



CDM Project Activity Registration and Validation Report Form

(By submitting this form, designated operational entity confirms that the proposed CDM project activity meets all validation and registration requirements and thereby requests its registration)

Section 1: Request for registration

Name of the designated operational entity (DOE) submitting this form	BVQI HOLDING S. A.
Title of the proposed CDM project activity (Section A.2 of the attached CDM-PDD) submitted for registration	Grid-connected electricity generation from renewable sources at Satara by M/s Bajaj Auto Ltd. (BAL) using wind Power
Project participants (Name(s))	Bajaj Auto Ltd., Pune, Maharashtra
Sector in which project activity falls	Sector 1 : Energy industries (renewable / non-renewable sources)
Is the proposed project activity a small-scale activity?	Yes / <u>No</u> (underline as applicable)

Section 2: Validation report

List of documents to be attached to this validation report (please check mark):	
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The CDM-PDD of the project activity <input checked="" type="checkbox"/> An explanation by the submitting designated operational entity of how it has taken due account of comments on validation requirements received, in accordance with the CDM modalities and procedures, from Parties, stakeholders and UNFCCC accredited non-governmental organizations; <input checked="" type="checkbox"/> The written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development: <ul style="list-style-type: none"> o Approval for the project by DNA of host country, India is attached <input checked="" type="checkbox"/> Other documents, including any validation protocol used in the validation <ul style="list-style-type: none"> o Validation report including validation protocol, list of persons interviewed <input checked="" type="checkbox"/> Information on when and how the above validation report is made publicly available. <input checked="" type="checkbox"/> Banking information on the payment of the non-reimbursable registration fee <input checked="" type="checkbox"/> A statement signed by all project participants stipulating the modalities of communicating with the Executive Board and the secretariat in particular with regard to instructions regarding allocations of CERs at issuance 	

Executive Summary and Introduction, including

- Description of the proposed CDM project activity
- Scope of validation process (include all documentation that has been reviewed and name persons that have been interviewed as part of the validation, as applicable)
- DOE Validation team (list of all persons involved in the validation, describing functions assumed in the validation)

- **Description of the proposed CDM project activity**

The project activity involves operation and maintenance of grid connected electricity generation facility at Satara in Maharashtra with a total generation capacity of 45.2 MW.

The project activity comprises of supply, erection, commissioning and operation of 112 numbers of stall controlled asynchronous wind electric generator each capacity 350 KW of Suzlon make and 6 numbers of pitch controlled asynchronous wind electric generator each capacity 1000kw of Suzlon make. The planned annual output of the wind farm is 68.8 million units and 13.2 million respectively, i.e. 82 million units all machines put together. The generated electricity is being supplied to state electricity board of Maharashtra.

The project participant is Baja Auto Limited, Pune, Maharashtra

The project start date is 08/03/2000 and has opted for a fixed crediting period for 10 years starting from 08/03/2000

The total emission reductions over the 10 years fixed crediting period are estimated to be about 744,129 tCO₂e

- **Scope of validation process**

The scope of the validation is to assess the aspects of GHG reduction involved in the project. The validation scope is defined as an independent and objective review of the project design document, the project baseline study and monitoring plan and other relevant documents related to the project activity as described above and implemented at Site 1, Vankusawde wind zone at Satara District in Maharashtra, India. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations. BVQI has, based on the recommendations in the Validation and Verification Manual (IETA/PCF, version 3.3, March 2004), employed a risk-based approach in the validation, focusing on the identification of significant risks for the project implementation and the generation of CERs.

