

## COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

A global public stakeholder process on the TÜV SÜD website (via the UNFCCC website) has taken place between March 7, 2005 and April 6, 2005. One comment has been received. The PDD and the comment is publicly available under the following link: [http://www.netinform.de/KE/Wegweiser/Guide2E.aspx?Ebene1\\_ID=172](http://www.netinform.de/KE/Wegweiser/Guide2E.aspx?Ebene1_ID=172).

The comment has been submitted on April 6, 2005 by Mr. Patrick McCully, International Rivers Network. International Rivers Network is an accredited observer organisation to the United Nations Framework Convention on Climate Change Conference of the Parties. The comment has the following content:

*Dear Sirs*

*The PDD for Poechos I hydroelectric project argues that the project should be considered additional because there is documentation showing that the sponsors wanted to gain carbon finance for the project before it started construction, and because the loan agreement integrates carbon finance cash flows. This facts only prove that the project sponsors stood to gain financially from their project receiving CERs, they do not prove that CERs were necessary for the project to move forward. The fact that the project reached financial closure and construction completion without any guaranteed revenue from CERs shows that carbon revenue would be an added bonus for project developers, not a sine qua non for project construction.*

The comment has been submitted during the 30 days stakeholder period and is submitted by an accredited observer organisation. Hence, TÜV SÜD did consider the comment in its validation process. Hereby TÜV SÜD came to the following conclusion:

The project started in 2002 and during the whole project development and implementation phase carbon credits were taken into account. Documents (confidential) have been provided which demonstrate that the CDM has been considered from the beginning. In the Board of Directors Act and written communication from the Chairman of the board to the CEO the respective evidence is given. The documents are dated April/May 2002.

This approach complies with the requirements of “step 0” of the “tool for the demonstration and assessment of additionality” (EB Report 16 Annex 1) considered by the audit team as appropriate guidance, when reviewing the comment above. Hence the project is considered to qualify for CDM.

The modalities and procedures outlined in the “Tool for the demonstration and assessment of additionality” do moreover not require that a project is only commercially viable if carbon credits are obtained but that it faces significant barriers and/or the project is not the least cost option. The project proponent demonstrates in the revised PDD how the project registration impacts the barriers faced by the project. In this context the current CER price is taken at a reference to calculate the revenue stream from CDM.

The audit team considers the aspects raised in the comment as covered during the validation process as these aspects mandatory belong to a validation audit for CDM projects. As all changes in the revised final PDD version have either resulted in substantiating the arguments already given in the previous version the changes are not considered to be significant with respect to the qualification of the project as a CDM project. Hence no repetition of the public stakeholder process has taken place.