p><i>Fill in all alternatives in table A-2.</i></p>	<p><i>Description:</i> The baseline scenario is continuation of HFO combustion in the main power boiler at QPIC. This is the only baseline scenario which exists as per methodology as well.</p> <p><i>Justification of evidences:</i> PDD was checked along with methodology. This was also cross verified by interviewing the PP during site visit.</p> <p><i>Conclusion:</i> The baseline scenario is continuation of HFO combustion in the main power boiler at QPIC.</p>	/PDD/ /AMS III B/ /IM01/	OK	OK
<p>B.3.2. Is the list of alternatives complete?</p> <p>(EB 55 Annex 1, §§ 67(b), 83)</p>	<p><input checked="" type="checkbox"/> All plausible alternative scenarios listed in the approved methodology have been considered. In the course of document review and site visit, it has been validated that</p>	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>Describe how it was validated that all alternatives are plausible and no plausible alternative is excluded from the consideration</i>	<p>no other alternatives which supply comparable outputs and / or services are to be taken into consideration. Thus no plausible scenario has been omitted.</p> <p><input type="checkbox"/> The following alternative scenarios/options have been omitted. Corresponding CAR(s)/CL(s) has /have been issued</p>			
<p>B.3.3. What has been identified as the baseline scenario?</p> <p>(EB 55 Annex 1, §§ 81–82, 86)</p> <p><i>Describe the chosen BL scenario, taking into consideration the technology that would be employed and / or the activities that would take place in the absence of the proposed CDM project activity.</i></p>	<p><i>Description:</i> The baseline scenario is continuation of HFO combustion in the main power boiler at QPIC. This is the only baseline scenario which exists as per methodology as well.</p> <p><i>Justification of evidences:</i> PDD was checked along with methodology. This was also cross verified by interviewing the PP during site visit.</p> <p><i>Conclusion:</i> The baseline scenario is continuation of HFO combustion in the main power boiler at QPIC.</p>	/PDD/ /AMS III B/ /IM01/	OK	OK
<p>B.3.4. Has the baseline scenario been determined according to the methodology?</p> <p>(EB 55 Annex 1, §§ 82, 87(e))</p> <p><i>Describe how it is validated that the identification of the most plausible baseline scenario is carried out in accordance with the applied methodology and applied methodological tools. Please refer to table A-2.</i></p>	<p>For details of the assessment regarding the evaluation of the baseline scenario pl. refer to table A-2.</p> <p><input checked="" type="checkbox"/> The determination has been carried out as per the procedure contained in the applied methodology.</p> <p><input type="checkbox"/> The following CARs / CLs have been identified with respect to the selection of the baseline scenario:</p>	/AMS III B/	OK	OK
<p>B.3.5. Has any plausible alternative scenario been excluded?</p> <p>(EB 55 Annex 1, § 83)</p> <p><i>Describe how it is validated that no plausible alternative</i></p>	<p>For details of the assessment regarding the evaluation of the baseline scenario pl. refer to table A-2.</p> <p><input checked="" type="checkbox"/> No plausible baseline scenario has been excluded.</p> <p><input type="checkbox"/> The following plausible baseline scenarios have been excluded though no adequate justification has been</p>	/AMS III B/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>scenario has been excluded.</i>	provided for elimination. The following CARs / CLs have been issued:			
<p>B.3.6. Is the identified baseline scenario reasonable and has the baseline scenario been determined using conservative assumptions where possible, including relevant references and sources?</p> <p>(EB 55 Annex 1, §§ 84–86(a)–(c))</p> <p><i>Describe whether the choice of the identified baseline scenario is reasonable by validating the <u>key assumptions</u>, <u>calculations and rationales</u> used in the PDD. Describe whether these are listed, relevant and <u>conservatively interpreted</u> in the PDD.</i></p>	<p><input checked="" type="checkbox"/> The baseline scenario is reasonable and has been determined using conservative assumptions where possible. Please refer to comments in table A-2 and sections B.3.2 to B.3.5 above.</p> <p><input type="checkbox"/> The following CARs / CLs have been issued because assumptions used in the baseline determination have been assessed to be not conservative</p>	/AMS III B/	OK	OK
<p>B.3.7. Does the baseline scenario sufficiently take into account relevant national and/or sectoral policies, macro-economic trends and political aspirations?</p> <p>(EB 55 Annex 1, §§ 85, 87(d))</p> <p><i>Describe whether the PP has shown that all relevant policies and circumstances have been identified and correctly considered in the PDD in accordance with the guidance by the Board. Pl. consider the guidance EB 22 annex 3 (regarding E+ and E- policies).</i></p>	<p><i>Description:</i> The baseline scenario mentioned in PDD is takes into account all the national policies into account. The host country regulation does not prevent the PP to use HFO in power boiler which he is using in baseline case.</p> <p><i>Justification of evidences:</i> This was checked from the local expert and also from CDM APU member present during validation site visit.</p> <p><i>Conclusion:</i> the baseline scenario sufficiently take into account relevant national policies into account.</p>	/PDD/ /IM03/ /HCE/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>B.3.8. Is the baseline scenario determination compatible with the available data and are all literature and sources clearly referenced?</p> <p>(EB 55 Annex 1, § 87(a)–(c)) Describe whether the documents and sources referred to in the PDD are correctly quoted and clearly referenced.</p>	<p><i>Description:</i> Referencing of sources are missing in PDD hence CAR B2 is raised for the same.</p> <p><i>Justification of evidences:</i> PDD was checked</p> <p><i>Conclusion:</i> CAR B2 is raised</p>	/PDD/	CAR B2	OK
<p>B.3.9. Does the PDD contain a <i>verifiable</i> description of the identified baseline scenario, including a description of the technology that would be employed and/or the activities that would take place in the absence of the proposed CDM project activity.</p> <p>(EB 55 Annex 1, § 86)</p>	<p><i>Description:</i> The PDD contains a verifiable description of the baseline scenario which is continuing use of HFO for generating power in power boiler and utilizing the same inside the industry.</p> <p><i>Justification of evidences:</i> PDD was checked along with on site interview.</p> <p><i>Conclusion:</i> The PDD contains a verifiable description of the baseline scenario.</p>	/PDD/ /IM01/	OK	OK
<p>B.4. Additionality Determination</p> <p><i>The assessment of additionality will be validated with focus on whether the project itself is not a likely baseline scenario.</i></p>				
<p>B.4.1. Methodology</p>				
<p>B.4.1.1. Does the PDD describe how the project is additional and does the additionality justification follow the requirements of the applied methodology and/or methodological tools?</p>	<p><i>Description:</i> The Project activity is a small scale project and applies EB68 Annex 27 to demonstrate Additionality. This is as per UNFCCC SSC guidelines. Hence accepted by the validation team. The project activity uses other barriers to demonstrate additionality.</p>	/PDD/ /unfccc/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
(EB 55 Annex 1, §§ 67(d), 94–95) <i>Describe how it is validated that additionality justification is carried out in accordance with the applied methodology and/or applied methodological tools. Further focus your assessment on the reliability and credibility of data, rationales and assumptions, justifications and documentations provided by the PP.</i>	<i>Justification of evidences:</i> PDD was checked along with the unfccc website. <i>Conclusion:</i> The Project activity is found to be using EB68 Annex 27 to demonstrate Additionality.			
B.4.2. Consideration of CDM before project start				
B.4.2.1. Is the project starting date reported in accordance with the CDM glossary of terms? (EB 55 Annex 1, § 99, 104(a)) <i>Assess why the chosen starting date can be considered as the earliest date at which either the implementation or construction or real action of a project has begun or will begin.</i> <i>Check that no other activities related to the project that happened before the identified start date can be considered as start date. In this context please also take into consideration infrastructural expenses if they are relevant (in terms of costs and importance for the project implementation) in the specific context of the project activity. Appropriate evidence should be given.</i>	<i>Description:</i> The Starting date written in C.1.1 is according to the CDM glossary of terms, however the start date should be changed to be 2010-12-22, the date that QPIC issued a check as advance payment on construction of the external NG network. Hence CAR B3 Issued. <i>Justification of evidences:</i> PDD was checked along with the onsite interview. <i>Conclusion:</i> CAR B3 is raised.	/PDD/ /IM01/	CAR B3	OK
B.4.2.2. In case the project start date is on or after 2 nd August 2008 has the PP informed the DNA and UNFCCC about the intension to	<i>Description:</i> the project start date is 2010-12-22 and a CAR B3 is already raised above. The PP has informed both DNA and UNFCCC about the intention to take the project activity as a CDM project activity. The PP informed the UNFCCC on 2011-02-20 and	/PDD/ /unfccc/ /IM03/	CAR B4	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>seek CDM status?</p> <p>(EB 55 Annex 1, §§ 99–101)</p> <p><i>Describe whether such a notification has been provided by the project participants within six months of the project activity start date; if NOT it shall be determined that the CDM was not seriously considered.</i></p>	<p>to DNA on May 2010. The PP obtained the Letter of NO objection from Egyptian DNA, but did not mention this in the PDD and also not provided the documents for the same.</p> <p><i>Justification of evidences:</i> The validation team checked this from unfccc website and also interviewed the CDM APU member present during validation site visit.</p> <p><i>Conclusion:</i> CAR B4 was raised</p>			
<p>B.4.2.3. In case the project start date is before commencing of validation and 2nd August 2008, was the incentive from the CDM seriously considered and are details given in the PDD?</p> <p>(EB 55 Annex 1, §§ 100, 102)</p> <p><i>Describe whether the evidence to support such consideration is adequately and transparently described in the PDD.</i></p>	<p><i>Description:</i> N/A</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	PDD	OK	OK
<p>B.4.2.4. How and when was the decision to proceed with the project taken?</p> <p><i>Describe the steps taken to validate the starting date.</i></p>	<p><i>Description:</i> The project started the implementation on 2010-12-22, which is taken as start date, through equity however, the final decision is still not taken by the board as checked during the site visit as they are still searching for finance from the stakeholders of the company and hence this is raised as FAR B5.</p> <p><i>Justification of evidences:</i> On site interview</p>	/PDD/ /IM01/ /IM02/	FAR B5	FAR B5