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

- **Documents reviewed**

A number of documents and records were reviewed during the validation process. The key documents are listed below :

- CDM Project Design Document [PDD] submitted on 07/10/2005 to BVQI India Private Limited, final version no. 02 dated 17/12/2005.
- Letter of approval dated 21/11/2005 from Designated National Authority of host country, India
- Resolution passed by the Board of Directors at the meeting dated 21st January 2000 to take up the Wind Mill Energy Project at Vankuswade & dated 18/10/2000 for another phase and Supa project
- No objection certificates dated from Maharashtra State Electricity Board
- Letters dated 10/03/2000 through 19/04/2002 by Maharashtra State Electricity Board confirming commissioning of the windmills in the project activity

- **Persons interviewed**

Bajaj Auto Limited

Mr. Kevin D'sa	Vice President (Finance)
Mr. S. P. Shinde	Sr. Manager, Wind Mill Project
Mr. B. C. Sekaran	Senior Manager (Internal Audit)
Mr. Anant G Marathe	Asst. Manager (Finance)
Mr. Ankush Pawar	Engineer (Windmill Project)
Mr. Abhay Pathak	Manager - Environment

PriceWaterhouseCoopers

Dr. Ram Babu

Associate Director

- **DOE Validation team**

Sandeep Lele - Team leader, performed the document review and site visit

H B Muralidhar - Team member, supported the team leader in document review, site visit and provided the necessary expertise in electricity generation

Ashok Mammen - Performed the technical review of the validation report

Description of methodology for carrying out validation

- Review of CDM-PDD and additional documentation attached to it
- Assessment against CDM requirements (e.g. by use of a validation protocol)
- Report of findings by the DOE, e.g. by use of type of findings (e.g. corrective action requests, clarifications or observations). Please explain the way findings are "labelled" during validation.
- Include statements or assessments in the section "Conclusions, final comments and validation opinion" below.

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

In order to ensure transparency, a validation protocol was customised for the project, according to the Validation and Verification Manual (IETA/PCF, v. 3.3, 2004). The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from validating the identified criteria. The validation protocol serves the following purposes:

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

The validation of the project consists of the following 3 phases :

- i) A desk review of the project design document and the baseline and monitoring plan [October 2005]
- ii) Follow-up interviews with the project stakeholders [October 2005]
- iii) The resolution of outstanding issues and the issuance of the final validation report and opinion [November – December 2005]

The validation involved a combination of desk review and site visit to the project site. The desk review consisted of an assessment of PDD against the CDM and other relevant criteria. This was followed by a site visit. The corrective and clarification requests were submitted to the client after the completion of site visit. The validation opinion and the final report were made subsequently.

The overall approach was risk based assessment.

- **Review of CDM-PDD and additional documentation attached to it**

The PDD submitted by the client [initial version of October 2005 through the final version of December 2005] was reviewed against the CDM and other relevant criteria and approved methodology. All other documents submitted to BVQI for detailed calculations of baseline determination were also reviewed [October – December 2005].

- **Assessment against CDM requirements**

A validation protocol as per the procedures established by BVQI was used. This protocol was customised with additional checkpoints to address the requirements of the applicable approved methodology. [October 2005]

The protocol provides for a transparent mechanism and information on how the CDM and other relevant criteria and methodology requirements were assessed by the validation team.

During the period from 20th to 22nd October 2005, BVQI performed site visit and interviewed the project proponents to confirm the information and resolve issues identified in the document review.

- **Report of findings by the DOE**

The desk review and site visit of the validation activity may result in corrective action requests [CAR] or clarification requests [CL].

A corrective action request is issued where the project information does not conform to the CDM and other relevant criteria. A clarification request is made where the project information is not sufficiently described and/or clarified.

These are reported to the client through a draft validation report.

The draft validation report including CARs and CLs were issued to BAL after the site visit [October 2005].

The final validation report including the responses from BAL and conclusions by the validation team was completed on 27/12/2005 after internal review based on the PDD version 02 dated 17/12/2005.

