

JAPAN CONSULTING INSTITUTE

Sumitomo Fudosan Kudanshita Bldg 3F,
No. 5, Kanda-Jinbocho 3-chome,
Chiyoda-ku, Tokyo 101-0051, JAPAN

Telephone : +81-3-3222-8100
Facsimile : +81-3-3222-8101/2

Date : December 11, 2012

Ref. No. : JCI-CDM-C-12-061

CDM Executive Board

c/o Secretary to the CDM Executive Board

Subject : DOE Response to Request for registration incomplete for "Green Power for South Africa" - Ref No.7167

Dear Sirs,

Please find the attached document which shows JCI's response to the request for registration incomplete for the above CDM project / Reference No.7167.

It has been reflected to the revised PoA-DD, CPA-DD and Validation Report.

If you have any further question or request, please let us know by phone call or Email.

Yours sincerely,



Hideyuki Sato

Manager of Assessment Group

JCI CDM Center

Tel: +81 3 3222 8100

Fax: +81 3 3222 8101/2

Email: sato-cdm@jci-plant.or.jp

DOE's Response to Request for registration incomplete

Project title: Green Power for South Africa

Reference No.: 7167

Project Participants: (1) The Standard Bank of South Africa Limited
(2) Standard Bank Plc (UK)
(CDM consultant: International Carbon (South Africa))

DOE: Japan Consulting Institute, JCI

PoA-DD Issue 1:

The DOE is requested to clarify the inconsistency in the starting date of the PoA given that page 20 of the PoA DD states the start date to be 20/09/2011 whereas page 19 of the PoA DD and page 24 of the validation report states 18/11/2011.

Response of JCI:

JCI has decided the start date of PoA is 18 November 2011 when the PoA-DD (Version 01) of this project activity has been published for GSC, in accordance with EB70 Annex6 "Guideline; Completing the programme design document for CDM programmes of activities" issued on 23 November 2012.

EB 70, Annex 6 SECTION D. Duration of PoA

D.1. Start date of PoA Describe how the start date was determined.

If the coordinating/managing entity chooses the date of publication of the PoA-DD for global stakeholder consultation as the start date of the PoA, the coordinating/managing entity shall indicate the start date of the PoA as the date of publication of the PoA-DD at the stage of global stakeholder consultation, and indicate the exact date of publication before submitting the request for registration of the PoA.

PP changed the start date of PoA in the page 20 of the POA-DD from 20 September 2011 to 18 November 2011.

As a result the start date of PoA-DD in page 19, 20 and of the Validation Report in page 23 are all consistent in view of the definition of the start date of PoA in EB 70 Annex 6 (the date of GSC).

PoA-DD Issue 2:

The DOE is requested to submit the spreadsheet used for the calculation of EFgrid, OM and EFgrid, BM which has been linked with the "Grid Factor" worksheet (cell B3 and B4) of the ER

calculation spreadsheet.

Response of JCI:

Regarding the “ER calculation sheet” of CPA-001, in order to link with the grid emission factor calculation, “Grid factor” sheet which has been already submitted as an additional appendices to the PoA-DD is added to the ER calculation sheet as the grid factor excel sheet. This revised ER calculation sheet is submitted as “**Appendix 2- ER Calculation sheet (linked with the Grid factor)**” for the CPA-001.

PoA-DD Issue 3:

The DOE is requested to provide further validation opinion on all the monitoring parameters listed in section B.7.1 of the PoA DD (Part-II - Generic CPA) and D.7.1 of the CPA-DD. In doing so, the DOE shall clarify how it has validated the parameters, $EG_{PJ_Add,y}$ (Quantity of net electricity generation supplied to the grid in year y by the project plant/unit that has been added under the project activity) and TEG_y (Total electricity produced by the project activity, including the electricity supplied to the grid and the electricity supplied to internal loads, in year y) given that as per description of the PoA mentioned in section A.2 of the PoA DD, the proposed Programme of Activities includes new wind and solar power plants whereas the parameter, $EG_{PJ_Add,y}$ is only applicable under option C (capacity addition to an existing renewable energy power plant) and parameter TEG_y is only applicable to hydro power project activities with a power density of the project activity (PD) greater than 4 W/m² and less than or equal to 10 W/m² as per the applied methodology, ACM0002 version 12.3.0.

