

COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

According to the modalities for the Validation of CDM projects, the DOE shall make publicly available the project design document and receive, within 30 days, comments from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available.

BVQI published the project documents on the UNFCCC CDM website (<http://cdm.unfccc.int>) on 27/10/2005 and invited comments within 25/11/2005 by Parties, stakeholders and non-governmental organizations. The comments received for the CDM project Grid-connected electricity generation from renewable sources at Supa, Taluka Parner, Dist. Ahmednagar by M/s Bajaj Auto Ltd. (BAL) using wind power are compiled below in tabular format.

| Sr. No. | Details of the commenter | Date of the comment | Comment (unedited) |
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| 1 | Mr. Axel Michaelowa Programme International Climate Policy Hamburg Institute of International Economics Neuer Jungfernstieg 21 20347 Hamburg Germany Tel. +49 40 42834 309 Fax +49 40 42834 451 a-michaelowa@hwwa.de | 11/11/2005 | <p>This project raises principal issues about project organization and bundling linked with additionality determination. Most wind projects in India are planned and operated by the turbine manufacturers (here Suzlon) who then sell entire wind turbines to industrial electricity consumers (such as Sun-n-sand hotels in a project validated by RW TÜV and Baja Auto in your validation at Supa) who can reduce their electricity supply cost (SEB electricity tariff for industrial consumers being at least twice as high as wind electricity generation cost) and can depreciate 80% of the wind turbine investment in the first year.</p> <p>Thus wind turbine investment is very attractive to industrial electricity consumers and certainly business-as-usual in India. As the wind turbine manufacturers get a good profit from this business model as well, the projects would not be additional from that side as well. The question is of course whether the CDM project can be proposed by the formal owner of the turbine (who has</p> |

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| | | | <p>nothing to do with the operation of the project and just receives its electricity) or the operator of the turbines, which has an impact on monitoring. At Supa, owners submit projects which generates an issue about unbundling.</p> <p>Bajaj Auto's grid electricity purchase rate seems rather low in an Indian industrial context. As it has an important impact on the additionality test, this should be checked.</p> |
| 2 | <p>Mr. Perumal Arumugam</p> <p>e-mail - perumal_ak@yahoo.co.in</p> | 25/11/2005 | <p>Technological barrier:</p> <p>The argument on technological barrier is debatable</p> <p>The manpower expertise for the O&M will be provided by the manufacturer himself for the first two years over and above that after sales service, annual maintenance is being done by the manufacturer himself. The norms of jobs per MW for O&M as per the REEP study is 0.3 so the manpower requirement would be hardly 15 – 20 people .This technology started its footprints from 1985 so availing manpower would not be a constraint.</p> <p>The failure of machines due to lightning, catching fire etc may be very very very minimum. Along with the PDD if it could have mentioned with the number of such accidents and occurrences it would be effective.</p> |
| 3 | <p>Mr. Perumal Arumugam</p> <p>e-mail - perumal_ak@yahoo.co.in</p> | 25/11/2005 | <p>Whether the financial analysis has taken the following into consideration:</p> <p>Tax holidays, accelerated depreciation, capital subsidy etc.</p> <p>Why it has been done only for the crediting period when the entire life time of the facility is 20 years.</p> <p>Does variable cost component has been taken care during computation?</p> <p>Does the IRR consider all the benefits accruing from the project? In my opinion this should incase also include the value of tax breaks available to the project developer. To the best of my knowledge financial analysis in the PDD hasn't taken</p> |

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| | | | value of tax breaks into consideration, which in case of WE projects is very significant. |
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