



RESPONSE TO REQUESTS FOR INCOMPLETE POINTS

BUREAU VERITAS CERTIFICATION have performed the validation of Biomass based power plant in Batu Pahat in Johor state, Malaysia .The information and reporting check is completed by 28 June 2012. The reference number of the project activity is UNFCCC 5731

Subsequently, there have been 3 points raised by the CDM team and the DOE is requested to submit revised documentation addressing the point.

We give below our response to the requests as per table below:

No	Comments from CDM Team	Response from BVC
1.	The PP/DOE are requested to complete all the PDD sections for the description of the project activity as per EB 48 Annex 60 paragraph 10 (a). ISSUE: The PP/DOE is requested to provide further information regarding the project description. Page 7 of the PDD states that “The excess biogas from the methane recovery system being installed in the palm oil mill may also be used as fuel in the project activity.” The PP/DOE is requested to further clarify the (a) source of this biogas (b) whether it has any impact on the existing project (No:1783) (c) why the biogas flow has not been included as a monitoring parameter.	<i>The sentence “the excess biogas from the methane recovery system being installed in the palm oil mill may also be used as fuel in the project activity” is now deleted. This provision was made earlier based on the following :</i> <div style="margin-left: 40px;"> <i>(i) To use the biogas generated for electricity generation when biogas engines are under maintenance.</i> <i>(ii) Understanding that the generated electricity from both the projects – PA 1783 and current project activity - will be exported to same grid and the emission reductions will be to same PP.</i> </div> <i>In fact, it was already decided not to use the biogas from PA 1783 in the current project activity due to monitoring issues and other complications. However, this sentence has still found its place due to editing oversight. Sincerely regret for the inconvenience.</i> <i>REFER TO VALIDATION REPORT – PAGE 27</i>
2.	The PP/DOE are requested to list all relevant assumptions, data, input values and references used in the investment analysis and the results of the investment analysis as per EB 48 Annex 60 paragraph 10 (a). ISSUE:The DOE is requested to provide further information on a)how it validated the input parameters used in the IRR calculation as there is no information for most of the input parameters .The DOE shall clearly provide information on each parameter used in the investment analysis (viz each component of cost of sales, operating expenses, biomass	<i>(a) Source of all input values are given in the updated PDD and spread sheets.</i> <i>(b) Refer to validation report</i> <i>(c) As per Renewable energy Power Purchase Agreement policy of Tenaga Nasional Berhad, (TNB), the sole electric utility that can buy electricity, there is no escalation clause for the power purchase tariff and the tariff is fixed for 21 years. Whereas, the operation and maintenance costs would certainly undergo inflation – salaries of staff have to be increased, cost of spares and maintenance will increase etc.,; Hence, a conservative inflation rate of 3% has been considered for O&M expenses. Bank Negara Malaysia , the central Bank of Malaysia had predicted an inflation rate of 5.5 – 6% for the year 2008 and has also expected to moderate around middle of 2009. http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press_all&ac=1664&lang=en Therefore, a conservative value of 3 % has been taken for O&M expenses.</i>



	<p>fuel consumption etc) ;</p> <p>b) how it validated all the input values in accordance with paragraph 111 (b) (c) of V.V.M ver 1.2. .</p> <p>c) how it deemed that an escalation in costs (inflation rate of 3%) against the static revenue from electricity sales (without escalation) to be appropriate.</p>	<p><i>REFER TO VALIDATION REPORT PAGE 23 & 24</i></p>
3.	<p>The DOE is requested to describe how each applicability condition of the methodology/ies is fulfilled by the project activity as per VVM v1.2 paragraph 76.</p> <p>ISSUE:Page 9 of the PDD states that there is an exisiting project activity with the same proponent (UNFCCC Project no. 1783) with a power generation capacity of 2 MW . The PP/DOE is requested to provide further information on how it deemed the project activity under consideration to be a “Greenfield facility ” and not a “capacity expansion” considering footnote 3 of A.M.S I-D version 17.</p>	<p><i>PA 1783 is a separate project. It is actually a methane recovery project from palm oil mill effluent and for using the recovered methane to generate electricity. The installed capacity of the PA is 2 MW. The technology is biogas engines.</i></p> <p><i>The PA under completeness check is a renewable solid biomass (oil palm industry waste) based power generation project. It cannot be considered as a capacity expansion because PA 1783 is a methane recovery from liquid waste and power generation from recovered methane project where as the current project activity is power generation from solid biomass waste.</i></p> <p><i>REFER TO VALIDATION REPORT PAGE 12</i></p>