Response of JCI:

JCI has validated the monitoring parameters described in PoA-DD and CPA-DD in accordance with the Large Scale Methodology ACM0002 Version 12.3.0. Regarding $EG_{PJ_Add,y}$, since the proposed project is newly constructed wind or solar power generation project, JCI judged that $EG_{PJ_Add,y}$ is not suitable as a monitoring parameter. And also regarding TEG_y , since proposed project is not hydropower electricity generation, JCI judged that TEG_y is not suitable as a monitoring parameter.

So JCI requested CME/PP to delete those parameters ($EG_{PJ_Add,y}$ and TEG_y) from the parameter list in B.7.1 of the PoA-DD (Part-II - Generic CPA) and D.7.1 of the CPA-DD, since those parameters have not been used in the calculation of the emission reductions at all.

JCI has confirmed the PoA-DD and the CPA-DD have been revised appropriately.

PoA-DD Issue 4:

The DOE is requested to explain how it was validated that the proposed Programme of

Activities and any CPA to be included under the PoA, meet all the requirements of the Standard for demonstration of additionality, development of eligibility criteria and application of multiple methodologies for Programme of Activities (EB 65 Annex 3). In particular:

- How it has validated the requirements of paragraph 12 and 13 of EB 65, Annex 3, considering that the proposed Programme of Activities involves the combination of technologies/measures i.e. electricity generated by solar and wind power plants to be exported to the grid.

- How it has validated the eligibility criteria to avoid double counting in accordance with paragraph 14 (b) of EB 65 Annex 03, "conditions that avoid double counting of emission reductions like unique identifications of product and end-user locations (e.g. programme logo)", given that it has not been included both in the PoA DD and the CPA DD.

Response of JCI:

“Standard for demonstration of additionality, development of eligibility criteria of multiple methodologies for programme of activities” EB 65 Annex 3 (Version 01.0) has been updated to EB 70 Annex 05 (Version 02.1) on 23 November 2012 and Paragraph also updated as follows.

Paragraph 12 changed to Paragraph 14

Paragraph 13 changed to Paragraph 15

Paragraph 14 changed to Paragraph 16

Accordingly although PoA-DD Issue 4 refers to EB 65 Annex 3, the response of JCI below is exchanged to EB 70 Annex 05.

1. JCI has validated the requirements of paragraph 14 (paragraph 12: EB 65 Annex 3) of EB 70 Annex 05 as follows;

EB 70, Annex 05 3.1. Demonstration of additionality

14. For PoAs involving combinations of technologies/measures and/or methodologies, the eligibility criteria relative to each of them shall be proposed to demonstrate additionality. Types of combinations as indicated in paragraph 31(a) to 31(d) below shall be taken into account.

The proposed project is applied the large-scale methodology ACM0002 “Consolidated baseline methodology for grid-connected electricity generation from renewable sources”, and “Tool for the demonstration and assessment of additionality”, as described “6.1 Demonstration of additionality of the PoA as a whole” in Validation Report. As above mentioned methodology and tool can be applied both of large-scale solar electricity generation and large-scale wind electricity generation, JCI validated that the

demonstration of additionality in the PoA-DD and CPA-DD is appropriate.

2. JCI has validated the requirements of paragraph 15 (paragraph 13: EB 65 Annex 3) of EB 70 Annex 05 as follows;

EB 70, Annex 05 3.2. Development and update of eligibility criteria

15. The CME shall develop eligibility criteria for inclusion of a CPAs in the PoA and shall include these criteria in the PoA-DD and demonstrate their usability to assess the inclusion of CPAs in the generic CPA-DD.

The CME/PP described the eligibility criteria for inclusion of a CPA under the PoA in “B.5 Demonstration of eligibility for a generic CPA” in the PoA-DD.

And as described in column 16 (f) of Table 16 in Validation Report, the CPA to be included in this PoA shall assess additionality with the “Tool for the demonstration and assessment of additionality”.