Explanation by the submitting designated operational entity of how it has taken due account of comments on validation requirements received, in accordance with the CDM modalities and procedures, from Parties, stakeholders and UNFCCC accredited non-governmental organizations;

- Description of how and when the PDD was made publicly available
- Description of how comments were received and made publicly available
- Explanation of how due account has been taken of comments received

<ul style="list-style-type: none"> • Compilation of all comments received (Identify the submitter) • Description of how and when the PDD was made publicly available According to the modalities for the validation of CDM projects, the validator shall make publicly available the project design document; receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available. BVQI published the project design document on the UNFCCC website (http://cdm.unfccc.int) from 27/10/2005 and invited comments within 25/11/2005. • Description of how comments were received and made publicly available The comments were received from the global stakeholders through e-mail. After the end of the 30 days commenting period, the comments received were published on the UNFCCC website (http://cdm.unfccc.int). • Explanation of how due account has been taken of comments received Any comments received from the global stakeholders during the 30 day commenting period were promptly forwarded to the client. Some of the comments received through an e-mail, though received after the commenting period, were forwarded to the client. Bajaj Auto Limited [BAL] were kind enough to respond to these comments as well. The responses from BAL were assessed for appropriateness. Necessary supporting information was verified to assess the appropriateness of the responses. [December 2005]. The validation team considered these responses while making the validation opinion. The explanation of how the validation team took due account of these comments is provided in the Appendix B of BVQI's validation report no. BVQI/INDIA/7.49 • Compilation of all comments received Comments were received from one person, Mr. Perumal Arumugam, during the 30 day commenting period. The comments are given in the Appendix B of BVQI's validation report no. BVQI/INDIA/7.49. 	<p>Conclusions, final comments and validation opinion</p> <ul style="list-style-type: none"> • Provide conclusions on each requirement under paragraph 37 of the CDM modalities and procedures, describing how these requirements have been met. This shall include assessments and findings (e.g. corrective action requests, clarifications or observations) in relation to each requirement, including a confirmation that all issues raised have been addressed to the satisfaction of the DOE. • Final comments and validation opinion <p>BVQI has performed a validation of CDM project "Grid-connected electricity generation from renewable sources at Satara by M/s Bajaj Auto Ltd. (BAL) using wind power". The validation was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.</p> <p>The validation consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan (October 2005); ii) follow-up interviews with project stakeholders (October 2005); iii) the resolution of outstanding issues and the issuance of the final validation report and opinion (December 2005).</p> <p>The review of the project design documentation (December 2005, version 2) and the subsequent follow-up interviews have provided BVQI with sufficient evidence to determine the fulfillment of stated criteria. In our opinion, the project correctly applies and meets the relevant UNFCCC requirements for the CDM and the relevant host country criteria.</p> <ul style="list-style-type: none"> • Will the project result in emission reductions that are additional <p>The baseline for the project activity is considered as generation of electricity by power plants connected to the western regional grid. According to the PDD, this alternative is cheaper than the project activity the most conservative among the 4 baseline alternatives identified. The other 3 alternatives are the project activity itself with and without CDM benefits and power generation using fossil fuels. By</p>
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generating electricity from wind farms, the project is likely to result in reductions of GHG emissions partially displacing electricity that would have otherwise been purchased from the grid. An analysis of the investment and technological barriers demonstrates that the proposed project activity is not a likely baseline scenario. The barriers include unavailability of in-house experts on windmills operations, non-core business operations, upgrading the skill sets of the existing persons, possibilities of damage of the windmills on account of lightning and fire incidents, huge investment in order to reduce the risk of lower load factor, cost of wind power being higher than coal or grid based power, and poor penetration of windmills in Maharashtra. Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. Given that the project is implemented and maintained as designed, the project is likely to achieve the estimated amount of emission reductions.

- **Local stakeholder comments and actions taken**

The project participants are Bajaj Auto Limited, Pune, India. The host Party – India meets all relevant participation requirements. The DNA of host party, Ministry of Environmental & Forest (MoEF), has confirmed that the Government of India has ratified the Kyoto Protocol in August 2002, has provided approval of voluntary participation and has confirmed that the project contributes to Sustainable Development in India.

