

FINDINGS OVERVIEW

FINDINGS FROM VALIDATION OF VGL- WASTE HEAT BASED 4MW CAPTIVE POWER PROJECT AT RAIPUR

Each Table below represents a finding from the validation assessment. The findings are numbered consecutively, approximately in the order that they have been identified.

Description of table:

Type	Findings are either New Information Requests (NIR) or Corrective Action Requests (CAR). CARs are items that must be addressed before a project can receive a recommendation for registration. NIRs may lead to the raising of CARs. Observations are included at the end and may or may not be addressed. They are primarily to act as signposts for the verifying DOE.
Issue	Details the content of the finding
Ref	refers to the item number in the Validation Protocol
Response	Please insert response to finding, starting with the date of entry.

Rows for comments and further response will be appended to the table until the Findings has been addressed to the satisfaction of the Lead Assessor.

Please note that this is an open list and more findings may be added as validation progresses.

Date:03/01/06

Raised by: Siddharth Yadav

No.	Type	Issue	Ref
1	CAR	A letter of approval needs to be provided by the Indian DNA (Ministry of Environment & Forests, Government of India) confirming that the project shall assist non-Annex-I Parties in achieving sustainable development and also confirming voluntary participation of the host country	1.2
Date: 24 Jan 2006 [Comments] Host Country Approval letter for the project activity has been submitted to SGS (refer email dated 05 Jan 2006).			
Date:30 Jan 2006 [Acceptance and close out] OK, CAR1 CLOSED Accepted 09 May 2006 [Sanjeev Kumar]			

Date:03/01/06

Raised by: Siddharth Yadav

No.	Type	Issue	Ref
2	NIR	<ul style="list-style-type: none"> - The PDD is double spaced, should be single spaced - Section A.4.1.4, section and A.4.4 should each beshould each be restricted to one page - Section 4.4.1- CO₂(should beCO₂e) - Section B5 not addressed in accordance with the guidelines-Revise - - Section E4 CO₂ should beCO₂e Table E6 on emission reduction calculations to be inserted	1.6
Date: 24 Jan 2006			

[Comments] The points have been addressed as follows:

- The PDD is double spaced, should be single spaced - addressed in PDD
- Section A.4.1.4, section and A.4.4 should each beshould each be restricted to one page – Changes have been incorporated in the revised version of the PDD.
- Section 4.4.1- CO₂(should beCO₂e) - addressed
- Section B5 not addressed in accordance with the guidelines-Revise - addressed
- Section E4 CO₂ should beCO₂e - addressed
- Table E6 on emission reduction calculations to be inserted - The table has been inserted in the revised version of the PDD.

Date:30/01/2006 The client has addressed the above observations and modified the PDD.

[Acceptance and close out] OK, NIR 2 CLOSED

Accepted 09 May 2006 [Sanjeev Kumar]

Date: 03/01/06

Raised by: Siddharth Yadav

No.	Type	Issue	Ref
3	CAR	the baseline emission calculations and figures need to be revised in accordance with the revision in ACM0002 (http://cdm.unfccc.int/EB/Meetings/022/eb22_repan6.pdf)	2.3

Date:24 Jan 2006

[Comments]

The baseline emission calculations and figures have been calculated as per regional grid in accordance with the revision in ACM0002. Please refer to the relevant sections of the revised version of the PDD.

Date:31 Jan 2006

The baseline emission calculations were checked and were found to be in order.

[Acceptance and close out] OK, CAR3 CLOSED

Accepted 09 May 2006 [Sanjeev Kumar]

Date: 03/01/06

Raised by: Siddharth Yadav

No.	Type	Issue	Ref
4	CAR	The emission reduction calculations need to be revised in accordance with the revisions in ACM0002 (http://cdm.unfccc.int/EB/Meetings/022/eb22_repan6.pdf)	2.6

Date: 24 Jan 2006

[Comments]

The emission reduction calculations have been calculated as per regional grid in accordance with the revision in ACM0002. Please refer to the relevant sections of the revised version of the PDD

Date:31Jan 2006

The formulae and the data used emission reduction calculations are in order. However, the same will be verified depending upon the actual project activity during the verification process.