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
	<i>Conclusion:</i> FAR B5 was raised			
<p>B.4.2.5. Is the project start date consistent with the available evidences? (EB 55 Annex 1, § 102)</p> <p><i>Describe the evidence assessed regarding the prior consideration of the CDM (if necessary). Describe whether the evidence to support such consideration is adequately and transparently described in the PDD.</i></p>	<p><i>Description:</i> The project started the implementation on 2010-12-22, which is taken as start date, when PP made the payments for construction of NG network.</p> <p><i>Justification of evidences:</i> PDD and PSD were checked</p> <p><i>Conclusion:</i> CAR B3</p>	/PDD/ /PSD/	CAR B3	OK
<p>B.4.2.6. Was the decision to proceed with the project taken by a person which has the authority to do so? (EB 55 Annex 1, § 102(a))</p> <p><i>Describe the steps taken to validate this issue.</i></p>	<p><i>Description:</i></p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i> Please refer FAR B5</p>	/PDD/	FAR B5	FAR B5
<p>B.4.2.7. How was the CDM involved in the decision making process? (EB 55 Annex 1, § 102)</p> <p><i>Describe why CDM was a decisive factor in the decision making process.</i></p>	<p><i>Description:</i></p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i> Please refer FAR B5</p>	/PDD/	FAR B5	FAR B5
<p>B.4.2.8. Do the evidences provided doubtlessly prove that continuous and real actions were taken in order to secure the CDM</p>	<p><i>Description:</i> Please refer CAR B3 above.</p>	/PDD/	CAR B3	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
status? (EB 55 Annex 1, § 102; EB 62 Annex 13 § 7)	<i>Justification of evidences:</i> <i>Conclusion:</i>			
B.4.2.9. Is the gap of documented evidences to secure the CDM status less than 3 years and are the evidences relevant for substantiating the action taken, credible, reliable and complete? (EB 62 Annex 13 § 8)	<i>Description:</i> N/A <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.2.10. Did implementation of the project ceased after its commencement and did implementation recommence after consideration of the CDM? (EB 62 Annex 5, § 7) <i>Describe the reasons for ceasing the project and explain why the incentive from CDM was necessary to recommence the implementation.</i>	<i>Description:</i> the project implementation started on 2010-12-22, the implementation of the projects in ongoing inside the company for the construction of the pipelines, internal network for the NG. <i>Justification of evidences:</i> PDD was checked along with on site interview <i>Conclusion:</i> the implementation of the project does not ceased after it's commencement.	/PDD/ /IM01/	OK	OK
B.4.2.11. Can the CDM involvement in the decision assessed as serious? (EB 55 Annex 1, § 104(b)–(c)) <i>Describe whether or not the project would have been undertaken without the incentive of the CDM.</i>	<i>Description:</i> Serious CDM consideration is there as they have informed both Host country DNA & UNFCCC. <i>Justification of evidences:</i> unfccc website	/PDD/ /unfccc/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
	<i>Conclusion:</i> Serious CDM consideration is there			
B.4.3. Identification of alternatives Step 1 (in case of SSC projects pl. skip steps 1 and 2 if appropriate)				
<p>B.4.3.1. Does the list of alternatives contain the status-quo situation, the project not undertaken as a CDM project as well as all other viable means of supplying the outputs or services that are to be supplied by the proposed CDM project activity?</p> <p>(EB 55 Annex 1, §§ 105–107) <i>Describe the steps taken to validate this issue on the basis of your local and sectoral knowledge.</i></p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	/PDD/	OK	OK
<p>B.4.3.2. Have all realistic alternatives been identified to the project?</p> <p>(EB 55 Annex 1, §§ 105–107) <i>Describe whether the list of alternatives is credible and complete. Describe how it is validated that the alternatives are realistic.</i></p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	/PDD/	OK	OK
<p>B.4.3.3. Do all identified alternatives comply with enforced legislations?</p> <p>(EB 55 Annex 1, §§ 106(c)) <i>Describe the steps taken to validate this issue. Refer to the legislations.</i></p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
B.4.4. Investment analysis Step 2 <i>In case the investment analysis as per step 2 is chosen to justify the additionality Annex 2 "Assessment of Financial Parameters" has to be used to provide additional details of the calculation parameters..</i>				
B.4.4.1. Does the PDD provide evidence that the project would not be the most economically or financially attractive alternative or economically / financially feasible without the revenues from the sale of CERs? (EB 55 Annex 1, § 108)	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.4.2. Is an appropriate analysis method chosen for the project (simple cost analysis, investment comparison analysis or benchmark analysis)? (EB 55 Annex 1, § 108; EB 39 Annex 10) <i>Describe why the selected analysis method is appropriate under consideration of potential revenues and costs, potential project alternatives and potential available benchmark values.</i>	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.4.3. Is a clear, viewable and unprotected Excel spreadsheet available for the investment calculation? (EB 55 Annex 1, § 110; EB 51, Annex 58, §8)	<input type="checkbox"/> Yes, a clear, viewable and unprotected Excel spreadsheet is available. <input type="checkbox"/> No, a respective Excel spreadsheet needs to be made available for investment calculation.	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>Describe the steps taken to validate this issue.</i>	In this context the following additional findings have been identified: N/A			
B.4.4.4. Does the period chosen for the investment analysis reflect the technical lifetime of the project activity or in case a shorter period is chosen, is the fair value of the project activity's assets at the end of the investment analysis period (as a cash inflow) included? (EB 55 Annex 1, § 109; EB 62 Annex 5, § 3 – 4) <i>Describe how the technical lifetime / period chosen for calculating financial parameter(s) is reviewed and which documents were utilised in the course of review. Describe furthermore the approach used to check the inclusion of a potential fair value.</i>	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.4.5. Is the (remaining) technical lifetime of existing or project equipment defined in accordance with the guidance of the <i>Tool to determine the remaining lifetime of equipment?</i> (EB 50 Annex 15)	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.4.6. Is the fair value calculated in accordance with local accounting regulations (where	<i>Description:</i> NA	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
available) or international best practice? (EB 55 Annex 1, § 109; EB 62 Annex 5, § 4) <i>State the accounting regulations applied for calculating the fair value and describe why these are applicable under the project specific circumstances. Describe potential mismatches between regulations and the approach applied for calculating the fair value.</i>	<i>Justification of evidences:</i> <i>Conclusion:</i>			
B.4.4.7. Is the book value as well as the expectation of the potential profit or loss included in the fair value calculation? (EB 55 Annex 1, § 109; EB 62 Annex 5, § 4)	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.4.8. Are depreciation and other non-cash related items only considered in the tax calculation and not as cash outflow? (EB 55 Annex 1, § 109; EB 62 Annex 5, § 5)	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.4.9. Were the input values used in the investment analysis valid and applicable at the time of the investment decision? (EB 55 Annex 1, § 109,112; EB 62 Annex 5, § 6) <i>In case the basis for input values is a Feasibility Study Report (FSR) describe how it has been ensured that the period in time between the finalisation of the FSR and the investment decision is sufficiently short so that it is unlikely that input values would have</i>	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>materially changed. Further confirm the consistency of values in FSR and PDD.</i>				
B.4.4.10. Is the plant load factor (PLF) chosen in a conservative manner, taking into account that the PLF may be different in the framework of demonstrating additionality and calculating the ex-ante ER? (EB 48, Annex 11)	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.4.11. In case of project IRR: Are the costs of financing expenditures (loan repayments and interests) excluded from the calculation of project IRR? (EB 55 Annex 1, § 109; EB 62 Annex 5, § 9)	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes, the costs of financing expenditures have been included. <input type="checkbox"/> No, this requirement is not met. In this context the following additional findings have been identified: N/A	/PDD/	OK	OK
B.4.4.12. In cases where a post-tax benchmark is applied please ensure that actual interest payable is taken into account in the calculation of income tax. (EB 55 Annex 1, § 109; EB 62 Annex 5, § 11) <i>If this is not the case, ensure that taxation is excluded from the investment analysis.</i> <i>As per the guidance it is recommended to select a pre tax benchmark in order to describe the steps taken in assessing this requirement.</i>	<input checked="" type="checkbox"/> N/A <input type="checkbox"/> Yes, the interest has been taken into account. <input type="checkbox"/> No, this requirement is not met. In this context the following additional findings have been identified: N/A	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>B.4.4.13. In case of equity IRR: Is the part of the investment costs, which is financed by equity, considered as net cash outflow and is the part financed by debt excluded in net cash outflow?</p> <p>(EB 55 Annex 1, § 109; EB 62 Annex 5, § 10)</p>	<p><input checked="" type="checkbox"/> N/A</p> <p><input type="checkbox"/> Yes, in- and outflows have been considered correctly.</p> <p><input type="checkbox"/> No, this requirement is not met.</p> <p>In this context the following additional findings have been identified: N/A</p>	/PDD/	OK	OK
<p>B.4.4.14. Is the type of benchmark chosen appropriate for the type of IRR calculated (e.g. local commercial lending rates or weighted average costs of capital for project IRR; required/expected returns on equity for equity IRR)?</p> <p>(EB 55 Annex 1, § 111; EB 62 Annex 5, §§12 – 18)</p> <p><i>In case risk premiums are applied precisely describe its suitability to reflect the risks associated with the project activity, considering the project type and market situation.</i></p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	/PDD/	OK	OK
<p>B.4.4.15. Is the benchmark value suitable for the project activity and is it reasonable to assume that no investment would be made at a rate of a lower return than the benchmark?</p> <p>(EB 55 Annex 1, § 109; EB 62 Annex 5, §§13 – 18)</p> <p><i>Describe whether it is reasonable to assume that a lower rate of</i></p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>return would consequently result in the baseline scenario.</i>				
<p>B.4.4.16. Is it ensured that the project cannot be developed by other developers than the PP?</p> <p>(EB 55 Annex 1 § 109; EB 62 Annex 5, §§ 13 – 14) <i>Describe why the benchmark does not include the subjective profitability expectations or risk profile of the project developer. If applicable assess the past financial behavior of the entity during at least the last 3 years in relation to similar projects.</i></p>	<p>Description: NA</p> <p>Justification of evidences:</p> <p>Conclusion:</p>	/PDD/	OK	OK
<p>B.4.4.17. Was the benchmark consistently used in the past for similar projects with similar risks?</p> <p>(EB 55 Annex 1, § 112(c))</p>	<p>Description: NA</p> <p>Justification of evidences:</p> <p>Conclusion:</p>	/PDD/	OK	OK
<p>B.4.4.18. Does the PDD and related spreadsheets contain a sensitivity analysis and does the same contain variation of parameters which may vary throughout the project lifetime,</p> <p>(EB 55 Annex 1, §§ 109–110(e); EB 62 Annex 5, § 20–21) <i>Describe relevance of parameters used in the sensitivity analysis as well as their likeliness to vary during the project's lifetime. Parameters which are fixed on the basis of contracts, PPAs etc. may not be subject to variation and not adequate.</i></p>	<p>Description: NA</p> <p>Justification of evidences:</p> <p>Conclusion:</p>	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>B.4.4.19. Were only variables that constitute more than 20% of either total project costs or total project revenues subjected to reasonable variation?</p> <p>(EB 55 Annex 1, § 109; EB 62 Annex 5, § 20)</p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	<p>/PDD/</p>	<p>OK</p>	<p>OK</p>
<p>B.4.4.20. Have parameters, constituting less than 20% of total project costs or revenues, been identified with potential material impact on the financial parameter?</p> <p>(EB 55 Annex 1, § 109; EB 62 Annex 5, § 20)</p> <p><i>Describe whether those parameters are considered in the sensitivity analysis?</i></p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	<p>/PDD/</p>	<p>OK</p>	<p>OK</p>
<p>B.4.4.21. Is the range of variation reasonable in the specific context of the project activity, taking into consideration historic trends in the business sector?</p> <p>(EB 55 Annex 1, § 109; EB 62 Annex 5, § 21)</p> <p><i>Describe whether the range of variation is appropriate with focus on historic developments, e.g. price of oil / labour etc., energy potential in the region in question.</i></p>	<p><i>Description:</i> NA</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	<p>/PDD/</p>	<p>OK</p>	<p>OK</p>

