

**17 October 2006**

**The Executive Board and UNFCCC Secretariat**

Re: Request for review of issuance from Bundled Wind power project in Jaisalmer (Rajasthan in India) managed by Enercon (India) Ltd. (Project: 0310)

We refer to the query raised in the three requests for review in relation to issuance for the above project relating to BVQI's verification report (Table 2, Item K.2, Page A-16) which are reproduced below for easy reference:

*One question should be clarified: The critical parameter identified for this project activity is the amount of electricity exported to the grid which is being measured through calibrated meters. The State Electricity Board has the responsibility of calibration and maintenance of the meters. Even though the Verification team is of the opinion that the master instruments used for inspection of these meters has the traceability to the National / International Standards they state that these instruments "cannot be verified since this is responsibility of the RRVPNL" and classify this issue as "limited" which represents a reporting risk.*

Our response is as follows:

1. The meter calibration/maintenance requirements for wind energy generators (and other conventional and non-conventional electricity generation sources in India) have the following structure. There is a set of main and check (or back-up) meters usually of accuracy class 0.2 at the designated metering points. The standards of these meters and the meter reading/testing/calibration procedures are prescribed in Metering Codes notified by the State Electricity Regulatory Commissions as amended from time to time, in addition to the provisions of the Power Purchase Agreement. The State Utility and power plant owners/operators have to follow the mandatory Metering Codes. In some states, the metering code forms part of the Grid Code notified by the Regulatory Commissions.
2. The State Utility has a portable meter testing equipment usually of accuracy class 0.1 (in some instances it is of accuracy class 0.2) with which the main and check meters are inspected/calibrated annually (or at shorter intervals). In addition, inspection/calibration is undertaken by the State Utility whenever there is an error logged by the main/check meters or when the difference between the main meters and check meters are beyond a permissible range. The portable meter testing equipment is tested and calibrated by the State Utility using a meter testing bench which is usually of accuracy class 0.02. The meter testing bench is in turn tested/ calibrated at organizations like Central Power Research Institute or National Physical Laboratories.
3. The monitoring plan of the registered PDD of the Bundled Rajasthan Project states that *"The general conditions set out for metering, recording, meter readings, meter inspections, Test & Checking and communication shall be applicable as per the PPA (Power purchase agreement) with the State electricity board."* The monitoring plan has been implemented in accordance with the Power Purchase Agreement.
4. Reviewing records of the testing/calibration of portable meter testing equipment and the meter testing bench are beyond the purview of the monitoring plan of the registered PDD. There are two reasons for it:

- The power plant owner/operator is required to make available the premises where the main/check meters are installed and other than that, the power plant owner/operator has no role to play in the inspection/calibration of main/check meters. The State Utility decides on the type of equipment that is suitable for meter testing as also the frequency of meter testing/calibration and it is beyond the power plant owner/operator's ambit to insist on the frequency of meter testing/calibration and the quality of the portable meter testing equipment. It is also beyond the control of the power plant owner/operator to require the State Utility to carry out testing/calibration of portable meter testing equipment or obtain records for testing/calibration of portable meter testing equipment. The main and back-up meters are sealed and the same can not be opened except by the State Utility.
  - The State Utilities are governed by the Grid/Metering codes for various metering procedures including the testing/calibration protocols. The State Utility is a regulated entity and the State Electricity Regulatory Commission, an independent quasi judicial body, has the oversight for, inter alia, its performance standards and compliance with the regulatory orders and codes. We have no basis to verify or seek enforcement of the State Utility's obligations in relation to testing/calibration of meter testing equipment under the regulatory framework.
5. During the verification exercise, we provided to the DOE the details of inspection/calibration report of the main/check meters where, inter alia, the portable meter testing equipment specification is reported to be of Class 0.1 accuracy, Kocos Make, which has traceability to the national/international standards. Other than this information, we will not be able to procure any information on the calibration of portable meter testing equipment or the meter testing bench.
  6. We believe that there should not be any reporting risk because all commercial transactions regarding sale of electricity by power plants in India are governed by these metering procedures and operate under regulatory supervision. We also believe that reliance on the State Utility to comply with its obligations under the regulatory framework should suffice for monitoring of electricity generation for the CDM project when we receive electricity tariffs from the State Utilities based on the above meter testing/calibration procedures that are significantly higher than the benefits that we would receive through CDM.
  7. Even if we are asked to improve on the meter testing/calibration procedures, we will not be in a position to implement it because we cannot open the seals of the meters for any testing/calibration and the State Utility will not accept any meter testing equipment in case we were to give it to them. We will have to rely on the State Utility to fulfill its obligations under the PPA and the Metering/Grid Code in relation to meter testing/calibration procedures.
  8. Finally, all grid connected renewable (and conventional power projects) in India and I am sure elsewhere in the world face this situation where a part of the meter testing/calibration procedures is outside the control of the project sponsor. This is one of the barriers that a CDM project activity like ours faces.
  9. We hope the Executive Board will take a fair and balanced decision in relation to this issue, keeping in view the prevalent commercial practices and regulatory framework

under which the Bundled Rajasthan Project and similar projects operate. We will be happy to provide any further clarifications.

Yours sincerely,

A V Raghavan

Enercon (India) Ltd