[Acceptance and close out] OK, CAR4 CLOSED

Accepted 09 May 2006 [Sanjeev Kumar]

Date: 03/01/06

Raised by: Siddharth Yadav

No.	Type	Issue	Ref
5	CAR	Proof of starting date of the project activity needs to be provided	3.2

Date: 24 Jan 2006

[Comments] [The proof of start date of project activity has been provided to the validator during site visit.](#)

Date: 30/12/2006

The following documents provided to the local assessor by the client support that the project started around September 2003:

1. Permission for installation and running of 24 MW TG set under section 44 of the Indian Electricity Act 1948 (letter from Chattisgarh Electricity Board no. 02-02/SE-1/12-33-01/256 dated February 10, 2003)
2. Request for making necessary arrangements to supply power as per the state government policy (ref. no. VGL/2002-03/ 2658 dated 06 March 2003)
3. Order number VGL/ST/03/27 dated 07.03.03 for erection and commissioning of T.G. Set (1X8MW) and its associated auxiliary machinery being supplied by M/s Alstom vide order no. VGL/2002-03/626 dt. 07th Oct., 2002

The above documentation is a sufficient proof for start of the project activity around September 2003

[Acceptance and close out] OK, CAR 5 CLOSED

Accepted 09 May 2006 [Sanjeev Kumar]

Date: 03/01/06

Raised by: Siddharth Yadav

No.	Type	Issue	Ref
6	CAR	Proof of serious consideration of CDM	3.2

Date: 24 Jan 2006

[Comments] [The proof in the form of extract of minutes of Board Meeting of VGL has been provided to the validator.](#)

Date: 30 Jan 2006

Extracts from minutes of the meeting of the Board of Directors of the company held on 17th April 2003 confirm that there were concerns regarding the limitations set by Chattisgarh electricity board for not allowing reduction in contract demand while granting permission to set up a captive power plant and considerable delay in granting 'no objection certificate' for wheeling, but in anticipation of revenues arising out of the sale of carbon credits; the company decided to go ahead with the project. The hard copy of the minutes is attached.

[Acceptance and close out] OK, CAR 6 CLOSED

Accepted 09 May 2006 [Sanjeev Kumar]

Date: 03/01/06

Raised by: Siddharth Yadav

No.	Type	Issue	Ref
7	CAR	Regulatory Barriers Please provide information on: Annual charge for meeting contract demand of 7000KVA (2002, 03, 04, 05) Annual electricity consumption (2002, 03, 04, 05)	3.2

Date: 24 Jan 2006

[Comments]

[VGL has revised its contract demand to 7000 KVA of power purchase with Chattisgarh State Electricity Board from April 2003 onwards. The annual charge for Meeting the Contract demand of 7000 KVA is mentioned below:](#)

1. Period : April 2003 – March 2004 = Rs. 31.03 million
2. Period : April 2004 – March 2005 = Rs. 31.03 million

Annual Electricity Consumption:	
Year	Total Power Consumption by VGL Plant (Million kWh)
April 2002 – March 2003	4.08
April 2003 – March 2004	27.72
April 2004 – March 2005	29.68
April 2005 – November 2005 (till November only)	24.3Total [out of which 19.8MkWh was supplied by WHR CPP]
Date: 30/01/2006 Please provide documentary evidence (bill/pay receipts for the payment of annual charge of 31.03 million for the periods April 2003-March 2004 & April 2004 -March 2005 Evidence of power consumption by VGL for 2002-03, 2003-04, 2004-05 [Acceptance and close out] CAR 7, PENDING	
Date: 16 Feb 2006 [Comments] All documents have been sent to SGS through courier.	
Date: 16/02/06 Documents containing correspondences with the regulatory authority, copies of the bills and the payment receipts were checked, these provide sufficient evidence of the regulatory barriers. [Acceptance and close out] OK, CAR7 CLOSED Accepted 09 May 2006 [Sanjeev Kumar]	

Date: 03/01/06		Raised by: Siddharth Yadav	
No.	Type	Issue	Ref
8	CAR	The baseline emission monitoring methodology needs to incorporate changes in the ACM0002 (http://cdm.unfccc.int/EB/Meetings/022/eb22_repan6.pdf)	4.2
Date: 24 Jan 2006 [Comments] Changes have been incorporated in the revised version of the PDD.			
Date: 31/01/2006 The calculations and the text has been modified using ACM0003 for the calculation of built margin, operating margin and the combined margin, and hence the grid emission factors. The Western Grid has been used instead of the Chattisgarh State Grid used earlier. [Acceptance and close out] OK, CAR 8 CLOSED Accepted 09 May 2006 [Sanjeev Kumar]			

