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# VALIDATION REPORT

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## COTE SMALL-SCALE HYDROPOWER PLANT, COSTA RICA

REPORT No. 2005-1366

REVISION No. 01

DET NORSKE VERITAS



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DNV Certification

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## VALIDATION REPORT

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Summary:  
Det Norske Veritas Certification Ltd. (DNV) has validated the “Cote small-scale hydropower plant” in Costa Rica on the basis of UNFCCC criteria for the CDM, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the CDM modalities and procedures and the subsequent decisions by the CDM Executive Board regarding small-scale CDM projects. This validation report summarizes the findings of the validation.

The validation consisted of the following three phases: i) a desk review of the project design, baseline and monitoring plan, ii) follow-up interviews with project stakeholders and iii) the resolution of outstanding issues and the issuance of the final validation report and opinion.

In summary, it is DNV’s opinion that the “Cote small-scale hydropower plant”, as described in the revised PDD of January 2006 meets all relevant UNFCCC criteria and correctly applies the simplified baseline and monitoring methodology AMS-I.D. Hence, DNV requests the registration of the “Cote small-scale hydropower plant” as CDM project activity.

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***Abbreviations***

CAR	Corrective Action Request
CDM	Clean Development Mechanism
CEF	Carbon Emission Factor
CER	Certified Emission Reduction
CL	Clarification request
CNFL	Compañía Nacional de Fuerza y Luz
CO <sub>2</sub>	Carbon dioxide
CO <sub>2</sub> e	Carbon dioxide equivalent
DNV	Det Norske Veritas
DNA	Designated National Authority
GHG	Greenhouse gas(es)
GWP	Global Warming Potential
ICE	Instituto Costarricense de Electricidad
IPCC	Intergovernmental Panel on Climate Change
MP	Monitoring Plan
NGO	Non-governmental Organisation
ODA	Official Development Assistance
PDD	Project Design Document
PPA	Purchase Power Agreement
UNFCCC	United Nations Framework Convention on Climate Change



## 1 INTRODUCTION

The World Bank's Carbon Finance Business Unit has commissioned Det Norske Veritas Certification Ltd (hereafter DNV) to validate the "Cote small-scale hydropower plant" project in Costa Rica (hereafter called "the project"). This report summarises the findings of the validation, performed on the basis of UNFCCC criteria for small-scale CDM projects, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The validation team consisted of the following personnel:

Mr Einar Telnes	DNV Certification Oslo	Team Leader. Energy Sector Expert
Mr Alfonso Capuchino	DNV Mexico	CDM Auditor
Mr Michael Lehmann	DNV Certification Oslo	Technical Reviewer

### 1.1 Validation Objective

The purpose of a validation is to have an independent third party assess the project design. In particular, the project's baseline, monitoring plan, and the project's compliance with relevant UNFCCC and host Party criteria are validated in order to confirm that the project design, as documented, is sound and reasonable and meets the identified criteria. Validation is a requirement for all CDM projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of certified emission reductions (CERs).

### 1.2 Scope

The validation scope is defined as an independent and objective review of the project design document (PDD). The PDD is reviewed against the criteria stated in Article 12 of the Kyoto Protocol, the CDM modalities and procedures as agreed in the Marrakech Accords and the relevant decisions by the CDM Executive Board. The validation team has, based on the recommendations in the Validation and Verification Manual /5/, employed a risk-based approach, focusing on the identification of significant risks for project implementation and the generation of CERs.

The validation is not meant to provide any consulting towards the project participants. However, stated requests for clarifications and/or corrective actions may have provided input for improvement of the project design.

### 1.3 Description of Proposed CDM Project

The proposed project is a small run of the river hydropower plant located in Costa Rica, between the counties of Tilarán and Guatuso in the provinces Guanacaste and Alajuela. The project's installed capacity is 6.786 MW and the projected annual average generation is 13.2 GWh.

The project is expected to displace 45 017 tCO<sub>2</sub>e in the first 7-year crediting period, resulting in projected average annual emission reductions of 6 431 tCO<sub>2</sub>e.



## 2 METHODOLOGY

The validation consisted of the following three phases:

- I a desk review of the project design , baseline and monitoring plan
- II follow-up interviews with project stakeholders
- III the resolution of outstanding issues and the issuance of the final validation report and opinion.

In order to ensure transparency, a validation protocol was customised for the project, according to the Validation and Verification Manual /5/. The protocol shows in transparent manner criteria (requirements), means of verification and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organises, details and clarifies the requirements a CDM project is expected to meet;
- It ensures a transparent validation process where the validator will document how a particular requirement has been validated and the result of the validation.

The validation protocol consists of three tables. The different columns in these tables are described in Figure 1.

The completed validation protocol for the “Cote small-scale hydropower plant” is enclosed in Appendix A to this report.

Findings established during the validation can either be seen as a non-fulfilment of validation protocol criteria or where a risk to the fulfilment of project objectives is identified. Corrective Action Requests (CAR) are issued, where:

- i) mistakes have been made with a direct influence on project results;
- ii) validation protocol requirements have not been met; or
- iii) there is a risk that the project would not be accepted as a CDM project or that emission reductions will not be certified.

The term clarification (CL) may be used where additional information is needed to fully clarify an issue.



<b>Validation Protocol Table 1: Mandatory Requirements for CDM Project Activities</b>			
<b>Requirement</b>	<b>Reference</b>	<b>Conclusion</b>	<b>Cross reference</b>
<i>The requirements the project must meet.</i>	<i>Gives reference to the legislation or agreement where the requirement is found.</i>	<i>This is either acceptable based on evidence provided (<b>OK</b>), a <b>Corrective Action Request (CAR)</b> of risk or non-compliance with stated requirements or a request for <b>Clarification (CL)</b> where further clarifications are needed.</i>	<i>Used to refer to the relevant checklist questions in Table 2 to show how the specific requirement is validated. This is to ensure a transparent Validation process.</i>

  

<b>Validation Protocol Table 2: Requirement Checklist</b>				
<b>Checklist Question</b>	<b>Reference</b>	<b>Means of verification (MoV)</b>	<b>Comment</b>	<b>Draft and/or Final Conclusion</b>
<i>The various requirements in Table 1 are linked to checklist questions the project should meet. The checklist is organised in seven different sections. Each section is then further sub-divided. The lowest level constitutes a checklist question.</i>	<i>Gives reference to documents where the answer to the checklist question or item is found.</i>	<i>Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable.</i>	<i>The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached.</i>	<i>This is either acceptable based on evidence provided (<b>OK</b>), or a <b>Corrective Action Request (CAR)</b> due to non-compliance with the checklist question (See below). A request for <b>Clarification (CL)</b> is used when the validation team has identified a need for further clarification.</i>