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
B.4.5. Barrier analysis Step 3 or SSC additionality assessment				
<p>B.4.5.1. Are there any barriers given which have a clear and direct impact on the financial returns of the project?</p> <p>(EB 55 Annex 1, §§ 115, 134, 137)</p> <p><i>In case of LSC projects those issues cannot be considered as barriers and shall be assessed in the investment analysis. In case of SSC projects the same fundamentals as for LSC projects shall apply, i.e. the assessment of the investment barrier according to EB 62 Annex 5.</i></p>	<p><i>Description:</i> The project activity is mentioning Investment Barrier and Other Barriers as the barriers to demonstrate additionality and there are no other barriers which directly impact the financial returns of the company. Hence this is not applicable for the project activity.</p> <p><i>Justification of evidences:</i> PDD was checked along with onsite interview.</p> <p><i>Conclusion:</i> this is not applicable for the project activity.</p>	/PDD/ /IM01/ /IM02/	OK	OK
<p>B.4.5.2. Are the barriers described risk related (e.g technology failure, other performance related risks)?</p> <p>(EB 55 Annex 1, §§ 116, 134, 137)</p> <p><i>Are there other barriers or barriers due to prevailing practice existent which would have led to higher emissions?</i></p>	<p><i>Description:</i> The barriers are risk related as the PP has to develop NG network and piping and also the pricing of NG will be rising because of which the NG will be hard to buy after 10 years contract is over. The documentary evidences for price increase to be provided by PP.</p> <p><i>Justification of evidences:</i> onsite interview and PDD was checked</p> <p><i>Conclusion:</i> CL B6 is raised</p>	/PDD/ /IM01/	CL B6	OK
<p>B.4.5.3. Has the unavailability of means of finance for the project been described and adequately substantiated? Do evidences</p>	<p><i>Description:</i> The project activity faces unavailability of means of finance for the project activity as the PP has occurred losses from 2009 onwards till 2010 and even in 2011 the losses are in the range of 87 million Egyptian pounds as checked from the financial</p>	/PDD/ /IM01/ /IM03/	CL B7	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
doubtlessly prove that the financing of the project was assured only due to the benefit of the CDM? (EB 55 Annex 1, §§ 116, 137, EB 50 Annex 13, § 9)	person during onsite interview. The Egyptian banks have suspended the borrowing privileges of the company. The documentary evidences are missing for the same. <i>Justification of evidences:</i> Onsite interview of PP and CDM APU member, PDD was checked. This was also confirmed by host country expert that the central bank of Egypt suspends borrowing privileges of the company. <i>Conclusion:</i> CL B7 was raised for the same.	/HCE/		
B.4.5.4. How is it justified and evidenced that the barriers given in the PDD are real? (EB 55 Annex 1, § 116(a))	<i>Description:</i> Pending CL B6 & CL B7 <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	CL-B6 CL-B7	OK
B.4.5.5. How is it justified that one or a set of real barriers prevent(s) the implementation of the project activity and do not prevent the implementation of at least one of the alternatives? (EB 55 Annex 1, § 116(b))	<i>Description:</i> The Investment barrier prevents the implementation of the project activity and do not prevent the continuous use of HFO for the power boiler. <i>Justification of evidences:</i> This was checked from the evidences during site visit interview and financial statements of the company. <i>Conclusion:</i> Pending CL B6 & B7	/PDD/ /IM01/ /IM02/	CL-B6 CL-B7	OK
B.4.5.6. Does the review of relevant background information on the nature of the company(ies) and entity(ies) involved in the financing and implementation of the project sufficiently justify that the barriers	<i>Description:</i> Quena Paper Industry Co. (QPIC) is an Egyptian Joint Stock Company (SAE) established on 15/06/1995 under Decision No. 347/1995 by minister of economy and foreign trade, under investment law No. 230/1989. The project activity faces unavailability of means of finance for the project activity as the PP	/PDD/ /IM01/ /IM03/ /HCE/	CL-B6 CL-B7	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
related to the lack of access to capital, technologies and skilled labour are real? (EB 50 Annex 13, § 4)	has occurred losses from 2009 onwards till 2010 and even in 2011 the losses are in the range of 87 million Egyptian pound as checked from the financial person during onsite interview. The Egyptian banks have suspended the borrowing privileges of the company. <i>Justification of evidences:</i> Business licence was checked. Onsite interview of PP and CDM APU member, PDD was checked. This was also confirmed by host country expert that the central bank of Egypt suspends borrowing privileges of the company. <i>Conclusion:</i> Pending CL B6 & CL B7			
B.4.5.7. Has it been demonstrated in an objective way how the CDM alleviates each of the identified barriers to a level that the project is not prevented anymore from occurring by any of the barriers? (EB 50 Annex 13, § 5)	<i>Description:</i> CDM will help in alleviating the investment barrier (access to capital) as envisaged by the PP. PDD is not clear on the fact that how CDM will alleviate the Limited information barrier for Future Natural Gas Price rise & Future production rate. <i>Justification of evidences:</i> interview of PP and PDD was checked. <i>Conclusion:</i> CAR B13 was raised	/PDD/ /IM01/	CAR B13	OK
B.4.5.8. Would provision of additional financial means lead to the mitigation of the barrier(s) demonstrated? (EB 50 Annex 13, § 7) <i>Describe why provision of additional financial means would not</i>	The project activity faces unavailability of means of finance for the project activity as the PP has occurred losses from 2009 onwards till 2010 and even in 2011 the losses are in the range of 87 million as checked from the financial person during onsite interview. The Egyptian banks have suspended the borrowing privileges of the company. Hence the PP cannot get the additional finance which will	/PDD/ /IM01/ /IM03/ /HCE/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>lead to mitigation of the barrier(s) demonstrated and hence analysing the project's additionality within the framework of an investment analysis is inappropriate. .</i>	mitigate the barriers.			
B.4.6. Common practice analysis Step 4 (in case of SSC projects skip this step)				
B.4.6.1. Is the defined region for the common practice analysis appropriate for the technology/industry type? (EB 55 Annex 1, § 120(a)) <i>Describe why the project activity is not common practice in a transparent and unambiguous manner. If a region other than the entire host country is chosen, describe why this region is more appropriate.</i>	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.6.2. To what extent similar projects have been undertaken in the relevant region? (EB 55 Annex 1, § 120(b))	<i>Description:</i> NA <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/	OK	OK
B.4.6.3. In case similar projects are identified, are there any key differences between the proposed project and existing or ongoing projects and what kind of differences are observed?	<i>Description:</i> NA <i>Justification of evidences:</i>	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
(EB 55 Annex 1, § 120(c))	<i>Conclusion:</i>			
B.5. Ex-Ante Calculation of GHG Emission Reductions <i>It is assessed whether the ex-ante calculations of project emissions, baseline emissions, leakage emissions are stated according to the methodology and whether the argumentation for the choice of default factors and values – where applicable – is justified. Furthermore calculation of emission reductions shall be assessed.</i>				
B.5.1. Are the equations applied correctly according to the applied approved methodology? (EB 55 Annex 1, §§ 67(c), 89–90, 92) <i>Describe clearly the steps taken to assess whether the methodology has been applied correctly to calculate project emissions, baseline emissions, leakage and emission reductions. Further take into consideration that all estimates of the baseline emissions can be replicated using the data and parameter values provided in the PDD.</i>	<input checked="" type="checkbox"/> The equations applied for calculation are correctly applied according to the approved methodology. <input type="checkbox"/> The following mistakes have been identified in this context: <i>Description:</i> The equations are correctly applied but the equation numbers of the methodology is not mentioned in the PDD. Hence CAR B8 is raised for the same. <i>Justification of evidences:</i> methodology and PDD were checked. <i>Conclusion:</i> CAR B8 is raised	/PDD/ /AMS III B/	CAR B8	OK
B.5.2. In case the methodology allows for different methodological choices, are the equations applied properly justified and have they been used reflecting the other methodological	<i>Description:</i> N/A <i>Justification of evidences:</i>	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
choices (i.e. baseline identification)? (EB 55 Annex 1, §§ 90–91) <i>Assess the correct selection and application of methodological choices. Describe whether proper justification has been provided (based on the choice of the baseline scenario, context of the project activity and other evidence provided) and whether the correct equations have been used reflecting the relevant methodological choices.</i>	<i>Conclusion:</i>			
B.5.3. Have conservative assumptions been used when calculating the project emissions? (EB 55 Annex 1, §§ 90–91) <i>Describe clearly the steps taken to assess whether all the assumptions and data used by the PP are listed in the PDD including references and sources and are conservatively interpreted in the PDD.</i>	<i>Description:</i> The conservative assumptions are taken when applying the equations and calculating Project emissions. <i>Justification of evidences:</i> This was checked from PDD and spreadsheet. <i>Conclusion:</i> conservative assumptions are taken for calculating Project emissions.	/PDD/ /XLS/	OK	OK
B.5.4. Does the implementation of the project activity lead to GHG emissions within the project boundary which are expected to contribute more than 1% of the overall expected average annual emission reductions, which are not addressed by the methodology? (EB 55 Annex 1, § 77)	<i>Description:</i> The implementation of the project activity does not lead to GHG emissions within the project boundary which are expected to contribute more than 1% of the overall expected average annual emission reductions, which are not addressed by the methodology. <i>Justification of evidences:</i> The methodology was checked and this was also verified by Physical verifying the project boundary. <i>Conclusion:</i> The implementation of project activity would not lead to	/AMS III B/ / PDD/ /IM01/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