Date: 03/01/06		Raised by: Siddharth Yadav	
No.	Type	Issue	Ref
9	NIR	No, the authority and responsibility needs to be defined clearly	5.2.1
Date: 24 Jan 2006 [Comments] The authority and responsibility for project management have been clearly defined in the Procedure of GHG Performance Monitoring, Measurement and Reporting of data and the Procedure of GHG Internal Audit. These documents have been submitted to validator during site visit.			
Date: 31/01/2006 Yes, the company has streamlined the procedures in the GHG performance procedures- GHG internal audit. The document contains detailed information on personnel and their responsibilities, audit programme, audit methodology and the reporting procedures (Attached). The procedures were checked by the local assessors during the site visit and were found to be in order. [Acceptance and close out] OK, NIR 9 CLOSED Accepted 09 May 2006 [Sanjeev Kumar]			

Date: 03/01/06 Raised by: Siddharth Yadav

No.	Type	Issue	Ref
10	NIR	No, the procedures need to be defined clearly	5.2.3
Date: 24 Jan 2006 [Comments] This has been explained in the Procedure of GHG Performance Monitoring, Measurement and Reporting of data, a copy of which is submitted to validator during site visit.			
Date: 31/01/2006 Yes the procedures have been defined clearly in the GHG Internal audit report [Acceptance and close out] OK, NIR 10 closed Accepted 09 May 2006 [Sanjeev Kumar]			

Date: 03/01/06

Raised by: Siddharth Yadav

No.	Type	Issue	Ref
11	NIR	Although procedures identified reflect transparent monitoring practice but corrective actions for future monitoring would help	5.2.13
Date: 24 Jan 2006 [Comments] The system for conducting regular internal audits and taking corrective actions for the project activity is detailed in the Procedure for GHG Internal Audit document, which has been submitted to the validator.			
Date: 31/01/2006 Yes, the corrective actions for future monitoring have been included in the GHG internal audit form. [Acceptance and close out] OK, NIR 11, CLOSED Accepted 09 May 2006 [Sanjeev Kumar]			

OBSERVATION (1)

As reported by the local assessor the following are the start dates of the plants listed below:

1. JSPL – 1991
2. Godavari Power Ispat Limited- Sep 2002 (Applied for CDM funding)
3. HEGL- Mar 1997
4. Monnet Ispat- Dec 2000 (Applied for CDM funding)
5. Chattisgarh Electricity Company Limited- Jul 2002 (Applied for CDM funding)
6. Prakash Industries Ltd.-
7. Vandana Global Limited- March 2005 (Applied for CDM funding CDM)

Please provide information on start dates for power generation of the above projects? Didn't these projects face barriers as quoted in Vandana Global Limited (PDD).

Date: 16th Feb 2006

Comments: The start dates for power generation for the plants are as mentioned in your 'Observation' (For Prakash Industries Limited although start date for power generation is not available, evidence is available for power generation in 2001-02¹). Out of six other projects as mentioned in the list, three projects have undertaken projects considering CDM. The barriers are provided in the respective PDDs at the UNFCCC website. Therefore, as per Step 4a of the Additionality Tools, these three CDM projects are excluded from the common practice analysis.

¹ <http://www.chattisgarh.nic.in/opportunities/Power.pdf>

Prakash Industries Limited is a co-generation plant with only in-house power consumption arrangement thus not facing the added barriers associated with wheeling to group companies (as mentioned in Step 3 of Section B.3 of the PDD).

JSPL's sponge iron facility is the world's largest sponge iron unit and is a part of an integrated steel plant with an installed capacity of 1.37 Million Tonnes Per Annum (MTPA) of sponge iron whereas Vandana Global has a capacity of only 0.066 MTPA. Hence, JSPL is of a different scale as compared to the VGL plant (<http://www.jindalsteelpower.com/spongeiron.asp> and <http://www.jindalsteelpower.com/raigarhplant.asp>)

HEG Limited has started its CPP operations in 1997 with wheeling facility to its group company. Further, in view of the constant regulatory barriers associated with wheeling, HEG Limited has eventually stopped wheeling to its group companies in 2005-06 and has set up a coal based power plant at the group company site (HEG Reports).

VGL project was conceived in 2002. As mentioned in Step 3 of Section B.3 of the PDD, VGL faced the regulatory barriers due to delay in framing of relevant policies which lead to additional cost overruns. Despite being aware of the barriers, the project proponent was committed to successfully implement the project mainly with an aim to reduce GHG emissions and overcome the barriers by availing CDM funds.

Comments (SGS): OK, ACCEPTED
09 May 2006 [Sanjeev Kumar]

OBSERVATION (2)

Please provide information (evidence) on the following:

- List of stakeholders (names/addresses) contacted
- Records of communication with key local stakeholder

Date: 16th Feb 2006

The list of stakeholders has been provided in Section G.1 of the PDD. The records of communication with the stakeholders have been sent to SGS.

Comments (SGS): OK, ACCEPTED
09 May 2006 [Sanjeev Kumar]