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## CDM Executive Board

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|--------------------------|---------------------------------|---|------------------|---------------|--------|
| Your reference/letter of | Our reference/name              | Tel. extension/E-mail                           | Fax extension    | Date/Document | Page   |
| Your email from 22 June  | IS-CMS-MUC/kl<br>Thomas Kleiser | +49 89 5791 1186<br>Thomas.kleiser@tuev-sued.de | +49 89 5791 2756 | 13 July 2011  | 1 of 3 |

## Request for review

Dear Sirs,

Please find below the response to the request for review formulated for the CDM project with the registration number 0649. In case you have any further inquiries please let us know and we will kindly assist you.

Yours sincerely,

Thomas Kleiser  
Carbon Management Service

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## **Response to the CDM Executive Board**

### **Issue:**

The PDD in Page 3 states "The power plant has a nominal capacity of 8 MW". However, the monitoring report (Page 4) states "The Trojes Hydropower Project is therefore characterized by (...) a nominal capacity of 8.3 MW". Paragraph 196 of VVM (v1.2) requires that a notification or request for approval of changes from the project activity as described in the registered PDD shall be submitted prior to the conclusion of the verification/certification. No such a notification or request for approval was submitted in compliance with the VVM. Clarification is required.

### **Response by TÜV SÜD:**

#### **Situation at Validation:**

It is correct that the PDD states that the power plant has a nominal capacity of 8 MW. The PDD refers under the project description in section A.2, page 4 to a power of 8 MW, which is based on estimated values and used during validation activities. At that time no further technical specification of the final equipment to be installed was available. Furthermore 8 MW was the value for the installed capacity permitted and fixed in the generation permit granted by the Energy Federal Commission. Thus it was clear already at that time, that no further payment will be received for a potential higher electricity generation based on a higher installed capacity. Hence, the PDD only mentions this estimated rounded down value for the ex-ante calculations of 8 MW instead of the value of the later purchased equipment of 8.3 MW.

#### **Situation at Verification:**

On page 12 of the Verification report it has already been explained that the value of 8 MW was obtained while the project was under construction. This value is in line with the generation permit granted by the Energy Federal Commission. According to this permit, the installed capacity is defined as 8 MW, which defines the maximum amount of electricity allowed to be delivered to the national grid and paid. This permit has been assessed and accepted by the DOE during on-site visit.

The report further explains on the same page that the amount of CERs calculated during the monitoring period is not affected by this situation, because the CERs are calculated according to the approved baseline and monitoring methodology AMS-I.D version 08, using the amount of electricity supplied by the project to the national grid, and measured by the Energy Federal Commission (CFE). Additionally the fact that the real installed capacity is 3,75% higher than the estimated in the PDD **does not affects the additionality of the project activity based on barrier analysis** (investment barrier, i.e. high transaction costs, payment risks and difficulties in long term debt financing). It may be stressed once again, that this aforementioned situation is anyhow hypothetical as the payment of the electricity generation is capped by the generation permit.

In addition the authority is aware of the situation and on this regards they applied actions on the payment of the overdue energy delivered. However, as this energy generated is exported to the grid and the only action undertaken by the authority is the not accepting the total electricity in

the period which will be bought in the next year period. Therefore, it can be concluded that, independently if the energy is paid or not, the ER achieved by the project activity were properly considered.

The assessment team already confirmed in the Verification report that none of the data affects the additionality, scale or applicability of the project; hence, after thoroughly checking the question whether a notification is needed it was considered as appropriate not to submit a notification as defined in EB 48, Annex 67 because of the following reasons:

- a) Additionality of the project: as explained above the amount of CERs are calculated according to the approved baseline and monitoring methodology AMS-I.D version 08 independently of the installed capacity. Only the permit, which has been granted to the project activity, defines the maximum amount of electricity allowed to be delivered and paid to the national grid. (please see page 12 of the Verification report).
- b) Scale of the project activity: The real and verified installed capacity of 8.3 MW, which is slightly higher as in the registered PDD does not affect or impact the scale of the Trojes Hydropower Project. (page 12 of the Verification report)
- c) Applicability of the project: The real and verified capacity of the project activity does not impact the applied methodology which continues to be applicable as the most appropriate one and the most appropriate baseline scenario remains the one mentioned in the registered PDD. (page 12 of the Verification report)

It has further be noted that in the past for a similar project with a comparable issue (0393) TÜV SÜD received a Request for Review (RfR) where it was requested to clarify how it has verified that the project was implemented and operated in accordance with the descriptions provided in the registered PDD and in line with the legal authorization provided by the energy national authority. After clarification, the RfR was accepted by the EB using exactly the same arguments as discusses ahead.

Thus - in the light of the argumentation given above, considering that neither the amount of generated emission reductions verified in the project nor the additionality or any other aspect of the project would be affected by a notification as well as the fact that the same approach was accepted in a comparable project - TÜV SÜD considers the approach as appropriate to include all the information which would have to be included in a notification already in the verification report instead of submitting a notification. A submission of a notification would only lead to a delay in the issuance but would have no further impact on the verification itself.

Nevertheless we clearly want to state that we take this issue serious and if the CDM Executive Board decides that a notification has to be submitted this will then be submitted before the request of issuance for the next monitoring period.