  

<b>Validation Protocol Table 3: Resolution of Corrective Action Requests and Requests for Clarification</b>			
<b>Draft report corrective action requests and requests for clarifications</b>	<b>Ref. to Table 2</b>	<b>Summary of project participants' response</b>	<b>Final conclusion</b>
<i>If the conclusions from the draft Validation are either a Corrective Action Request or a Clarification Request, these should be listed in this section.</i>	<i>Reference to the checklist question number in Table 2 where the Corrective Action Request or Clarification Request is explained.</i>	<i>The responses given by the project participants during the communications with the validation team should be summarised in this section.</i>	<i>This section should summarise the validation team's responses and final conclusions. The conclusions should also be included in Table 2, under "Final Conclusion".</i>

**Figure 1 Validation protocol tables**



## 2.1 Review of Documents

The Project Design Document (PDD) submitted by World Bank's Carbon Finance Business Unit on 28 October 2005, the revised PDD in versions dated 7 November 2005 and January 17, 2006 /1/ and additional background documents related to the project design, the project baseline, the monitoring requirements, the Environmental Impact Assessment /4/ and the local stakeholder involvement were assessed during the validation.

## 2.2 Follow-up Interviews

In December 2005, DNV Certification Ltd. performed interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of Instituto Costarricense de Electricidad (ICE), Compañía Nacional de Fuerza y Luz, S.A.(CNFL) and the Costa Rican DNA were interviewed /7/ - /9/.

## 2.3 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the validation was to resolve any outstanding issues which needed to be clarified for DNV's positive conclusion on the project design.

The validation of the project identified three Corrective Action Requests and seven requests for Clarification. These requests were presented to the project participants on in November 2005. Additional information subsequently provided by the project participants resolved these requests to DNV's full satisfaction.

To guarantee the transparency of the validation process, the concerns raised by DNV and the response provided by the project participants are documented in Table 3 of the Validation Protocol in Appendix A to this report.

## 3 VALIDATION FINDINGS

The findings of the validation are stated in the following sections. The validation criteria (requirements), the means of verification and the results from validating the identified criteria are documented in more detail in the protocol in Appendix A. The findings described below relate to the project design as documented and described in the project design document submitted to DNV in January 2006.

### 3.1 Participation Requirements

The project participants are Compañía Nacional de Fuerza y Luz (CNFL) of Costa Rica the International Bank for Reconstruction and Development (IBRD) as trustee of the Prototype Carbon Fund (PCF) and the Ministry for Foreign Affairs of Finland, which authorises the participation of the IBRD. Both Parties involved, i.e. Costa Rica as the host Party and Finland as the Annex I Party, meet the requirements to participate in the CDM.

Letters of Approval from the Costa Rica and Finland DNAs have been received. The Government of Finland has confirmed that no ODA funding is involved in the project.





### 3.2 Project Design

The purpose of the project is renewable electricity generation to be supplied to Costa Rica's national electric grid named National Interconnected System (NIS). The project's installed capacity is 6.786 MW and the projected annual average generation is 13.2 GWh.

The project is expected to displace 41 951 tons of CO<sub>2e</sub> in the first 7-year crediting period. It is utilising an already existing infrastructure installed to divert water from the Cote Lake to the Rugama Creek which flows into the already established Arenal Reservoir. In particular the project uses the existing water intake structure (a tunnel of 389 meter-length and a dam). The project takes the water from the Cote River and transports it by way of a conducting tunnel and underground pressure pipe until the power house, where the water is driving the turbines and dispatched in unaltered conditions to the Rugama Creek. The project has an 87.79 meters net head and a nominal water flow of 8.4m<sup>3</sup>/s.

The project will supply electricity to the NIS through a 200 m - 34.5 KV transmission line, which will connect the project to the closest distribution line that belongs to ICE. The distribution line is owned by ICE and will transport the electricity generated by the project to the Arenal Substation, which belongs to the NIS. Here a transformer will transform the energy from 34.5 KV to 120KV and 240KV.

The project design represents technology that is robust and well known in Costa Rica.

The state owned energy distributor Compañía Nacional de Fuerza y Luz (CNFL) is the project's sponsor.

The project is in compliance with all Costa Rican regulations for hydropower plants generation activities. As a state owned company, CNFL is not required to acquire water concessions, generation permits, etc. as required by private projects.

The first renewable 7 years crediting period is started 1<sup>st</sup> April 2003.

### 3.3 Baseline Determination

The project applies the simplified baseline methodology for type I.D small-scale CDM project activities (AMS) /6/.

The fuel used for all thermal power plants supplying electricity to the Costa Rica grid in 2004 was used to calculate the operating margin. The build margin is calculated based on 2004 generation data and average "Net Efficiency Conversion" (thermal power plants only) for the group of power plants that represents 20% most recently installed capacity. The grid CO<sub>2</sub> coefficient is fixed ex-ante for the whole crediting period of seven years.

The average build margin and operating margin baseline emission factor has correctly been calculated to 0.48835 kg CO<sub>2</sub>/kWh, based on data from ICE.

### 3.4 Additionality

The Cote project was presented in the PCF Costa Rica renewable energy portfolio at an early stage in 2001. A pre-validation of the project was done by an applicant entity in 2002. This clearly evidence that CDM was considered prior to project implementation.



Investment and technological barriers as well as economical barriers related to Costa Rica's inflation rate are presented to demonstrate the additionality of the project. The investment barrier is sustained by the high cost of installation per MW generation capacity of the project compared to other electricity generation sources. This cost is relatively high due to the low load factor that is estimated for the project. However, on the other hand there is a lot of previous experience with hydropower technology in Costa Rica. This experience is though related to hydropower plants with significantly higher load factors than the proposed CDM project.

The economical barrier relates to the macro-economic conditions in Costa Rica: The increasing inflation rate of the country claimed to limit state owned enterprises in investments and financial leveraging of projects. This seems reasonable, given the Costa Rican state's indirect involvement in the project. Based on an assessment of the recent economic and fiscal developments in Costa Rica, this barrier is deemed reasonable.

