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To	Due Diligence Team
Version	2
Object	Rithwik Project potential for registration - Note to the Due Diligence Team -

**Object :**

In reference to your request, we have estimated the CDM Potential of the Rithwik Power Project and the corresponding financial incomes which can be taken into consideration during financial valuation of the project.

**Work done :**

We have conducted this study by:

- Exploring the UNFCCC website in order to study the last cases registered in the same category than the one of Rithwik (I-D methodology)
- Discussing with relevant experts in Paris and Bangalore
- Assessing the additionality of the project.

**Main Findings :**

- Since registration process has not been initiated yet (23/09/2006) by the promoters, it is not possible to get retroactive credits for the years 2002,2003,2004,2005 and 2006. The CERs will only be produced from the potential registration date onward.
- Registration of Biomass Power Plants in India and in Andhra Pradesh is one of the main categories represented on the UNFCCC website.
- Many Power Plants in AP similar to Rithwik Power plant have been recently registered: Matrix, KMS, Satyamaharshi, Agri Gold, SRGEL and we came to know that Gowthami (power plant nearest Rithwik) has also initiated the registration process and is pretty confident to go through it. In most of the cases, Ernst & Young is the consultant in charge of the PDD edition and registration handling.
- Arguments for additionality used by the recent registered plants are also applicable to the Rithwik Power plant: 1) Biomass hike in the price 2) Unilaterally decrease of the electricity rate by APTRANSCO.
- In addition, Rithwik presents a bad technical efficiency which is also an additionality argument. The fact that Rithwik has been presenting financial losses the past 2 years is the best evidence of the non-viability of the plant without CERs additional incomes.
- According to our discussion with European brokers of CERs, the actual price of CERs is around 10€ per CER. Nobody can ensure what would be the price of it tomorrow since many issues are still pending (Acceptation or not of many NAPs in Europe: France, Poland, Spain...).

**Conclusion:**

The CDM cell concludes that registration of Rithwik as a CDM project can be considered as a most probable scenario.

The production of CERs may begins from the registration date only (January 07 at the best) and at a rate of around 25,000 CERs per year (taking into account coal combustion). The price to be considered is 10€ per CER.

