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SQS Answers to UNFCCC „Request for issuance for Fuel Substitution by Hydro Generation in Pasto Bueno (1986)“

6 October 2011

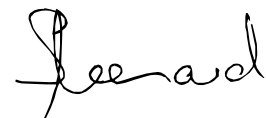
Approved by:



Martin Rügsegger
Lead auditor



Felix Martin
Reviewer



Silvio Leonardi
Executive board

Request of Review	VVM	Tools/Methodologies AMS I-A	PDD	Verification	Clarification (Lead Auditor)
<p>1) The PDD (Page 5) states that the PP will install 2 Pelton turbines with a capacity of 400 kW, however, the monitoring report (Page 2) states that the installed equipment consists of two Pelton turbines of 450 kW and 150 kW. According to VVM version 1.2 para 197, if the DOE identifies that the implementation or operation of the CDM project activity does not conform with the description contained in the registered PDD, the DOE shall conduct an assessment on the potential impacts and submit a notification or a request for approval of changes. However, the DOE did not submit a notification or a request for approval of changes prior to the conclusion of the verification/certification. Clarification is requested.</p>	<p>197. If the DOE identifies that the implementation or operation of CDM project activity does not conform with the description contained in the registered PDD, the DOE shall conduct an assessment on the potential impacts due to these changes following the relevant guidelines established by the CDM Executive Board and based on this assessment, the DOE shall submit a notification or a request for approval of changes from the project activity as described in the registered PDD prior to the conclusion of the verification/certification for the corresponding MR.</p>			<p>CL 2, CAR 1 were raised and closed. The findings of the DOE are:</p> <ul style="list-style-type: none"> - The line diagram in the MP clearly shows the minor changes of total installed power and additional Measuring devices. - The changes do not affect additionality due to raised project costs. Even with smaller max. power installed, total costs are much higher than expected. - The changes are considered as minor and in a normal range considering the complex project field under restricted financial possibilities. - Due to minor changes no further leakages could be identified. In contrary: several positive side effects for GHG emissions appeared that are not considered in PDD. 	<p>It is the DOE's opinion that the minor adaptation in the project activities of such a small project do not justify a submission of request for approval of changes.</p>

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<p>2) The DOE (Verification Report, page 27) states that “Surplus power and power peaks over maximum Hydropower production which is needed on the mining complex is not any more generated by Diesel generators due to connection to public grid.” At the same time, one of the applicability conditions of the AMS.I-A is that (Page 1) “The applicability is limited to households and users that do not have a grid connection (...)”. Further clarification is requested regarding how the DOE confirmed that the monitoring plan and applied methodology have been properly implemented and followed, as per the VVM (version 1.2) para 205.a.</p>		<p>Note: Categories I.A, I.B and I.C involve renewable energy technologies that supply electricity, mechanical and thermal energy, respectively, to the user directly.</p> <p>6. The physical, geographical site of the renewable energy generating unit and the equipment that uses the electricity produced delineates the project boundary.</p> <p>Baseline 7. The energy baseline is the fuel consumption of the technology in use or that would have been used in the absence of the project activity.</p>		<p>CL2, CAR 1 was raised. The hydro power plant delivers its produced energy directly and only to the Huaura mining compound i.e. the user as defined in AMS.I-A (to the user directly). There is no feedback possibility back into the grid. Today, the mining compound may take power from the grid, if the hydro power plant cannot deliver enough energy to the mining compound. If the project hydropower plant Pasto Bueno would not have been realized, the energy would still be produced by diesel generators.</p>	<p>The DOE found that for the mining compound, the power would still be provided by diesel generator only, in absence of the CDM Project 1986. This is because mining is a short term investment, business payback time 2 to 3 years due to volatile world markets. The investment for hydropower plant is a long term business (20-30 years) and the investment risk stays with the power plant owner only. Therefore, the Baseline applied is correct. The methodology AMS. I-A is also correct because: <i>Categories I.A, I.B and I.C involve renewable energy technologies that supply electricity,..... energy, to the user directly.</i></p> <p>The drawing of energy from the grid in the project case does not alter the emission reduction calculation outlined in the PDD and the monitored emission reductions.</p>