	any such situation not covered by methodology.			
<p>B.5.4.1. Has a plant load factor (PLF) been defined ex-ante and considered for determination of baseline emissions?</p> <p>(EB 48 Annex 11, §§ 1, 3–4)</p> <p><i>Describe why the PLF is conservative in the framework of calculating emissions reductions and whether the PLF is the same in the framework of demonstrating additionality by applying the investment analysis. Note, in order to be conservative in both cases the PLF may be different.</i></p>	NA	/PDD/	OK	OK
<p>B.5.5. Are all data sources and assumptions appropriate and parameters which remain fixed throughout the crediting period correct, applicable to the project and will lead to a conservative estimation of emission reductions?</p> <p>(EB 55 Annex 1, § 91)</p> <p><i>Describe clearly the steps taken to assess whether the values used for the fixed parameters are considered reasonable, correct and applicable in the context of the project activity. Check esp. chapter 6.2 of the PDD.</i></p>	<p><i>Description:</i> In section B.6.2 of the PDD the data sources and assumptions are mentioned which remain fixed, but some parameters like NCV of NG is mentioned twice with different units. Even in some parameters the section of Any comment refers to IPCC 2006 though the PP is using national data. Hence CAR B9 was raised for the same.</p> <p><i>Justification of evidences:</i> PDD was checked along with on site interview of PP.</p> <p><i>Conclusion:</i> CAR B9 was raised</p>	/PDD/ /IM01/ /IM02/	CAR B9	OK
<p>B.5.6. Are all ex-ante calculation values for monitoring parameters (as defined as per chapter B.7.1) reasonable?</p> <p>(EB 55 Annex 1, § 91)</p> <p><i>Describe clearly the steps taken to assess whether the</i></p>	<p><input checked="" type="checkbox"/> All "Values of data to be applied for the purpose of calculating expected emissions reductions" are considered to be reasonable, applicable and conservative.</p> <p><input type="checkbox"/> The following mistakes have been identified in this context:</p>	/PDD/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>values used for the monitoring parameters are considered reasonable, applicable and conservative in the context of the project activity</i>				
<p>B.5.7. Are the emission reductions real, measurable and give long-term benefits related to the mitigation of climate change.</p> <p><i>Describe the steps taken to validate this issue.</i></p>	<p><i>Description:</i> The emission reductions are real, measurable and give long term benefits related to the mitigation of climate change.</p> <p><i>Justification of evidences:</i> This was checked from the spreadsheet and physical verification of project boundary.</p> <p><i>Conclusion:</i> The emission reductions are real, measurable and give long term benefits related to the mitigation of climate change.</p>	/PDD/	OK	OK
<p>B.6. Monitoring of Emission Reductions</p> <p><i>It is assessed whether the monitoring plan is appropriate for the project activity and in line with the applied methodology.</i></p>				
<p>B.6.1. Are all monitoring parameters required by the applied methodology contained in the monitoring plan?</p> <p>(EB 55 Annex 1, §§ 67(e), 121, 123(a), 124)</p> <p><i>Assess whether all applicable parameters listed in the methodology are included in the monitoring plan.</i></p> <p><i>Pl. check further whether the selection of parameters not to be monitored (section B.6.2) is appropriate and in line with</i></p>	<p><i>Description:</i> All monitoring parameters required in the PDD as per the methodology are not mentioned in section B.7.1. Hence CAR B10 was raised for the same.</p> <p>Net Energy output is calculated based on measured parameters. The PDD mentions Steam flow as one parameter to be measured but mentions Temperature and Pressure as fixed parameters. PP/QPIC to justify that the boiler is designed to operate under fixed temperature and pressure. CAR B12 was raised for the same.</p> <p><i>Justification of evidences:</i> During the site visit the PP was interviewed and found that this can be done as per the</p>	/PDD/ /AMS III B/	CAR B10 CAR B12	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>the applied methodology.</i> <i>In case of different approaches can be chosen acc. to the methodology assess whether the selection of parameters is justified and correct.</i>	methodology. <i>Conclusion:</i> CAR B10 & CAR B12 was raised			
B.6.2. Are the means of monitoring of all parameters contained in the monitoring plan feasible and in accordance with the requirements of the applied methodology? (EB 55 Annex 1, § 123(a)–(b), 124) <i>Assess whether the provided information for all parameters w.r.t.</i> a) <i>Label (name of the data / parameter)</i> b) <i>data unit</i> c) <i>description</i> d) <i>source of data</i> e) <i>measurement equipment / method / procedure</i> f) <i>monitoring frequency</i> g) <i>QA/QC procedures</i> <i>are appropriately described and in compliance with the requirements of the methodology..</i>	<i>Description:</i> Pending CAR B10 <i>Justification of evidences:</i> <i>Conclusion:</i>	/PDD/ /AMS III B/	CAR B10	OK
B.6.3. Are all parameters presented as per international standards? a) <i>Format: Standard format (e.g. 1,000 representing</i>	<input type="checkbox"/> Standard formats have been used <input type="checkbox"/> SI units were used – or added	/PDD/ /AMS III B/	CAR B10	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p><i>one thousand and 1.0 representing one).</i></p> <p><i>b) Units: Values shall be directly given in SI units – or additionally to original units transferred to SI.</i></p> <p><i>c) Short scale naming system: (Only) million = 10⁶ and billion 10⁹ shall be used.</i></p> <p><i>Please refer to the International System of Units (SI) as published within Guidance 11/08.</i></p>	<p><input type="checkbox"/> The short scale naming is correct</p> <p>In this context the following additional findings have been identified: N/A Pending CAR B10</p>			
<p>B.6.4. Have all means of implementing the monitoring plan, e.g. equations necessary for ex-post emission reduction calculation, been described clearly and in line with the methodology?</p> <p>(EB 55 Annex 1, §§ 123(b), 124) <i>Check whether all necessary equations have been provided in the PDD. Pl. consider that ex-post and ex-ante calculations might be different.</i></p> <p><i>Please consider that additional equations might be necessary to calculate auxiliary parameters.</i></p>	<p><i>Description:</i> Pending CAR B10</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	/PDD/ /AMS III B/	CAR B10	OK
<p>B.6.5. Is it likely that the monitoring arrangements described in the PDD can properly be implemented in the context of the project activity?</p> <p>(EB 55 Annex 1, § 124(c)) <i>Assess whether the described monitoring arrangements are sufficient and realistic to enable a thorough monitoring. Pl.</i></p>	<p><i>Description:</i> Pending CAR B10 & CAR B12</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i> CAR B10 & CAR B12</p>	/PDD/ /AMS III B/	CAR B10 CAR B12	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<i>consider also special monitoring conditions, e.g. downtimes of monitoring equipment etc.</i>				
<p>B.6.6. Are the QA/QC procedures appropriate sufficient to ensure the emission reductions achieved from the project activit can be reported ex-post and verified?</p> <p>(EB 55 Annex 1, § 124(b)) <i>Please consider the description given in section B.7.2. Describe which QA/QC provisions are considered. Address Quality Management System provisions, calibration and maintenance of equipment. Address further any review procedures.</i></p>	<p><i>Description:</i> The PDD is not mentioning about the Frequency of calibration of equipments, Internal Audits, Training Requirements and their procedures for keeping the records. Hence CAR B11 is raised for the same.</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i> CAR B11</p>	/PDD/	CAR B11	OK
<p>B.6.7. Are procedures identified for data management?</p> <p>(EB 55 Annex 1, § 124(b)) <i>Check whether appropriate provisions are considered for data management including responsibilities, what records to keep, storage area of records and how to process performance documentation</i></p> <p><i>Check further the data archiving provisions for the project activity and ensure that provisions are made to archive data for the whole crediting period + 2 years.</i></p>	<p><i>Description:</i> pending CAR B11</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i></p>	/PDD/	CAR B11	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
C. Duration of the Project/ Crediting Period <i>It is assessed whether the temporary boundaries of the project are clearly defined.</i>				
<p>C.1. Is the project's operational lifetime clearly defined and evidenced?</p> <p><i>Check whether the project lifetime is correctly defined. Consider the guidance on the assessment of investment analysis (annex to the additionality tool).</i></p> <p><i>Check in case of phased implementation this has been reflected throughout the whole PDD incl. the financial assessment, if applicable.</i></p>	<p><i>Description:</i> The project operational life time is clearly mentioned as 20 years in section C.1.2 of PDD. Also during the site visit interview it was found that this 20 years will increase to 30 years as the operational life time of the power boiler is 30 years and not 20 years. The proof for the same is missing hence CAR C1 is raised.</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i> CAR C1 is raised.</p>	/PDD/	CAR C1	OK
<p>C.2. Is the start of the crediting period clearly defined and reasonable?</p> <p><i>Check whether the envisaged starting date of the crediting period is realistic, taking into consideration the times needed for validation and registration.</i></p>	<p><i>Description:</i> The start date of crediting period is clearly defined as 2012-07-01. It is reasonable.</p> <p><i>Justification of evidences:</i> PDD was checked</p> <p><i>Conclusion:</i> The start date of crediting period is clearly defined</p>	/PDD/	OK	OK
D. Environmental Impacts <i>Documentation on the analysis of the environmental impacts will be assessed, and if deemed significant, an EIA should be provided to the DOE.</i>				

