

FINDINGS OVERVIEW

FINDINGS FROM VALIDATION OF “GANPATI CO-GENERATION PROJECT AT MEDAK, ANDHRA PRADESH” (CDM.VAL0287)

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:09/12/05

Raised by: Siddharth Yadav

| No. | Type | Issue | Ref |
|--|------|---|-----|
| 1 | CAR | A letter of approval is required from Indian DNA confirming host country approval | 1.2 |
| Date: 05/01/06 [Comments] Host country approval was obtained by the client from the Indian DNA (Ministry of Environment and Forests, Government of India) vide letter no. 4/22/2005-CCC dated Dec. 26, 2005 | | | |
| Date:05/01/06; Siddharth Yadav [Acceptance and close out] OK CAR1 CLOSED. | | | |

Date:09/12/05

Raised by: Siddharth Yadav

| No. | Type | Issue | Ref |
|--|------|---|-----|
| 2 | CAR | The project was listed for comments on the UNFCCC website from 25/10/2005 till 23/11/2005 commented by Joergen Fenhann “The link to the PDD for 15 MW biomass co-generation in Andhra Pradesh did not work” | 1.5 |
| Date: 05/01/06 [Comments]The UNFCCC weblink was checked, the link was found to be operational and the PDD was accessible. No comments were received during the subsequent period of web hosting | | | |
| Date: 05/01/06; Siddharth Yadav [Acceptance and close out] OK, CAR2 CLOSED | | | |

Date:09/12/05

Raised by: Siddharth Yadav

| No. | Type | Issue | Ref |
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| 3 | NIR | Minutes of the meeting held with the local stakeholders and the list of people present in the stakeholders meeting should be provided. | 7.1 |
| Date:05/01/2006 [Comments] The local assessors met the local populace and the village representative "Sarpanch" of the nearby settlement. The project activity has received a positive response. There have been no public complaints registered at the State Pollution Control Board office on the project activities. Date:05/01/06; Siddharth Yadav [Acceptance and close out] OK, NIR3 CLOSED | | | |

Date: 09/12/2005 Raised by: Siddharth Yadav

| No. | Type | Issue | Ref |
|--|------|---|-----|
| 4 | NIR | Information on media used to invite comments (Press adverts, public announcement, letters etc.) | 7.2 |
| Date: 05/01/2006 [Comments] The representatives of the village community were contacted on a one to one basis. Some of the villagers were interviewed by the local assessors during the site visit. No adverse comments were received from the local residents. Date:05/01/2006; Siddharth Yadav [Acceptance and close out] OK, NIR4 CLOSED | | | |

Date:09/12/2005 Raised by: Siddharth Yadav

| No. | Type | Issue | Ref |
|---|------|---|-----|
| 5 | NIR | Is stakeholder consultation process required by regulations/laws in the host country, has the stakeholder consultation process been carried out in accordance with such regulations/laws? | 7.3 |
| Date: 05/01/2006 [Comments] As per the regulatory requirement, no stakeholder consultation or EIA is required. The project holds valid 'Consent to Establish and Operate', which is in accordance with the regulator's requirement to operate. Date:05/01/2006; Siddharth Yadav [Acceptance and close out] OK, NIR5 CLOSED | | | |

Date:09/12/2005 Raised by: Siddharth Yadav

| No. | Type | Issue | Ref |
|---|------|---|-------|
| 6 | CAR | Section on Project participants is wrongly filled (A3), needs to be revised <ul style="list-style-type: none"> 'Party' refers to the country which provides the written approval(could be Annex II or/and Annex I), Ministry of Environment and Forests', Government of India in this case Project participant could be a party involved and public and /or private entity authorised by a 'Party' | 8.1.2 |
| Date: 05/01/2006 [Comments] The PDD has been modified in accordance with the guideline for completion of the project design document Date:05/01/2006; Siddharth Yadav [Acceptance and close out] OK, CAR 6 CLOSED. | | | |

Date:09/12/2005 Raised by: Siddharth Yadav

| No. | Type | Issue | Ref |
|-----|------|--|-----|
| 7 | CAR | Information on the amount of coal used and emissions due to usage of coal is missing | 9.6 |

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| Date: 05/01/2006 [Comments] No coal is being used at present. The audited financial spreadsheets do not show any expenditure incurred towards purchase of coal in the plant. There were no signs of coal usage on the site during their site visit. | | | |
| Date:05/01/2006; Siddharth Yadav [Acceptance and close out] OK CAR 7 CLOSED | | | |

Date:09/12/2005

Raised by: Siddharth Yadav

| No. | Type | Issue | Ref |
|-----|------|--|-----|
| 8 | CAR | <p>It is mentioned in section A.4.2 of the PDD that the power purchase agreement entered with transmission corporation of Andhra Pradesh Limited for the sale of power to the grid is currently under dispute</p> <p>To be confirmed:</p> <ul style="list-style-type: none"> - Status of power purchase agreement/sale of power <p>(LA) Evidence to be gathered for:</p> <p>Project being first of its kind in Indian sugar Industry</p> <p>Regulatory risks:</p> <p>State Electricity Regulations</p> <p>Revision of Power Purchase agreement by the state regulatory agency on unilateral basis</p> <p>High Pressure Configuration was not BAU at the time of project start (technological barrier)</p> | 9.9 |

Date: 05/01/06

[Comments]

(1) The Power Purchase Agreement (PPA) 1 was initially signed with APTRANSCO for Rs. 2.25 with an escalation of 5% per annum with 94-95 as base year and valid till 30th June 2004. Later it was revised with tariff rate as Rs. 3.08 with out any section consideration for next 10 years (refer point no 6) of PPA 2. The dispute with regard to tariff is in court. However, the wheeling of power still continuing. This is a sufficient proof for institutional barriers and regulatory uncertainty for the project.