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<p>3) According to the PDD (page 14) "The calibration of the meters will be carried out in conformity with the manufacturer's specifications and the Peruvian law, but in any case at least once every three years." However, in the Monitoring Report (page 6) the PP informs that the date of last calibration of the meters was on 19 March 2007, and thus they were out of calibration from 19 March 2010 to 30 September 2010. The DOE is requested to clarify how it verified that the calibration requirements were met, as per the VVM (version 1.2) para 184.a.(ii), and why the EB52 Annex 60 Guideline was not applied.</p>	<p>184. The DOE shall apply standard auditing techniques to assess the quality of the information, including but not limited to: (a) Desk review, (ii) A review of the monitoring plan and monitoring methodology, paying particular attention to the frequency of measurements, the quality of metering equipment including calibration requirements, and the quality assurance and quality control.</p>	<p>EB52, Annex 60 7. In cases where the DOE verified that it is not possible for PP to conduct the calibration at a frequency specified by either the applied methodology, CDM EB guidance, and/or the monitoring plan due to reasons beyond the control of project participant, the DOE prior to finalizing its verification, shall submit a request for revision of the monitoring plan.</p>	<p>QA/QC - Meters verification and calibration: The meters will be subject to regular maintenance, verification and calibration by companies certified for the verification and calibration of instrumentation measuring the interconnection with the Peruvian national system. The calibration of the meters will be carried out in conformity with the manufacturer's specifications and the Peruvian law, but in any case at least once every three years. The meters will be under the responsibility of the chief engineer of the Pasto Bueno hydropower power plant.</p>	<p>CL4, CL8 and CAR 1 were raised.</p> <p>EB52 Annex 60 was taken into consideration. The DOE did finalize its verification and also submitted a request for revision of the monitoring plan.</p> <p>CAR1 The only measuring equipments used are (state of the art) electrical energy meters (counter). Counters are, according to Peruvian standard, conformed and with certificates. The documents were not available as copies. Therefore, CL4 "Counter Certificate" and CL8 "Peru Law Osinermin" were opened. Copies of Documents received are listed in Appendix C of VER1 ref No:17, 28 and 25. Hence, CL4 and 8 are correctly closed.</p>	<p>DOE concludes that there is no justification for changes and revision of the PDD. Revision of the MP was followed by PP following CAR1.</p> <p>Monitoring Report (page 6): The PP informs that the date of last calibration of the meters was on 19 March 2007. This date plus 10 years of Peruvian calibration interval is 19/03/2017. Therefore, DOE finds rules correctly applied. During the on-site visit, all meters were found in sealed condition (pictures are available).</p>

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<p>4) The monitoring plan in the registered PDD (page 13) states that 3 meters will be used to monitor the electricity supplied to the mine, however, the monitoring report (page 5) also includes another meter called M0, located at Huachaper substation. According to the VVM (ver 1.2) paragraph 204, the DOE is requested to verify that the monitoring of emission reductions shall be implemented in accordance with the monitoring plan contained in the registered PDD or the accepted revised monitoring plan. Further clarification is requested regarding how the DOE verified that the actual monitoring was in accordance with the monitoring plan.</p>	<p>3. Compliance of monitoring with the monitoring plan Requirement to be verified</p> <p>204. Monitoring of reductions in GHG emissions to result from the proposed CDM project activity shall be implemented in accordance with the monitoring plan contained in the registered PDD or the accepted revised monitoring plan.</p>			<p>During the Verification, minor adoptions on the installation where made by the PP. Therefore, the DOE raised CL2 to show the reality between the plans and the actual built.</p> <p>The M00 is not used for GHG calculation but according to DOE, the opinion must be shown as part of the overall system.</p>	<p>For the GHG calculation, only measurement equipment MGT total hydropower production is used (MG1 for Hydro generator 1, MG2 for Hydro generator 2 and M00 are only used for plausibility and internal control).</p> <p>The DOE findings are: Correct application for GHG calculations.</p>

Please reference also to letter from Mr. Dubas attached.