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>D.1.1. Are there any Host Party requirements for an Environmental Impact Assessment (EIA)?</p> <p>(EB 55 Annex 1, §§ 131–133)</p> <p><i>Check the host party regulations, regarding EIA.</i></p>	<p><i>Description:</i> EIA is required by the host party as per law 4/1994 and amended in law 9/2009. PP carried out the EIA. PP needs to provide copy of EIA hence CL D1 was raised</p> <p><i>Justification of evidences:</i> onsite interview of PP and CDM APU member.</p> <p><i>Conclusion:</i> CL D1 was raised</p>	<p>/IM01/ /IM03/ /PDD/</p>	<p>CL D1</p>	<p>OK</p>
<p>D.1.2. In case an Environmental Impact Assessment (EIA) is requested by the host party, has it been carried out and if applicable duly approved?</p> <p>(EB 55 Annex 1, §§ 131–133)</p> <p><i>Check the EIA and its approval, if applicable.</i></p>	<p><i>Description:</i> EIA was done by the PP but the approval is still pending hence CL D2 is raised to provide the Approval letter of EIA.</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i> CL D2 is raised.</p>	<p>/PDD/</p>	<p>CL D2</p>	<p>OK</p>
<p>D.1.3. Has an analysis of the environmental impacts of the project activity been sufficiently described and in line with the host party environmental legislation?</p> <p>(EB 55 Annex 1, §§ 130–132)</p> <p><i>Check the PDD (section D). Check whether the project will create any adverse environmental effects.</i></p> <p><i>Check the relevant national environmental legislation.</i></p>	<p><i>Description:</i> Section D of PDD is not mentioning the environmental impacts sufficiently and transparently. Hence CAR D3 is raised.</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i> CAR D3 raised.</p>	<p>/PDD/</p>	<p>CAR D3</p>	<p>OK</p>