The technological barrier is sustained by the project being located in an area of seismic activity and that the project location is exposed to potential landslides potentially causing mudslides in the rainy season. This clearly represents risks that are not facing e.g. fossil-based power plants to the same degree.

In DNV's opinion, the presented barriers sufficiently support the project's additionality claim.

### 3.5 Monitoring Plan

The project correctly applies the simplified monitoring methodology proposed for *Renewable Electricity Generation for a Grid* project activities AMS-I.D /6/.

The monitoring plan will give opportunity for real measurement of achieved emission reductions. The net electricity generated by the hydroelectric power plant and supplied to the local grid will be monitored with calibrated meters. According to the PPA, the monitoring management has to be handled by an independent third party and electricity generation data has to be recorded at least twice a year. All necessary monitoring data will be transferred automatically from the metering equipment to the monitoring protocol. This information will be double checked by the project owner and a representative from ICE.

### 3.6 Calculation of GHG Emissions

Appropriate assumptions regarding expected amounts of electricity generated have been used to forecast emission reductions. An average load capacity of 22% has been assumed and is deemed to be reasonable given the circumstances, although on the low end. This load factor is caused by the intention of mostly running the plant at peak load periods only.

Project emissions are zero. The project's energy generating equipment is not transferred from another activity. Hence, no leakage effects need to be considered.

### 3.7 Environmental Impacts

Environmental effects are sufficiently addressed and not expected to be considerable. An EIA has been carried out and is approved by the National Environmental Technical Secretariat. An environmental licence has been received. The Costa Rican DNA has approved the project and confirmed its contribution to sustainable development.



### **3.8 Comments by Local Stakeholders**

Extensive local stakeholder consultations have been performed according to Costa Rican requirements. The local stakeholder process includes the presentation of the project in public consultation meetings and announcements in churches and schools. Landowners who were affected by the project have sold their land to ICE and were compensated for this.

Comments received by local stakeholders related to the positive social and economic benefits of the project and potential negative impacts on the environment and ecology. The comments resulted in the project sponsor to agree on hiring local labour and assisting in infrastructure development and other support activities for the local community.

## **4 COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS**

The PDD of October 2005 was made publicly available on [www.dnv.com/certification/climatechange](http://www.dnv.com/certification/climatechange) and Parties, stakeholders and NGOs were through the CDM website invited to provide comments during the period 31<sup>st</sup> October to 30<sup>th</sup> November 2005. No comments were received.



## 5 VALIDATION OPINION

*Det Norske Veritas Certification Ltd. (DNV) has made a validation of the “Cote small-scale hydropower plant” project in Costa Rica, on the basis of UNFCCC criteria for the CDM, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the CDM rules and modalities and the subsequent decisions by the CDM Executive Board regarding small-scale CDM projects.*

*The assessment of the project design documentation and the subsequent follow-up interviews have provided DNV with sufficient evidence to determine the fulfilment of stated criteria.*

*The project consists of the construction of a hydro plant in the Guanacaste and Alajuela provinces, which will provide electricity to the national grid.*

*The project participants are Compañía Nacional de Fuerza y Luz of Costa Rica, the International Bank for Reconstruction and Development as trustee of the Prototype Carbon Fund and the Ministry for Foreign Affairs of Finland, which authorises the participation of the IBRD, Both Parties involved, i.e. Costa Rica as the host Party and Finland as the Annex I Party, meet the requirements to participate in the CDM. Letters of Approval have been received by the DNAs of Costa Rica and Finland. Finland has confirmed that no ODA funding is involved in the project.*

*The project correctly applies the approved simplified baseline and monitoring methodology AMS-I.D. The determination of the baseline is well elaborated, transparent and sufficiently supported with facts. Moreover, an analysis of the presented barriers demonstrates that the project is not a likely baseline scenario. With regards to the grid emission factor calculation, approach a) of AMS-I.D. has been chosen, i.e. the combined margin approach. The grid CO<sub>2</sub> coefficient of 0.48835 tCO<sub>2</sub>/MWh is determined ex-ante in accordance with AMS-I.D based on generation and fuel consumption data provided by ICE and is fixed for the first crediting period.*

*By displacing fossil based grid electricity by hydropower, the project results in the reduction of CO<sub>2</sub> emissions that are real, measurable and give long-term benefits and that are additional to what would have occurred in the absence of the project.*

*The GHG emission calculations are documented in a complete and transparent manner. The algorithm and methodologies for accounting GHG emissions are appropriate and emission factors are deemed to be of sufficient accuracy.*

*Detailed responsibilities and authorities for project management, monitoring and reporting and QA/QC procedures have been developed.*

*In summary, it is DNV’s opinion that the “Cote small-scale hydropower plant”, as described in the revised project design documentation of January 2006, meets all relevant UNFCCC requirements for the CDM and correctly applies the simplified approved baseline and monitoring methodology AMS-I.D. Hence, DNV requests the registration of the “Cote small-scale hydropower plant” as a CDM project activity.*



## REFERENCES

*Documents provided by the project proponent that relate directly to the project:*

- /1/ World Bank's Carbon Finance Business Unit: *Cote small-scale hydropower plant, PDD*, Version received on 28 October 2005, version 02 dated 7 November 2005 and version 3 dated January 17, 2006.
- /2/ Oficina Costarricense de Implementación Conjunta (OCIC), Ministerio de Ambiente y Energía (MINAE) (DNA of Costa Rica), *Letter of Approval*, 27 November 2002.
- /3/ Ministry for Foreign Affairs of Finland (DNA of Finland), *Letter of Approval*, 19 October 2005.
- /4/ Summary of environmental impact assessment, SETENA, April 2001

*Background documents related to the design and/or methodologies employed in the design or other reference documents:*

- /5/ International Emission Trading Association (IETA) & the World Bank's Prototype Carbon Fund (PCF), *Validation and Verification Manual*. <http://www.vvmanual.info>
- /6/ Appendix B of the simplified modalities and procedures for small-scale CDM project activities, *Indicative simplified baseline and monitoring methodologies for selected small-scale CDM project activity categories*. Version 06: 30 September 2005.