3. JCI has validated the eligibility criteria to avoid double counting in accordance with paragraph 16 (b) (paragraph 14 (b): EB 65 Annex 3) of EB 70 Annex 5 as follows;

The tables (“B.2 Eligibility criteria for inclusion of a CPA in the PoA” and “B.5 Demonstration of eligibility for a generic CPA” in PoA-DD, and “D.5 Demonstration of eligibility for a CPA” in the CPA-DD) have been rearranged to the order of each column in accordance with Paragraph 16 of EB 70 Annex 05, and the column for avoid double counting has been added in each table.

Regarding the avoidance of double counting, JCI validated and added the explanation as follows in the column 16 (b) of the Table 16 in Validation Report;

All CPAs under the Green Power for South Africa Programme will be technology specific (i.e. either solar or wind power) and will be fixed or non-transferable, commercial plants that can be easily identified with GPS coordinates, which will prevent incidences of double counting. In addition, Standard Bank will have a recordkeeping system which will maintain data relating to each CPA such as project developer details, site addresses, which will be compared with the record of projects under the CDM undergoing validation or those that are registered to further avoid double counting. The management of this system will be relatively simple considering the nature of the programme activities which will limit each CPA to a small number of installations.

CPA-DD Issue 1:

The DOE is requested to clarify the input value used for annual O&M cost (18.59 million ZAR) in the IRR spreadsheet "Scatec Linde PV Financial Model 05.03.12 int carbon_v3_partial tariff.xlsm" that is not consistent with the value (21.23 million ZAR) mentioned in the validation report (page 31), CPA-DD (page 21) and the IRR spreadsheet submitted for full indexation tariff. In addition, the DOE shall validate other input parameters used in the IRR calculation such as transaction cost, department of energy contribution, development premium, interest paid via drawdowns of debt, commitment fees paid, operating costs, pre-fund of DSRA, pre-fund of MRA, VAT receipts funding, working capital, contingency etc. in accordance with paragraph 120 (a), (b) & (c) of CDM VVS version 02 (EB 65 Annex 4).

Response of JCI:

JCI has revised "6.4.1 Benchmark analysis, d) Opex (Annual O&M costs)" in Validation Report and added the column of Partial Indexation Tariff (18.59 million ZAR) to the Table 12 "Annual O&M Costs Breakdown".

Furthermore JCI revised the "6.4.1 Benchmark analysis" by adding item "*b) Total Project Costs*" and the Table 11 "Total Project Costs Breakdown" in page 29 of Validation Report in order to validate items of Total Project Cost.

The result of validation of following detailed items of total project cost has been described respectively in the validation report;

- a) Transaction cost*
- b) Department of energy contribution*
- c) Development premium*
- d) Interest paid via drawdowns of debt*
- e) Commitment fees paid*
- f) Operating costs*
- g) Pre-fund of DSRA*
- h) Pre-fund of MRA*
- i) VAT receipts funding*
- j) Working capital*
- k) Contingency*

The documents as reference at the validation

(*These three documents are strictly private and confidential.)

Attachment 1: Scatec Linde PV Revised Financial Model v3 (Full tariff/Partial tariff)

Attachment 2: Preliminary Credit Approved Term Sheet

Attachment 3: Agreement for the Operation and Maintenance of the Linde Solar PV project

CPA-DD Issue 2:

The DOE is requested to provide validation opinion on the Plant Load Factor (PLF)/annual electricity generation in accordance with the requirement of guidance, EB 48 Annex 11.

Response of JCI:

In the calculation process of an annual electricity generation, Plant Load Factor had already explained in a simple manner as a Capacity Factor in “d) Annual electricity generation” of 6.4.1 Benchmark analysis in Validation Report. But JCI has added more explanation about the Plant Load Factor in the same section in page 35 of Validation Report in saying that the Plant Load Factor has been determined by the third party, Arup (Pty) Ltd in South Africa, contracted by the PP in accordance with 3. (b) in the “Guideline for the reporting and validation of plant load factors (version 01)” EB 48 Annex 11 shown below.

EB 48, Annex 11

II. Ex-ante definition of the plant load factors

3. The plant load factor shall be defined ex-ante in the CDM-PDD according to one of the following three options:
 - (a) The plant load factor provided to banks and/or equity financiers while applying the project activity for project financing, or to the government while applying the project activity for implementation approval;
 - (b) The plant load factor determined by a third party contracted by the project participants (e.g. an engineering company);