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>D.1.4. Are transboundary environmental impacts considered in the analysis?</p> <p>(EB 55 Annex 1, §§ 131–133)</p> <p><i>Check the documents and local official sources / expertise regarding transboundary environmental impacts.</i></p>	<p><i>Description:</i> pending CAR D3</p> <p><i>Justification of evidences:</i></p> <p><i>Conclusion:</i> pending CAR D3</p>	/PDD/	CAR D3	OK
<p>E. Stakeholder Comments</p> <p><i>The DOE should ensure that stakeholder comments have been invited with appropriate media and that due account has been taken of any comments received.</i></p>				
<p>E.1. Have relevant local stakeholders been invited to consultation prior to the publication of the PDD?</p> <p>(EB 55 Annex 1, § 128)</p> <p><i>Check by means of document review and interviews with local stakeholders if and when a local stakeholder consultation process has been carried out.</i></p>	<p><i>Description:</i> The relevant stakeholders (Head of city council Kous town, EEAA, Egyptian DNA, CDM APU, ESIIC, NGO's) were invited to consultation prior to the publication of PDD. The stake holders were invited through invitation letters, through announcement in Newspaper (Al-Akhbar) dated 2011-11-01. Even the announcement was published on EEAA website on 2011-11-02.</p> <p><i>Justification of evidences:</i> Copy of news paper clipping dated 2011-11-01 was checked and obtained the copy of the same which was in Arabic language which was confirmed by host country expert. The copies of invitation letters were also checked and obtained the copies of the same. This was also checked by interviewing CDM APU unit members present during validation and also confirming that the stakeholder meeting held on 2011-11-13.</p> <p><i>Conclusion:</i> relevant stakeholders were invited and local stake holder consultation took place in QPIC factory.</p>	/PDD/ /LSHC/ /IM03/ /HCE/	OK	OK