*Persons interviewed during the validation, or persons contributed with other information that are not included in the documents listed above:*

- /7/ Giovanni Castillo Pacheco, Fernando Alvarado Zumbado, Dirección Sectorial de Energía
- /8/ Ángela González Grau, Vera Quesada Ramírez, Gina Marcela Rojas Chacón, Walter Delgado, Oscar Eduardo Calvo Piedra, Compañía Nacional de Fuerza y Luz, S.A.
- /9/ Patricia Campos Mesén, Martha Chavez Quiroz, SETENA

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## APPENDIX A

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### VALIDATION PROTOCOL

**Table 1 Mandatory Requirements for Small Scale Clean Development Mechanism (CDM) Project Activities**

Requirement	Reference	Conclusion	Cross Reference/ Comment
1. The project shall assist Parties included in Annex I in achieving compliance with part of their emission reduction commitment under Art. 3	Kyoto Protocol Art. 12.2	OK  <del>CAR-1</del>	Table 2, Section E.4.1
2. The project shall assist non-Annex I Parties in achieving sustainable development and shall have obtained confirmation by the host country thereof	Kyoto Protocol Art. 12.2, Simplified Modalities and Procedures for Small Scale CDM Project Activities §23a	OK	Table 2, Section A.3 Confirmation by Costa Rica DNA that project assist in achieving china sustainable development is received.
3. The project shall assist non-Annex I Parties in contributing to the ultimate objective of the UNFCCC	Kyoto Protocol Art. 12.2.	OK	Table 2, Section E.4.1
4. The project shall have the written approval of voluntary participation from the designated national authority of each party involved	Kyoto Protocol Art. 12.5a, Simplified Modalities and Procedures for Small Scale CDM Project Activities §23a	OK  <del>OK</del>  <del>CAR-1</del>	Approval of voluntary participation from the DNA of Costa Rica and DNA of Finland is received.
5. The emission reductions should be real, measurable and give long-term benefits related to the mitigation of climate change	Kyoto Protocol Art. 12.5b	OK	Table 2, Section E.1 to E.4
6. Reduction in GHG emissions must be additional to any that would occur in absence of the project activity, i.e. a CDM project activity is additional if anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the registered CDM project activity	Kyoto Protocol Art. 12.5.c, Simplified Modalities and Procedures for Small Scale CDM Project Activities §26	OK	Table 2, Section B.2.1

Requirement	Reference	Conclusion	Cross Reference/ Comment
7. In case public funding from Parties included in Annex I is used for the project activity, these Parties shall provide an affirmation that such funding does not result in a diversion of official development assistance and is separate from and is not counted towards the financial obligations of these Parties	Decision 17/CP.7 CDM Modalities and Procedures Appendix B, § 2	OK	The project has not received and is not seeking any public funding. The Government of Finland has confirmed that no ODA funding is involved.
8. Parties participating in the CDM shall designate a national authority for the CDM	CDM Modalities and Procedures § 29	OK	The DNA of Costa Rica is the Oficina Costarricense de Implementación Conjunta (OCIC), Ministerio de Ambiente y Energia (MINAE)  Finland has appointed the Ministry of Foreign Affairs, Department for Development Policy as the DNA
9. The host Party and the participating Annex I Party shall be a Party to the Kyoto Protocol	CDM Modalities and Procedures § 30, 31b	OK	Costa Rica ratified the Kyoto Protocol on 9 August 2002.  Finland ratified the Kyoto Protocol on 31 May 2002.
10. The participating Annex I Party's assigned amount shall have been calculated and recorded	CDM Modalities and Procedures §31b	OK	Finland's s assigned amount is 92% of the emissions in 1990.
11. The participating Annex I Party shall have in place a national system for estimating GHG emissions and a national registry in accordance with Kyoto Protocol Article 5 and 7	CDM Modalities and Procedures §31b	OK	Finland has in place a national registry and reports on an annual basis its GHG inventory to the UNFCCC.
12. The proposed project activity shall meet the eligibility criteria for small scale CDM project activities set out in § 6 (c) of the Marrakech Accords and shall not be a debundled component of a larger project activity	Simplified Modalities and Procedures for Small Scale CDM Project Activities §12a,c	OK	Table 2, Section A.1



Requirement	Reference	Conclusion	Cross Reference/ Comment
13. The project design document shall conform with the Small Scale CDM Project Design Document format	Simplified Modalities and Procedures for Small Scale CDM Project Activities, Appendix A	OK	The document is as per the SSC PDD format (version 02 of 8 July 2005).
14. The proposed project activity shall confirm to one of the project categories defined for small scale CDM project activities and uses the simplified baseline and monitoring methodology for that project category	Simplified Modalities and Procedures for Small Scale CDM Project Activities §22e	OK	Table 2, Section A.1.3, B and D The project conforms to Type I, category D of the simplified modalities and procedures for SSC CDM
15. Comments by local stakeholders are invited, and a summary of these provided	Simplified Modalities and Procedures for Small Scale CDM Project Activities §22b	OK	Table 2, Section G
16. If required by the host country, an analysis of the environmental impacts of the project activity is carried out and documented	Simplified Modalities and Procedures for Small Scale CDM Project Activities §22c	OK	Table 2, Section F
17. Parties, stakeholders and UNFCCC accredited NGOs have been invited to comment on the validation requirements and comments have been made publicly available	Simplified Modalities and Procedures for Small Scale CDM Project Activities §23b,c,d	OK	The PDD of October 2005 was made publicly available on <a href="http://www.dnv.com/certification/climate">www.dnv.com/certification/climate</a> change and Parties, stakeholders and NGOs were through the CDM website invited to provide comments during the period 2005-10-31 to 2005-11-30. No comments were received.