BAL have taken local stakeholders into confidence regarding the project activity. Invitation for stakeholder consultation has been done in a transparent manner. Stakeholders consultation meetings have been conducted on regular basis informally and a formal one on 15/09/2005. The stakeholders expressed positive views. BAL have taken due account of all the comments received during the consultation process.

- **Environmental and social impacts including transboundary impacts and impact assessment if applicable**

The host country (India) legislation does not require an analysis of the environmental impacts of the project activity since this is not applicable to wind mill projects. The project proponent however has conducted an environmental impact assessment for the project site as a voluntary initiative. The Environmental Impact Assessment study showed that overall environmental impacts are not significant.

The projects have obtained the necessary approvals and permits viz. No Objection Certificates from Maharashtra Energy Development Authority [MEDA] and Maharashtra State Electricity Board. Under the Indian legislation, the wind mills do not need consent to operate from Maharashtra Pollution Control Board [MPCB]. The project does not expect to create any negative social or environmental impacts.

The project is also expected to contribute to sustainable development through, among others, contribution towards meeting the electricity supply deficit in Maharashtra, conserving natural resources and rural and infrastructure development.

- **Appropriateness of the methodology**

The approved consolidated methodology ACM0002 version 04 dated 28/11/2005 was used. The title of the methodology is "Consolidated baseline methodology for grid-connected electricity generation from renewable sources". The project conforms to all the applicability conditions viz. renewable source for energy, identifiable grid with defined characteristics, no fuel switch, etc. of the baseline and monitoring methodologies very well.

As discussed above, it is demonstrated that the project activity itself is not a likely baseline scenario due to the existence of investment barriers, technology barriers, barriers due to prevailing practice. It is demonstrated that the project activity depends on the carbon finance through sale of carbon credits.

The GHG emissions calculations are documented in a complete and transparent manner using the provisions of the methodology. The instruments are sealed and calibrated by authorities, thus reducing uncertainties in the monitoring of data. The estimated annual average of approximately 74,413 tCO₂e over the ten-year crediting period of emission reduction represents a reasonable estimate using the assumptions given by the project documents.

- **Are the provisions for monitoring, verification and reporting in accordance with decision 17/CP.7**

According to the PDD, the authority and responsibility of project management and monitoring measurement are assigned to the regional heads. These regional heads report the monitoring data to the environmental specialist at the corporate office in Pune. All indicators of importance for controlling and reporting of project performance are incorporated in the Monitoring Plan.

- **Conformance to all CDM requirements as per decision 17/CP.7**

In summary, it is the validation team's opinion that the CDM project "Grid-connected electricity generation from renewable sources at Satara by M/s Bajaj Auto Ltd. (BAL) using wind power" as described in the project design documentation of December 2005 meets all relevant UNFCCC requirements for the CDM and correctly applies the approved consolidated baseline and monitoring methodology ACM0002, version 04. Hence BVQI requests the registration of the project "Grid-connected electricity generation from renewable sources at Satara by M/s Bajaj Auto Ltd. (BAL) using wind power" as a CDM project activity.

Further details can be obtained from the "Validation Findings" Section and Table 1 of the Validation Protocol in Appendix A of BVQI's Validation report (BVQI report no. BVQI/INDIA/7.49).

The validation is based on the information made available to us and the engagement conditions detailed in this report.

The DOE declares herewith that in undertaking the validation of this proposed CDM project activity it has no financial interest related to the proposed CDM project activity and that undertaking such a validation does not constitute a conflict of interest which is incompatible with the role of a DOE under the CDM.

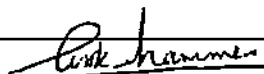
By submitting this validation report, the DOE confirms that all validation requirements are met.

Ashok Mammen

Name of authorized officer signing for the DOE

Date and signature for the DOE

27/12/2005



Section below to be filled by UNFCCC secretariat

Date when the form is received at UNFCCC secretariat		
Date at which the registration fee has been received		
Date at which registration shall be deemed final		
Date of request for review, if applicable		
Date and number of registration	Date	Number