Checklist Item (incl. guidance for the validation team)	Validation Team Comments (justification and substantiation of information, data and evidences)	Ref.	Draft Concl.	Final Concl.
<p>E.2. Can the local stakeholder consultation process be assessed as adequate? (EB 55 Annex 1, § 129(a)–(c))</p> <p><i>Describe what assessment steps have been undertaken to assess the adequacy of the stakeholder consultation process. Give a final opinion on the adequacy.</i></p> <p><i>Please consider the following requirements in this context:</i></p> <p><i>(a) Comments by local stakeholders that can reasonably be considered relevant for the proposed CDM project activity, have been invited;</i></p> <p><i>(b) The summary of the comments received as provided in the PDD is complete;</i></p> <p><i>(c) The project participants have taken due account of any comments received and have described this process in the PDD.</i></p>	<p><i>Description:</i> The local stake holder consultation process can be assessed as adequate because the PP invited all the relevant stake holders and provided them the questionnaire for which all the participants responded positively. Also some of the queries were also raised in addition to the questionnaire by the participants which were addressed to the satisfaction level of the participants. This is clearly and transparently mentioned in section E.1, E.2 and E.3 of web hosted PDD.</p> <p><i>Justification of evidences:</i> This was checked by interviewing the CDM APU unit members present during validation and also by telephoning to the head of the CDM APU who was present during the stake holder consultation process.</p> <p><i>Conclusion:</i> local stakeholder consultation process be assessed as adequate</p>	<p>/PDD/ /IM03/</p>	<p>OK</p>	<p>OK</p>

