

Vayunandana Power Limited

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Dear CDM EB,

As per comment dated 23/06/2017 on issuance request for our project "
Biomass power project of VPL (10233), we would like to submit our response as
below for your consideration,

- 1) The DOE shall substantiate how it has verified that the project plant has been operated as per the description in the PDD for design capacity, since it is noticed that the actual gross power generation in 2016 (85016 MWh) indicates an average monthly capacity of 11.93 MW (i.e. based on the same method and assumptions at the time of registration, operational time of 330 days and 24 hours per day, PLF of 90%). Please refer to VVS version 09, paragraph 383(a).

PP Response:

a) As mentioned on page number 2 of registered PDD the installed capacity of project is 12 MW, which can operate 330 days and 24 hour, however as per Power Purchase Agreement signed with DISCOM, the PP is eligible to supply electricity to grid 10MW equivalent monthly generation less auxiliary consumption.

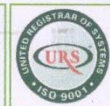
The maximum electricity can be generated by project on monthly basis is

Monthly electricity to grid = 10MW x 31 days x 24 hours
= 7440 MWh (for 31 days month)
Monthly electricity to grid = 10MW x 30 days x 24 hours
= 7200 MWh (for 30 days month)

Hence in a 31 days and 30 days month the PP can supply net electricity after deducting auxiliary consumption of 8% as 6844.8MWh and 6624MWh respectively. It can be noted from ER spread sheet that monthly average supplied to grid is lower than above estimated. The same can be verified from monthly joint meter reading reports as well.

It is to be noted that the Plant Load Factor of project has not increased rather the project is able to generate 10MW equivalent in a less number of days owing to higher installed capacity of the project activity i.e. 12MW.

Based on potential of higher generation per installed capacity on page of 27 of registered PDD, the EGcap was incorporated to check on electricity generation used for emission reduction calculation as "The PPA has been signed for the project activity, which mentions that maximum Power can be supplied to the Grid will 10 MW less auxiliary consumption, hence in case exported net electricity supplied to



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grid on monthly basis is observed higher than value mentioned above same shall be capped at specified limit for calculation of emission reduction".

Due to higher generation potential the monthly electricity supplied to grid is capped in registered PDD considering case when actual project installed capacity would have been 10MW, in that case the maximum generation would have been limited to either 330days or with 90% PLF generation taking a conservative approach.

The current gross generation i.e. 85016MWh comes at an increase of PLF by 19.271% and the project IRR comes out to be 11.05% is lower than benchmark value 11.125%. It is also noteworthy that as per IRR sheet with current generation the net supplied to grid would have been 78215MWh, which is in actual is 76862MWh is lower and hence will further reduce the IRR lower side.

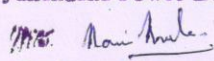
Hence the project has been operated as per registered PDD.

- 2) The DOE shall also clarify how it has assessed FAR #09 from the validation report, which specifies that the verification DOE needs to check that the monthly generation should not breach the value of 10 MW @ 90% PLF. Please refer to VVS version 09, paragraph 409(g).

PP Response:

The monthly generation check was specified for emission reduction calculation, hence the CAP was included, the same can be checked for current monitoring period and the monthly generation was capped for emission reduction calculation where higher value observed.

For Vayunandana Power Ltd.


Authorised Signatory