



CDM Project Activity Registration and Validation Report Form

(By submitting this form, designated operational entity confirms that the proposed CDM project activity meets all validation and registration requirements and thereby requests its registration)

Section 1: Request for registration

Name of the designated operational entity (DOE) submitting this form	Korea Energy Management Corporation
Title of the proposed CDM project activity (Section A.2 of the attached CDM-PDD) submitted for registration	Korea South-East Power Co. (KOSEP) small scale hydroelectric power plants project (The Samchonpo Thermal Power Plant and Younghung Thermal Power plant small scale hydroelectric power plants construction project)
Project participants (Name(s))	Korea South-East Power Co. (KOSEP)
Sector in which project activity falls	Energy Industries (renewable energy sources)
Is the proposed project activity a small-scale activity?	<u>Yes</u> / No (underline as applicable)

Section 2: Validation report

List of documents to be attached to this validation report (please check mark):	
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The CDM-PDD of the project activity <input checked="" type="checkbox"/> An explanation by the submitting designated operational entity of how it has taken due account of comments on validation requirements received, in accordance with the CDM modalities and procedures, from Parties, stakeholders and UNFCCC accredited non-governmental organizations (Note: refer to the KEMCO Validation Report attached, section 7.); <input checked="" type="checkbox"/> The written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development: <ul style="list-style-type: none"> ○ Letter of Approval by the DNA of Korea <input checked="" type="checkbox"/> Other documents, including any validation protocol used in the validation <ul style="list-style-type: none"> ○ KEMCO Validation Report (No. AT201-200602, rev. 03) <input checked="" type="checkbox"/> Information on when and how the above validation report is made publicly available. <input checked="" type="checkbox"/> Banking information on the payment of the non-reimbursable registration fee <input checked="" type="checkbox"/> A statement signed by all project participants stipulating the modalities of communicating with the Executive Board and the secretariat in particular with regard to instructions regarding allocations of CERs at issuance 	

Executive Summary and Introduction, including

- **Description of the proposed CDM project activity**
- **Scope of validation process (include all documentation that has been reviewed and name persons that have been interviewed as part of the validation, as applicable)**
- **DOE Validation team (list of all persons involved in the validation, describing functions assumed in the validation)**

The Korea South-East Power Co. (KOSEP) small scale hydroelectric power plants project is a project bundling two project activities which are located at Sacheon City and Ongjin Gun, the 2.965MW Samchonpo thermal power plant small-scale hydroelectric power plant project and 3MW Younghung thermal power plant small-scale hydroelectric power plant project, respectively.

The Project is expected to annually generate 38,154 MWh from the Samchonpo(22,728 MWh) and Younghung(15,426 MWh) small-scale hydroelectric power plants thereby reducing 21,189 metric tons CO₂eq / year which would otherwise occur.

In order to assess the CDM project design document (PDD) of the project, KEMCO first prepared validation checklist questions according to each sub-sections of the PDD form. Then, the validation team was formed such that the assessment covered various aspects of the project including its technological aspects, business-as-usual scenario, monitoring of emission reductions and environmental impacts. More importantly, in order to ensure the consistency of judgment while performing validation the validation team applied the following principles as a basis of judgment throughout the validation: completeness; consistency; accuracy; transparency; relevancy; and conservativeness. The major means of assessment included document review, cross-check between documents and data, and interview.

Key documents that had been reviewed during the validation process are as follows

- Ecoeye, KOSEP small scale hydroelectric power plants project, Project Design Document, Updated in September 2006
- Ecoeye, Financial Analysis Excel Files, Updated in September 2006
- Gyeongsangnam-do Provincial Office, Permission on electricity generation (Samchonpo), July 2005
- Masan Regional Maritime Affairs & Fisheries Office, Permission on the use of public waters, November 2005 (in Korean only)
- Incheon Metropolitan Office, Permission on electricity generation(Younghung), August 2006 (in Korean only)
- A written consent from the Namdong Fisheries, March 2006 (in Korean only)
- Korea Electric Power Corporation, Statistics of Electric Power in Korea, 2003~2005 (in excel files)

The persons interviewed at the on-site assessment are as below:

- Lim, Kyung Mi, Assistant Manager, Korea South-East Power Co.
- Kim, Sung Sil, Manager, Gyeongsangnam-do Provincial Office
- Park, So Hyun, Manager, Masan Regional Maritime Affairs & Fisheries Office

The validation team was formed as below:

- Woo, Jae-hak, KEMCO, Lead Validator, Team Leader
- Kim, Chul-ha, KEMCO, Lead Validator

Description of methodology for carrying out validation

- Review of CDM-PDD and additional documentation attached to it
- Assessment against CDM requirements (e.g. by use of a validation protocol)
- Report of findings by the DOE, e.g. by use of type of findings (e.g. corrective action requests, clarifications or observations). Please explain the way findings are “labelled” during validation.
- Include statements or assessments in the section “Conclusions, final comments and validation opinion” below.