**Table 2 Requirements Checklist**

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
<b>A. Project Description</b> The project design is assessed.					
<b>A.1. Small scale project activity</b> It is assess whether the project qualifies as small scale CDM project activity.					
A.1.1. Does the project qualify as a small scale CDM project activity as defined in paragraph 6 (c) of decision 17/CP.7 on the modalities and procedures for the CDM?	/1/	DR	Yes. The project qualifies as a renewable energy project with a maximum output capacity equivalent to up to 15 MW (Type I). It involves the installation of a horizontal Francis turbine with a total capacity of 6.78 MW.		OK
A.1.2. The small scale project activity is not a debundled component of a larger project activity?	/1/	DR	The project is not a de-bundled component of a larger project activity.		OK
A.1.3. Does proposed project activity confirm to one of the project categories defined for small scale CDM project activities?	/1/	DR	The project confirms to Type I.D of the simplified baseline and monitoring methodologies for small-scale CDM project activities as the electricity will be sold to the grid.		OK
<b>A.2. Project Design</b> Validation of project design focuses on the choice of technology and the design documentation of the project.					
A.2.1. Are the project's spatial (geographical) boundaries clearly defined?	/1/	DR	The project's spatial boundaries have been sufficiently defined. Project boundary includes emissions from activities that occur at the project location.		OK
A.2.2. Are the project's system (components and facilities used to mitigate GHG's) boundaries	/1/	DR	Yes. This is a hydroelectric power project based on renewable energy. The system boundary is defined as		OK

\* MoV = Means of Verification, DR= Document Review, I= Interview

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
clearly defined?			the national grid of Costa Rica.		
A.2.3. Does the project design engineering reflect current good practices?	/1/	DR	Yes. The project will be using run-of-river hydropower technology involving a Francis turbine with 6.78 MW installed capacity.		OK
A.2.4. Will the project result in technology transfer to the host country?	/1/	DR	The Francis turbines are a standard, widely used technology and well known in Costa Rica.		OK
A.2.5. Does the project require extensive initial training and maintenance efforts in order to work as presumed during the project period? Does the project make provisions for meeting training and maintenance needs?	/1/	DR	Yes. The PDD states that necessary training will be provided to the local employees.		OK
<b>A.3. Contribution to Sustainable Development</b> The project's contribution to sustainable development is assessed					
A.3.1. Will the project create other environmental or social benefits than GHG emission reductions?	/1/	DR	Yes, the project will create other benefits, such as improved generation and reliability of electricity in the municipalities, creation of employment in the region, and reduced dependency on fossil fuels in Costa Rica.		OK
A.3.2. Will the project create any adverse environmental or social effects?	/1/, /7/	DR, I	An EIA has been completed and is approved by the national authorities. Any adverse environmental effects are mapped and mitigation measures are defined.		OK
A.3.3. Is the project in line with sustainable development policies of the host country?	/1/, /9/	DR, I	Host country confirmation that the project is in line with sustainable development policies of Costa Rica is pending.	<del>CAR-1</del>	OK
A.3.4. Is the project in line with relevant legislation and plans in the host country?	/1/	DR	The project has an operating licence and an approved EIA.  The impact on the project from Costa Rica's environmental policies (making the country's energy	<del>CL-1</del>	OK

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
			consumption renewable based) should be clarified.		
<b>B. Project Baseline</b> The validation of the project baseline establishes whether the selected baseline methodology is appropriate and whether the selected baseline represents a likely baseline scenario.					
<b>B.1. Baseline Methodology</b> It is assessed whether the project applies an appropriate baseline methodology.					
B.1.1. Is the selected baseline methodology in line with the baseline methodologies provided for the relevant project category?	/1/	DR	Yes. The project applies one of the simplified baseline methodologies proposed for type I.D small-scale project activities (AMS-I.D), i.e. the baseline is the kWh produced by the renewable generating unit multiplied by an emission coefficient (tCO <sub>2</sub> /kWh) calculated as the average of the “approximate operating margin” and the “build margin”. The calculation of the operating margin for baseline calculations is incorrect. The emissions from all fossil fuelled plants are divided by the total generation capacity, and not the capacity for the fossil based plants only. According to the numbers presented in the PDD, the correct factor should be 0.969 kg CO <sub>2</sub> /MWh.	<del>CAR-2</del>	OK
B.1.2. Is the baseline methodology applicable to the project being considered?	/1/	DR	Yes, the baseline methodology is applicable to the project .The project fulfils the relevant criteria and hence can apply this methodology.		OK

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
<b>B.2. Baseline Determination</b> It is assessed whether the project activity itself is not a likely baseline scenario and whether the selected baseline represents a likely baseline scenario.					
B.2.1. Is it demonstrated that the project activity itself is not a likely baseline scenario due to the existence of one or more of the following barriers: investment barriers, technology barriers, barriers due to prevailing practice or other barriers?	/1/	DR. I	Investment and technological barriers and barriers due to the national economical situation are presented to demonstrate the additionality of the project. These are deemed reasonable and confirmed in interviews.  Examples on how the inflation rate of Costa Rica is limiting state owned enterprises in investment and debt financing is requested.  A number of small hydropower plants similar to Cote are recently implemented in Costa Rica without CDM incentives It should be clarified how this project is unique when this technology seems to represent common practice in the country.	<del>CL2</del> <del>CL3</del>	OK
B.2.2. Is the application of the baseline methodology and the discussion and determination of the chosen baseline transparent and conservative?	/1/	DR	The application of the baseline methodology is mainly correct and reflect the criteria in AMS-I.D. The deviation is related to the calculation of the operating margin for baseline calculations, which is incorrect. The emissions from all fossil fuelled plants are divided by the total generation capacity, and not the capacity for the fossil based plants only. According to the numbers presented in the PDD, the correct factor should be 0.969 kg CO <sub>2</sub> /MWh.	<del>CAR-2</del>	OK
B.2.3. Are relevant national and/or sectoral policies and circumstances taken into account?	/1/	DR	Yes. The project is reflecting current Costa Rican energy policies and priorities.		OK

\* MoV = Means of Verification, DR= Document Review, I= Interview

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
B.2.4. Is the baseline selection compatible with the available data?	/1/	DR	Yes.		OK
B.2.5. Does the selected baseline represent the most likely scenario describing what would have occurred in absence of the project activity?	/1/	DR	<p>Not necessarily. As a number of small hydropower plants similar to Cote are recently implemented in Costa Rica without CDM incentives, it should be clarified how this project is unique when this technology seems to represent common practice in the country.</p> <p>It is claimed that the investment decision considered the project's very low load factor of 22 %. The sponsor considered the benefit of carbon finance to compensate at least partly for this project disadvantage. The 22% load factor is due to the conditions of construction, design and geology of the place where the project has been built.</p>	<del>CL-2</del>	OK
<b>C. Duration of the Project / Crediting Period</b> It is assessed whether the temporary boundaries of the project are clearly defined.					
C.1.1. Are the project's starting date and operational lifetime clearly defined?	/1/	DR	Yes. The PDD states the starting date for the start of the project activity as December 22, 2000. The project started generation in 2003 and the crediting period is defined from April 1, 2003.		OK
C.1.2. Is the assumed crediting time clearly defined (renewable crediting period of seven years with two possible renewals or fixed crediting period of 10 years with no renewal)?	/1/	DR	Yes, the length of the first crediting period is 7 years starting on April 1, 2003.		OK