(2) Demonstrate that the project would not proceed without the CDM - most financial institutions were unwilling to finance the project, could not be substantiated. No evidence could be found to support the statement.

Date: 05/01/06

[Comments] SGS

Please provide evidence supporting the revised tariff rate of Rs. 3.08 with out any section consideration for next 10 years. Point no 6 of PPA 2 does not provide information on the revised tariff.

There is no documentary evidence (records) confirming the statement that most financial institutions were unwilling to finance the project. The project faced several other barriers, which could be proved through supporting evidence, such evidence on financial statements were not emphasised.

Evidence on the following was checked by the local assessor:

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| <ul style="list-style-type: none"> – Project being first of its kind in Indian sugar Industry – Regulatory risks: – State Electricity Regulations – Revision of Power Purchase agreement by the state regulatory agency on unilateral basis – High Pressure Configuration was not BAU at the time of project start (technological barrier) |
| Date: 27/02/06 [Comments] CLIENT: GSL Supporting documents for the same have been provided and the same were found to be in order. Date:07/03/06; Siddharth Yadav [Acceptance and close out] OK, CAR 8 CLOSED |

| Date: 09/12/2005 | | Raised by: Siddharth Yadav | |
|--|------|---|------|
| No. | Type | Issue | Ref |
| 9 | CAR | Ref. section 1.2.1(PDD); please provide details of the monitoring parameters for the amount of coal used in the plant | 9.12 |
| Date: 05/01/06 [Comments] GSL The amount of fossil fuel used for starting up the boiler is monitored and corresponding emissions from the same will be deducted from the annual emission reduction figures. In case, any fossil fuel (coal) is purchased, evidence can be gathered from the financial certified audit reports. | | | |
| Date:05/01/2006; Siddharth Yadav [Acceptance and close out] OK, CAR9 CLOSED. | | | |

| Date:09/11/2005 | | Raised by: Siddharth Yadav | |
|--|------|--|------|
| No. | Type | Issue | Ref |
| 10 | NIR | Details required on monitoring protocol, monitoring, measuring and reporting of the fuels used, checks on internal procedures, internal audits, missing data to be confirmed during site visit | 9.13 |
| Date: 05/01/06 [Comments] The monitoring plan has been attached as annexure -4 of the PDD. The units exported will be measured by power meters at plant and check meters at the high-tension substation of the APTRANSCO. The monitoring and verification system comprise of these meters as far as power export is concerned. The export of electricity will be through invoices to APTRANSCO. The invoices, based on meter readings will also be covered in the regular finance audit. The bagasse input is also to be monitored. The measurement of the quantity of bagasse used instead of fossil fuels illustrates the fact that net CO ₂ emissions will be zero. | | | |
| Date:05/01/2006; Siddharth Yadav [Acceptance and close out] NIR10 closed out. | | | |

| Date:09/11/2005 | | Raised by: Siddharth Yadav | |
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| No. | Type | Issue | Ref |
| 11 | Obs. | The project shall not make use of Official Development Assistance. | 1.7 |
| Date: 05/01/2006 [Comments] Details of financial arrangements/funding details were checked by the local assessor. No ODA utilised | | | |

Date:05/01/2006; Siddharth Yadav
[Acceptance and close out] OK, CLOSED

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|--|------|--|----------------------------|--|
| Date: 09/11/2005 | | | Raised by: Siddharth Yadav | |
| No. | Type | Issue | Ref | |
| 12 | Obs. | Training Requirements- The project is an up gradation of an earlier one, but requirements for acquaintance with the new technology to be confirmed | 8.2.4 | |
| Date: | | | | |
| [Comments] Yes, the plant is in operation and they are wheeling power on to the grid. The team has sufficient previous experience to handle plant operations. Resumes of the existing personnel show technically sound people are operating the operations | | | | |
| Date:05/01/2006; Siddharth Yadav | | | | |
| [Acceptance and close out] OK, CLOSED | | | | |

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|---|------|---|----------------------------|--|-------|
| Date: 09/11/2005 | | | Raised by: Siddharth Yadav | | |
| No. | Type | Issue | | | Ref |
| 13 | Obs. | Project's starting date and operational lifetime is clearly defined and is reasonable | | | 8.3.1 |
| Date: [Comments] The documents supporting the starting dates of the project have been provided. These include copies of the power purchase agreements and operation records | | | | | |
| Date:05/01/2006; Siddharth Yadav [Acceptance and close out]OK, CLOSED | | | | | |