The validation process for the KOSEP small scale hydropower plants project was implemented in three stages, i.e. desk review (24 July 2006 ~ 31 July 2006), on-site assessment (11 August 2006 ~ 14 August 2006) and review of corrective actions (22 Aug. 2006 ~ 11 Sep. 2006).

The desk review has been made during the period from 24 July to 31 July by reviewing documents submitted by the project participants including the Project Design Document and supporting documentation in respect of completeness, consistency, accuracy, transparency, relevance, and conservativeness. The Validation Criteria, against which the project documentation is assessed, include the CDM modalities and procedures determined by the Marrakech Accords and relevant CDM EB decisions, and are specified in the Validation Checklist. The desk review focused mainly on the three aspects below:

- Demonstration of the project additionality;
- Calculation of baseline and project emissions; and
- Coverage of significant factors in the monitoring plan.

On-site assessment has been performed during the period from 11 August to 14 August by making on-site visits and interviewing relevant persons particularly for the purpose of checking the remaining issues identified at the desk review. The on-site assessment focuses mainly on the three aspects below:

- Capacity factors of the hydro-electric power plants (Samchonpo, Younghung)
- Environmental impacts by the hydro-electric power plants; and
- Whether due consideration has been taken of local stakeholders' comments.

As a result of the on-site assessment, the validation team requests the project entity to take corrective actions against four non-conformities i.e. two Major non-conformity and two Minor non-conformities identified within the deadline, 25 August 2006, as agreed in the Validation Contract.

In response to the request for corrective actions against non-conformities identified, the project proponents submitted the revised project documentation to the validation team, of which the validation team made a thorough review during the period from 22 August to 11 September. Then the team fully agreed that all the significant non-conformities issued had been cleared.

Explanation by the submitting designated operational entity of how it has taken due account of comments on validation requirements received, in accordance with the CDM modalities and procedures, from Parties, stakeholders and UNFCCC accredited non-governmental organizations;

- Description of how and when the PDD was made publicly available
- Description of how comments were received and made publicly available
- Explanation of how due account has been taken of comments received
- **Compilation of all comments received (Identify the submitter)**

In accordance with Paragraph 40(c) of the CDM Modalities and Procedures, the project design document of KOSEP small scale hydroelectric power plants project had been posted on the UNFCCC CDM website for public comments from 25 July 2006 to 23 August 2006. As a result, no comments were received during that period.

Conclusions, final comments and validation opinion

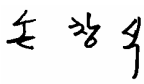
- Provide conclusions on each requirement under paragraph 37 of the CDM modalities and procedures, describing how these requirements have been met. This shall include assessments and findings (e.g. corrective action requests, clarifications or observations) in relation to each requirement, including a confirmation that all issues raised have been addressed to the satisfaction of the DOE.
- Final comments and validation opinion

The KEMCO validation team has performed a validation of KOSEP small scale hydropower plants project which claimed approximately 21,189 CO₂eq ton annually by utilizing small scale hydro resources. To ensure the transparency and integrity of the validation, the validation team first had established the validation checklist taking into account UNFCCC, Kyoto Protocol, Marrakesh Accords and relevant decisions of the CDM executive board. Based on the checklist the validation of the project activity was undertaken in three stages, i.e. desk review (24 July 2006 ~ 31 July 2006), on-site assessment (11 August 2006 ~ 14 August 2006) and review of corrective actions (22 August 2006 ~ 11 September 2006).

As a result of the desk review and on-site assessment, the validation team identified two Major non-conformities and two Minor non-conformities and then requested the project proponents to take corrective actions against them. In response to the request, the project proponents submitted the revised project documentation to the validation team, of which the validation team made a thorough review. Then the team fully agreed that all the significant non-conformities issued had been cleared.

In conclusion, the validation team is of the opinion that the KOSEP small scale hydropower plants project is in full compliance with all the major requirements for the CDM by leading to emission reductions additional to what would have otherwise occurred, providing for reliable and measurable emission reductions with the well-established monitoring plan and contributing to sustainable development in Korea through reduction of air pollutants and a decrease in imports of fossil fuel.

The DOE declares herewith that in undertaking the validation of this proposed CDM project activity it has no financial interest related to the proposed CDM project activity and that undertaking such a validation does not constitute a conflict of interest which is incompatible with the role of a DOE under the CDM.

By submitting this validation report, the DOE confirms that all validation requirements are met.	Son, Chang-sik
Name of authorized officer signing for the DOE	
Date and signature for the DOE	 30 Nov. 2006
Section below to be filled by UNFCCC secretariat	
Date when the form is received at UNFCCC secretariat	
Date at which the registration fee has been received	
Date at which registration shall be deemed final	
Date of request for review, if applicable	

Date and number of registration	Date	Number

(d)