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
<b>D. Monitoring Plan</b> The monitoring plan review aims to establish whether all relevant project aspects deemed necessary to monitor and report reliable emission reductions are properly addressed.					
<b>D.1. Monitoring Methodology</b> It is assessed whether the project applies an appropriate monitoring methodology.					
D.1.1. Is the selected monitoring methodology in line with the monitoring methodologies provided for the relevant project category?	/1/	DR	The monitoring methodology is consistent with the selected baseline methodology and also in line with the simplified monitoring methodologies for type I.D of the simplified modalities and procedures for small-scale CDM project activities (AMS-I.D). The generated electricity is metered.		OK
D.1.2. Is the monitoring methodology applicable to the project being considered?	/1/	DR	Yes		OK
D.1.3. Is the application of the monitoring methodology transparent?	/1/	DR	Yes, the application is transparent		OK
D.1.4. Will the monitoring methodology give opportunity for real measurements of achieved emission reductions?	/1/	DR	Yes. The electricity generated will directly displace electricity otherwise dispatched to the national grid.		OK
<b>D.2. Monitoring of Project Emissions</b> It is established whether the monitoring plan provides for reliable and complete project emission data over time.					
D.2.1. Are the choices of project emission indicators reasonable?	/1/	DR	There are no project emissions.		OK

\* MoV = Means of Verification, DR= Document Review, I= Interview

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
<b>D.3. Monitoring of Leakage</b> It is assessed whether the monitoring plan provides for reliable and complete leakage data over time.					
D.3.1. If applicable, are the choices of leakage indicators reasonable?	/1/	DR	There is no leakage.		OK
<b>D.4. Monitoring of Baseline Emissions</b> It is established whether the monitoring plan provides for reliable and complete project emission data over time.					
D.4.1. Is the choice of baseline indicators, in particular for baseline emissions, reasonable?	/1/	DR, I	The electricity generation will be monitored and baseline emissions will be determined by multiplying this value with an ex-ante determined emission coefficient of 0.48835 tCO <sub>2</sub> /MWh which is fixed for the first 7 years crediting period. Therefore, no indicators for baseline emissions need to be monitored.		OK
D.4.2. Will it be possible to monitor / measure the specified baseline emission indicators?	/1/	DR	Yes		OK
Appendix A Do the measuring technique and frequency comply with good monitoring practices?	/1/	DR	Electricity generation will be continuously metered by ICE and measurements will be verified by the operator and cross-checked via invoice for sold electricity.		OK
D.4.3. Are the provisions made for archiving baseline emission data sufficient to enable later verification?	/1/	DR	Yes, the data will be registered in paper and electronic format and archived for two years after the end of the crediting period.		OK

\* MoV = Means of Verification, DR= Document Review, I= Interview



Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
<b>D.5. Project Management Planning</b> It is checked that project implementation is properly prepared for and that critical arrangements are addressed.					
D.5.1. Is the authority and responsibility of project management clearly described?	/1/	DR	According to the monitoring plan contained in annex 4 of the PDD, the monitoring management will be handled by an Emission Reductions Purchase Contract manager. Electricity generation data has to be recorded to enable monthly and annual reporting. Given the nature of the project, the description of the monitoring and reporting in the PDD is deemed sufficient.		OK
D.5.2. Is the authority and responsibility for monitoring, measurement and reporting clearly described?	/1/	DR	Yes, in general the provision for monitoring and reporting are well detailed  However, Section D1 and D2 in the PDD refers to the project being registered with an overall monitoring plan, reflecting a number of bundled activities. Only the Cote project has yet been presented among these. Hence, there is a need for an update of this section.	<del>CL-5</del>	OK
D.5.3. Are procedures identified for training of monitoring personnel?	/1/	DR	Training will be provided by to local employees as necessary.		OK
D.5.4. Are procedures identified for emergency preparedness for cases where emergencies can cause unintended emissions?	/1/	DR	No GHG emissions relevant emergency situations are expected to occur.		OK
D.5.5. Are procedures identified for calibration of monitoring equipment?	/1/, /8/	DR, I	Calibration of metering equipment is not addressed in the PDD or monitoring plan.	<del>CAR-3</del>	OK
D.5.6. Are procedures identified for maintenance of monitoring equipment and installations?	/1/, /8/	DR, I	Maintenance of equipment necessary for correct project operations, monitoring and reporting is not addressed in the PDD or monitoring plan.	<del>CAR-3</del>	OK

\* MoV = Means of Verification, DR= Document Review, I= Interview

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
D.5.7. Are procedures identified for monitoring, measurements and reporting?	/1/ /8/	DR, I	The overall procedures are described in the monitoring plan in annex 4 of the PDD		OK
D.5.8. Are procedures identified for day-to-day records handling (including what records to keep, storage area of records and how to process performance documentation)	/1/ /8/	DR, I	The overall procedures are described in the monitoring plan in annex 4 of the PDD		OK
D.5.9. Are procedures identified for dealing with possible monitoring data adjustments and uncertainties?	/1/ /8/	DR, I	Uncertainties are expected to be minimal, considering the nature of the project. Such procedures are not imperative for small hydro projects.		OK
D.5.10. Are procedures identified for internal audits of GHG project compliance with operational requirements as applicable?	/1/ /8/	DR, I	Detailed monitoring procedures, including procedures for review of monitoring reports prior to submission for verification and certification of CERs are not addressed in the PDD and need be established.	CL4	OK
D.5.11. Are procedures identified for project performance reviews?	/1/ /8/	DR, I	<i>Idem.</i>		OK
<b>E. Calculation of GHG emission</b>					
It is assessed whether all material GHG emission sources are addressed and how sensitivities and data uncertainties have been addressed to arrive at conservative estimates of projected emission reductions.					
<b>E.1. Project GHG Emissions</b>					
The validation of predicted project GHG emissions focuses on transparency and completeness of calculations.					
E.1.1. Are all aspects related to direct and indirect project emissions captured in the project design?	/1/	DR	Emissions related to the construction of the project are not expected to be significant and comparable to the construction emissions from other power plants. No major vegetation is expected to be submerged by the		OK

