

Our reference : SQAS-CDM- EG03530001

Your reference : CDM reference no. 9133

Date : 23 May 2013

UNFCCC Executive Board
Martin Luther King Strasse 8
D-53153 Bonn
Germany.

Dear Members of the CDM Executive Board,

Response to Request for Review by EB on the submission for request for issuance for the "Methane Recovery and Utilization at Prosper Palm Oil Mill, Malaysia"

Following the request for review by three Executive Board members concerning SIRIM QAS International's request for issuance for the above registered CDM project activity, please find below our responses to the issues raised.

Issue:

The DOE shall further clarify how it considered the choice of the simple cost analysis option for demonstrating the additionality of the project activity is appropriate, considering that the project activity generates heat and electricity thus have economic benefits other than the CDM related income. Please refer to As required by VVS para 103, DOE shall explain how the additionality is demonstrate as per Para 32 of the additionality tool.

Response from DOE :

The project participant (PP) for this project is Green Lagoon Technology Sdn Bhd and the proposed CDM project activity is located at an effluent treatment plant of a palm oil mill owned by Prosper Palm Oil Mill Sdn Bhd. The organizations, Green Lagoon Technology Sdn Bhd and Prosper Palm Oil Mill Sdn Bhd are two different entities which had no relationship with each other prior to their involvement in this CDM project. The fact that they are separate entities is evident from the company registrations (Appendix 1 and 2) of both entities.

The PP is an engineering firm which had invested in the project activity. An agreement (attached as Appendix 3) was signed in 2011 which confirmed that the PP is fully accountable for the investment in the conversion of the lagoons into digester, installation of the flaring and monitoring systems, as well as for the corresponding operating and maintenance costs (including the operation and maintenance activity). The agreement



MS ISO/IEC 17021 : 2006 QS 02121999 CB 01
MS ISO/IEC 17021 : 2006 EMS 17122002 CB 02
MS ISO/IEC GUIDE 65 : 2000 PC 05102004 CB 01
MS ISO/IEC 17021 : 2006 OSH 06122005 CB 01
MS ISO/IEC 17021 : 2006 HACCP 05052008 CB 03
ISO/TS 22003 : 2007 FSMS 23122008 CB 01
MS ISO/IEC 17021 : 2006 FMC 10122009 CB 02



MS ISO/IEC 17025
CALIBRATION / TESTING
SAMM NO. 085 SAMM NO. 086
SAMM NO. 087 SAMM NO. 219
SAMM NO. 231 SAMM NO. 240
SAMM NO. 299 SAMM NO. 354
SAMM NO. 377



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also clearly stated that the mill owner (Prosper Palm Oil Mill Sdn Bhd) is responsible for installation of equipment related to the generation of the renewable biogas. From the review of the agreement signed between the PP and the mill owner, it can be confirmed that the only source of revenue for Green Lagoon Technology is the income from the sales of CER generated by the CDM component of the project and Green Lagoon Technology would not claim any emission reductions from this potential renewable energy component. Any revenues or cost savings for electricity or heat generation will benefit the mill owner, and not the PP. The project activity will not gain any other monetary benefits through the savings from the use of the biogas for renewable energy purposes. Based on this rationale, the Verification Team had accepted the use of simple cost analysis, which is also found to be in line with para 32 of the additionality tool.

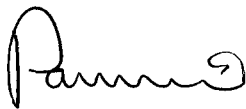
The same PP had applied the same approach in one of its other CDM project activities (UNFCCC ref. no.3636) which was registered on 24 December 2012.

The validation team had also reviewed some other CDM projects (UNFCCC projects no. 2633, 2621, 2657, 2643) which had been registered earlier using the same approach. In each of these cases, the project participants of the projects were external parties who had invested in the projects.

We hope that our response to the issue raised adequately addresses the doubts of EB members.

Thank you.

Sincerely yours



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(PARAMA ISWARA SUBRAMANIAM)
DOE Representative
SIRIM QAS International Sdn. Bhd.