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Your ref.:
 0922

Our ref.:
 PRJC-404673-2012-CCS-CHN

Date:
 18 January 2013

Response to issue raised in requests for review

Catalytic N₂O Abatement Project in the Tail Gas of the Nitric Acid Plant of the Hanwha Corporation (HWC) in Ulsan, Republic of Korea (0922)

We refer to the issue raised in the three requests for review received for the issuance request for CDM project activity 0922 “Catalytic N₂O Abatement Project in the Tail Gas of the Nitric Acid Plant of the Hanwha Corporation (HWC) in Ulsan, Republic of Korea” (monitoring period 1 January 2012 to 30 June 2012).

The requests for review request DNV to “*further explain how the calculation of the emission reductions is correct, in particular that it discounts the emission reductions for this monitoring period due to a mistake in a previous monitoring period, considering that neither the monitoring plan nor the methodology has such provisions*” and refer to Paragraph 244 and 245 (c), VVS ver.02.

In accordance with paragraph 209 (b) of the CDM Project Cycle Procedure (version 03.1), DNV selects to not respond to this RfR by revising the verification report, but selects to “*respond in writing by addressing why no revisions to the monitoring report, verification report, and/or certification report are necessary*”.

As stated in section 3.7 of the verification report, DNV identified that incorrect historical operating pressures were applied by the project during the 6th monitoring period (i.e. the monitoring period under verification from 1 January 2012 to 30 June 2012) and the Project Participants corrected this error. DNV’s further investigations also revealed that the same incorrect historical operating pressures were also applied in the previous 4th and 5th monitoring periods (1 January 2010 - 31 December 2010 and 1 January 2011 - 31 December 2011, respectively), for which CERs were issued. However, this mistake was not identified during verification. DNV thus reassessed the emission reductions reported for the 4th and 5th monitoring periods by considering the correct historical operating pressure. While this assessment showed that the incorrect historical operating pressures did not result in any error in the emission reductions reported for the 5th monitoring period, the incorrect historical operating pressures resulted in 983 tCO₂e being erroneously claimed in excess for the 4th monitoring period (the CERs on 2 May 2012 issued for the 4th monitoring period were 239 482 tCO₂e). The revised CER calculation spreadsheets for the 4th and the 5th monitoring periods were verified by DNV and have been included in DNV's submission package to the UNFCCC for the issuance request for the 6th monitoring period.

Although the excess CERs were not material in accordance with the Guideline on the application of materiality in verifications (i.e. 983 tCO₂e are less than 2% of 239 482 tCO₂e with the materiality threshold being 2% for large-scale project activities achieving total emission reduction

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of 300 000 tCO₂e per year or less), DNV and the Project Participants agreed to deduct these excess CERs from the emission reductions claimed for the 6th monitoring period.

DNV acknowledges that neither the monitoring plan nor the methodology has any provisions for correcting erroneous issuance of CERs in a later monitoring period. In fact, there is currently no guidance by the EB on how to voluntarily correct any erroneous issuance of CERs. In the absence of any such guidance, DNV considers it is appropriate to correct an immaterial erroneous issuance of CERs in a later monitoring period.

Yours faithfully
for DNV CLIMATE CHANGE SERVICES AS

A handwritten signature in blue ink that reads "Michael Lehmann".

Michael Lehmann
Director of Services and Technologies