\* MoV = Means of Verification, DR= Document Review, I= Interview

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
			basin and hence no major methane emissions are expected to occur.		
<b>E.2. Leakage</b> It is assessed whether there leakage effects, i.e. change of emissions which occurs outside the project boundary and which are measurable and attributable to the project, have been properly assessed.					
E.2.1. Are leakage calculation required for the selected project category and if yes, are the relevant leakage effects assessed?	/1/	DR	According to the simplified baseline and monitoring methodology for type I.D small-scale CDM projects (AMS-I.D), leakage shall only be considered if the project's energy generating equipment is transferred from another activity. This is not the case and no leakage must hence be considered.		OK
<b>E.3. Baseline GHG Emissions</b> The validation of predicted baseline GHG emissions focuses on transparency and completeness of calculations.					
E.3.1. Are the baseline emission boundaries clearly defined and do they sufficiently cover sources for baseline emissions?	/1/	DR	Yes. All power plants from the Costa Rica grid have been considered.		OK
E.3.2. Are all aspects related to direct and indirect baseline emissions captured in the project design?	/1/	DR	Yes. All direct baseline emissions are captured.		OK
E.3.3. Have all relevant greenhouse gases and sources been evaluated?	/1/	DR	Yes		OK

\* MoV = Means of Verification, DR= Document Review, I= Interview

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
E.3.4. Have conservative assumptions been used?	/1/	DR	See B 2.1.	CL2	OK
E.3.5. Are uncertainties in the baseline emissions estimates properly addressed?	/1/	DR	Yes. E.g, Costa Rican values are used for the calorific values of bunker and diesel fuel.		OK
<b>E.4. Emission Reductions</b> Validation of baseline GHG emissions will focus on methodology transparency and completeness in emission estimations.					
E.4.1. Will the project result in fewer GHG emissions than the baseline case?	/1/	DR	Yes, the project is expected to result in annual emission reductions of about 5,993 tCO <sub>2</sub> .		OK
<b>F. Environmental Impacts</b> It is assessed whether environmental impacts of the project are sufficiently addressed.					
F.1.1. Does host country legislation require an analysis of the environmental impacts of the project activity?	/1/	DR	An EIA has been conducted. The project has a valid environmental licence.		OK
F.1.2. Does the project comply with environmental legislation in the host country?	/1/	DR	The project has an operating licence, an EIA and an environmental licence.		OK
F.1.3. Will the project create any adverse environmental effects?	/1/	DR	No adverse environmental effects are foreseen.		OK
F.1.4. Have environmental impacts been identified and addressed in the PDD?	/1/	DR	Yes.		OK

\* MoV = Means of Verification, DR= Document Review, I= Interview

Checklist Question	Ref.	MoV*	Comments	Draft Concl.	Final Concl.
<b>G. Comments by Local Stakeholder</b>					
Validation of the local stakeholder consultation process.					
G.1.1. Have relevant stakeholders been consulted?	/1/	DR	A stakeholder consultation was held including representatives from the local authorities.		OK
G.1.2. Have appropriate media been used to invite comments by local stakeholders?	/1/	DR	Yes, stakeholder consultations have been solicited through different means.		OK
G.1.3. If a stakeholder consultation process is required by regulations/laws in the host country, has the stakeholder consultation process been carried out in accordance with such regulations/laws?	/1/, /9/	DR, I	The stakeholder consultations have been conducted in accordance with national regulations.		OK
G.1.4. Is a summary of the comments received provided?	/1/	DR	Yes.		OK
G.1.5. Has due account been taken of any comments received?	/1/	DR	The project developer has taken due account of comments received through the process.		OK

\* MoV = Means of Verification, DR= Document Review, I= Interview

**Table 3 Resolution of Corrective Action and Clarification Requests**

Draft report corrective action requests and requests for clarification	Ref. to Table 2	Summary of project participants' response	Final conclusion
<p>CAR 1</p> <p>The project has yet to receive the approval letter from both Costa Rica and the Finland and confirmation from Costa Rica's DNA that the project contributes to sustainable development.</p>	<p>Table 1, A.3.3, G.1.3</p>	<p>LOAs are received.</p>	<p>OK</p>
<p>CAR 2</p> <p>The calculation of the operating margin for baseline calculations is incorrect. The emissions from all fossil fuelled plants are divided by the total generation capacity, and not the capacity for the fossil based plants only. According to the numbers presented in the PDD, the correct factor should be 0.969 kg CO<sub>2</sub>/MWh. The combined OM/BM emission factor needs to be updated throughout the document.</p>	<p>B.1.1.</p>	<p>This has been corrected in the PDD. Now the approximate OM shows as 0.96917 KgCO<sub>2</sub>/KWh.</p>	<p>The correction is accepted. OK</p>
<p>CAR 3</p> <p>Calibration of metering equipment is not addressed in the PDD or monitoring plan. Nor is maintenance of equipment necessary for correct project operations, monitoring and reporting is not addressed in the PDD or monitoring plan.</p>	<p>D.5.5. D.5.6.</p>	<p>Please see D.4, which now incorporates the calibration procedures.</p>	<p>The revised PDD addresses the calibration issues satisfactorily. OK</p>

Draft report corrective action requests and requests for clarification	Ref. to Table 2	Summary of project participants' response	Final conclusion
<p>CL 1</p> <p>The impact on the project from Costa Rica's environmental policies (making the country's energy consumption renewable based) should be clarified.</p>	A.3.4	<p>Costa Rica's environmental policies limit private investment to renewable energy generation investments through Law 7200 and 7508. But these laws do not apply to CNFL because CNFL is not a private company. CNFL ("the sponsor") is not limited to invest only in renewable energy; in fact CNFL has recently built* a fossil fuel-based plant named Moin Gas (90MW). Moin Gas is a diesel-fired power plant built and owned by CNFL but rented to ICE, thus ICE operates and maintains this power plant currently – this is not BOT. The duration of the renting contract is 20 years – renewable upon agreement of both ICE and CNFL.</p> <p>The main policy is defined in the Energy sector plan <a href="http://www.dse.go.cr">www.dse.go.cr</a> the one that describes global directives.</p> <p>The National energy situation is as follows:</p> <ul style="list-style-type: none"> <li>- Private investors could invest only in renewable sources as described in law 7200</li> <li>- ICE is the only one authorized to invest in other sources (CNFL is part of ICE).</li> </ul> <p>But as told by SETENA and MINAE,</p>	<p>The presented information is confirmed via interviews. OK</p>

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\* In 2003.