ANNEX 2: ASSESSMENT OF BASELINE IDENTIFICATION

Table A-2: Assessment of Baseline Identification (EB 55 Annex 1 §§83 – 86)

<input type="checkbox"/>	Baseline is not identified
<input checked="" type="checkbox"/>	Assessment of baseline see below

Baseline Alternatives identified	In line with the Methodology?	Eliminated	Reasons for elimination / non-elimination from list of alternatives	Evidence used	DOE Assessment	
					Appropriateness of elimination	Assessment of validation team (results and means of assessment)
Continuation of current practice	<input checked="" type="checkbox"/>	<input type="checkbox"/>	As per methodology	Meth	<input type="checkbox"/>	Paragraph 15 of methodology AMS III B was checked and found that baseline is continuation of current practice i.e. HFO in main power boiler. The last three years data were also checked and found that baseline emissions are calculated with the help of last three years data. Also, no regulation in host country prevents to use HFO for the power generation. This was confirmed from CDM APU member present during validation. Hence accepted by Validation team.

ANNEX 3: ASSESSMENT OF FINANCIAL PARAMETERS

Table A-3: Assessment of Financial Parameters (EB 55 Annex 1, §§ 111, 112, 114/ in case financial parameters stem from FSR §113,)

<input checked="" type="checkbox"/>	No financial parameters are used for additionality justification					
<input type="checkbox"/>	Assessment of all financial parameters see below					
Parameter	Value applied	Unit	Source of Information (please indicate document and page)	Reference	DOE ASSESSMENT	
					Correctness of value applied	Comment
					<input type="checkbox"/>	

ANNEX 4: ASSESSMENT OF BARRIER ANALYSIS

Table A-4: Assessment of Barrier Analysis (EB 55 Annex 1, §118)

<input type="checkbox"/>	No barrier parameters are used for additionality justification			
<input checked="" type="checkbox"/>	Assessment of barriers see below			
Kind of Barrier (invest, tech, other)	Description of Barrier	Evidence used	Assessment of validation team	
			Appropriateness of information source	Explanation of final result
Other Barrier	Financial resources i.e. Access to finance Barrier	/FAS/ /CAO/ /Bank L/ /Fitch/ /S&P/ /Guideline/ /ADD/	<input checked="" type="checkbox"/>	The PP faced the other barrier due to financial resources i.e. access to finance barrier for the project activity. The financial health of the project proponent i.e. QPIC was checked as per EB50 Annex 13 paragraph 4. The two years audited statements of 2009 & 2010 were checked along with central auditing organization report of 2011 for the financial year 2010 in which it was clear that PP was making losses. It was confirmed that PP was not getting the loans from the financial institutions. This was also cross verified from the bank letter of National Bank of Egypt which clarifies that the PP will not be able to pay the debt. This was also attributable to revolution in Egypt and loss of crediting rating of the host country. The credit rating was downgraded was checked from Fitch and Standards & Poor website as well as hard copy. All these clearly showed that PP is facing other barrier due to financial resources i.e. access to finance barrier. This was also verified by checking the board minutes of meeting dated 16 th May 2011 in which this was clear that even other share holders (Misr for life insurance company, Misr insurance company) were also not able to increase their share. Even the National Investment bank refused to provide the share of capital for these two share holders, as checked from letter dated 25 th October 2011. These were also cross verified from the CDM APU member and Host country expert for the original letters written in Arabic language. Both clarified that debt cannot be raised due to the above reasons. This was found in line with EB68 Annex 27 and also in line with EB50 Annex 13 guideline 1 point 1 as well. This is also

				<p>found in line with EB 35 Annex 34 point 2(b). PP again approached one more stakeholder on 2012-01-22 i.e. Food industry for increasing the capital by mentioning CDM benefits for the project activity. This was also found in compliance with §5 of EB50 Annex 13.</p> <p>Hence accepted by the validation team as other barrier and project is additional.</p>
--	--	--	--	---

ANNEX 5: OUTCOME OF THE GSCP

Table A-5: Outcome of the Global Stakeholder Consultation Process

(§§ 40-42, VVM Version 1.2)

<input checked="" type="checkbox"/>	No comments were received during the global stakeholder consultation period					
<input type="checkbox"/>	Comments were received during the global stakeholder consultation period. The comments (in unedited form) and the consideration/response of the validation team are presented below:					
Comment No.:	Comment by:	Inserted on:	Subject	Comment ^{*)}	Action taken by the validation team to take due account on the comment ^{*)}	Conclusion (incl. CARs CLs or FARs)

^{*)} In case clarifications have been requested by the validation team corresponding rows shall be added

ANNEX 6: STATEMENTS OF COMPETENCE OF ALL INVOLVED PERSONNEL



Statement of Competence

Appointment and authorization according to the procedures
of the TÜV NORD JI/CDM Certification Program

Mr. Pankaj Mohan

SCHEME	STATUS	VALID UNTIL
CDM	Senior Assessor (Validation, Verification)	2014-07-11
VCS	Senior Assessor (Validation, Verification)	2014-07-11

Authorization status for technical areas within sectoral scopes:

CODE	TECHNICAL AREA	TR SUBCATEGORIES
1.1	Thermal energy generation	
1.2	Renewable energy	
2.1	Electricity distribution	
3.1	Energy demand	
4.1	Cement sector*	
4.5	Waste Heat Recovery*	

*valid for validation/verification assessments contracted prior to 2012-03-17.

150 – Rev. 3, Date: 2011-10-28

150_S01-F003_2011-10-28_rev3.doc

S01-F003 rev1 / 2011-08-02



Statement of Competence

Appointment and authorization according to the procedures
of the TÜV NORD JI/CDM Certification Program

Mr. Prabhat Kumar

SCHEME	STATUS	VALID UNTIL
CDM	Lead Assessor (Validation, Verification)	2015-01-17
VCS	Lead Assessor	2015-01-17

Authorization status for technical areas within sectoral scopes:

CODE	TECHNICAL AREA
1.2	Renewable Energies
7.1	Transport
13.1	Waste Handling and Disposal

284 – Rev. 3, Date: 2012-02-08

284_S01-F003_2012-02-08_rev3.doc

S01-F003 rev1 / 2011-08-02



Statement of Competence

Appointment and authorization according to the procedures
of the TÜV NORD JI/CDM Certification Program

Mr. Ramy Marei

SCHEME	STATUS	VALID UNTIL
CDM	Trainee	2014-02-01
VCS	Trainee	2014-02-01

194 – Rev. 0, Date: 2011-03-17

**Statement of Competence**

Appointment and authorization according to the procedures
of the TÜV NORD JI/CDM Certification Program

Mr. Samir Beqqal

SCHEME	STATUS	VALID UNTIL
CDM	Lead Assessor Validation, Verification	2015-01-17
VCS	Lead Assessor	2015-01-17

110 – Rev. 2, Date: 2012-01-19

110_S01-F003_2012-01-19_rev2.doc

S01-F003 rev0 / 2010-04-19

**Statement of Competence**

Appointment and authorization according to the procedures
of the TÜV NORD JI/CDM Certification Program

Mr. Rainer Winter

SCHEME	STATUS	VALID UNTIL
CDM	Senior Assessor (Validation, Verification) Technical Reviewer	2013-07-03
JI	Senior Assessor Technical Reviewer	2013-07-03
VCS / ISO 14064-2	Senior Assessor Technical Reviewer	2013-07-03

Authorization status for technical areas within sectoral scopes:

CODE	TECHNICAL AREA	TR SUBCATEGORIES
1.1	Thermal Energy Generation	
1.2	Renewable Energies	1.2.1 Hydro 1.2.2 Wind 1.2.3 Geothermal 1.2.4 Solar 1.2.5 Tidal
4.1	Cement Sector	
4.3	Iron and Steel	
4.5	Waste Heat Recovery	
4.8	Glass	
5.1	Chemical Process Industries	
9.1	Metal Production	
11.1	Chemical Process Industries	
11.2	GHG Capture and Destruction	
12.1	Chemical Process Industries	
13.1	Waste Handling and Disposal	13.1.1 Waste Management

003 - Rev. 6, Date: 2012-10-12

003_S01-VA060-F20_2012-10-12_rev6.doc

S01-VA060-F20 rev3 / 2012-10-25