Draft report corrective action requests and requests for clarification	Ref. to Table 2	Summary of project participants' response	Final conclusion
		<p>this situation could change if the national requirements and economic situation change:</p> <ul style="list-style-type: none"> <li>- Law 8345 defines the possibility that cooperatives could invest in any kind of energy</li> <li>- Law of administrative contracts defines the possibility that government could buy energy from any kind of source (this law is not used at this moment but could apply if need to).</li> </ul> <p>Other situations that could impact in renewable projects is that in the near future will expires concessions related to 140 MW and probably will not continue due to social circumstances (25% of the country are national parks and mainly all rivers goes true this parks).</p>	
<p>CL 2</p> <p>Examples on how the inflation rate of Costa Rica is limiting state owned enterprises in investment and debt financing is requested.</p>	B. 2.1,	<p>Inflation was referred in the PDD as consequence of the fiscal deficit*, as well as high interest rate was referred as a contributor to the fiscal deficit. Altogether they strike stronger highly capital intensive projects as renewable energy plants are because of their higher risk involved. But the point we wanted to highlight in "other barriers" was undoubtedly Costa Rican fiscal</p>	<p>The presented argumentation sufficiently clarifies the matter. The fiscal situation has remained from the year project implementation was decided. CL closed.</p>

\* Inflation is created whenever the government prints money to avoid increasing taxes or borrowing from the public to cover its fiscal deficit, or more indirectly inflation is created when the government prints bonds and sell it to the Central Bank, which has to print money to buy them. Main economic models (Classical and Keynesians) agree on the fact that fiscal deficit lead to an increase in prices.



Draft report corrective action requests and requests for clarification	Ref. to Table 2	Summary of project participants' response	Final conclusion
		<p>deficit. Costa Rica has been unsuccessful in making significant progress on structural reforms, such as privatization of state-monopolies and large national banks – this covers the energy sector, which still has limited private participation. High fiscal deficits (resulting from a low tax intake and a rigid expenditure profile) in an environment of slow growth have led to a build-up in government debt. With this market structure and fiscal deficit condition of the government the continuance of hydropower plants is put in risk.</p> <p>To avoid confusion, the argument of “other barriers” have been corrected in the PDD to be the fiscal deficit only – references to inflation and high interest rates are provided in annex 3 section of the PDD. A table showing evidence of the decrease in energy investment due to fiscal constraint has been added to “other barriers” in section B.3, as evidence for the DOE – this is the main evidence it was found for the argument.</p>	
<p>CL 3.</p> <p>A number of small hydropower plants similar to Cote are recently implemented in Costa Rica without CDM incentives It should be clarified how this project is unique when this technology seems to represent common</p>	<p>B. 2.1, B.2.5.</p>	<p>Among the 3 barriers identified of Attachment A applicable to the project, the strongest barrier faced by the project is the investment barrier – and out of the very low load factor and of the very high turnkey cost, the very low load factor of the project is the most</p>	<p>It is recognised that the load factor and the investment barrier represent significant barriers to the project. CL closed.</p>

Draft report corrective action requests and requests for clarification	Ref. to Table 2	Summary of project participants' response	Final conclusion														
practice in the country.		<p>striking. The project's low load factor is undoubtedly not a common practice in Costa Rica. Average low factors of the <i>NIS</i> are as follow:</p> <p><b>Costa Rican NIS – Load Factor</b></p> <table><tr><th>Years</th><th><i>NIS</i> -Load Factor (%)</th></tr><tr><td>1999</td><td>65.4</td></tr><tr><td>2000</td><td>65.0</td></tr><tr><td>2001</td><td>66.8</td></tr><tr><td>2002</td><td>65.8</td></tr><tr><td>2003</td><td>67.7</td></tr><tr><td>2004</td><td>67.3</td></tr></table> <p>Source: <i>Naciones Unidas Comision Economica para Centro America y el Caribe</i> ("CEPAL") 2004 – Istmo Centro Americano Statistics for the Electric Subsector - page16.</p>	Years	<i>NIS</i> -Load Factor (%)	1999	65.4	2000	65.0	2001	66.8	2002	65.8	2003	67.7	2004	67.3	
Years	<i>NIS</i> -Load Factor (%)																
1999	65.4																
2000	65.0																
2001	66.8																
2002	65.8																
2003	67.7																
2004	67.3																
CL 4 Detailed monitoring procedures, including procedures for review of monitoring reports prior to submission for verification and certification of CERs are not addressed in the PDD and need be established.	D 5.3.	Please see D.4, which now incorporates CL4. Section D complements the Monitoring Plan ("MP"). The MP built for the project provides an ERCP, and ERCP Organizational Structure and ERCP Quality Control assurance – the two latter can be seen in the annex section of the PDD. Minor amendments (highlighted in green) have also been made to these 3 documents, in order to satisfy CL4 and give clearer guidance to the ERCP Manager.	The response is satisfactorily addressing the issue raised. CL closed.														
CL 5	D.5.10.	Same as above.	The response is satisfactorily														

Draft report corrective action requests and requests for clarification	Ref. to Table 2	Summary of project participants' response	Final conclusion
Detailed monitoring procedures, including procedures for review of monitoring reports prior to submission for verification and certification of CERs are not addressed in the PDD and need be established.			addressing the issue raised. CL closed.
CL 6 Section D1 and D2 in the PDD refers to the project being registered with an overall monitoring plan, reflecting a number of bundled activities. Only the Cote project has yet been presented among these. Hence, there is a need for an update of this section.	D 5.2.	This has been corrected in the PDD. The project is being presented with only one MP as the DOE asserts.	Correction OK. CL closed.
CL 7 The last column in Table in A.3 is YES for Finland. Hence, Finland is a project participant and its contact details have to be included in Annex I. Moreover, the LoA of Finland has to be attached to the modalities for communication statement (in the LoA Finland agrees that IBRD is the focal point for communications with the EB).	A.3.	The Finnish contact details have been included in the PDD.	Revision satisfactory and accepted.

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