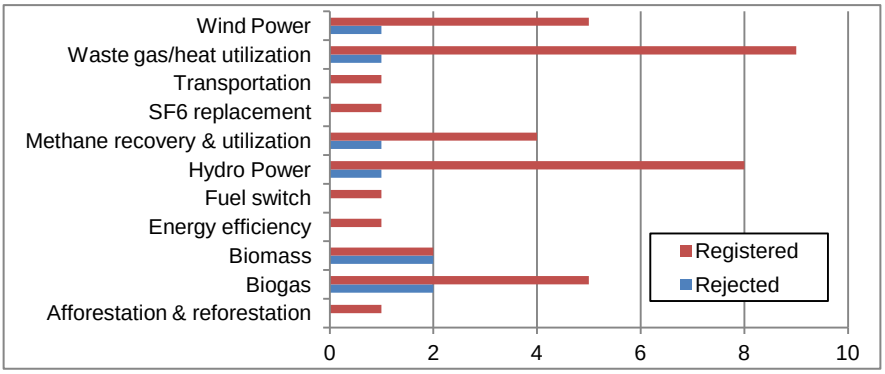
October 28, 2011

Summary of review & rejected CDM projects（EB61-64）[1,2]

Registration review and reject

This paper will summarise those projects received request for review during registration process and subsequently considered at the Executive Board of clean development mechanism (CDM) from 61st to 64th Meetings (hereafter as the EB Meeting). There has been an increase trend of review request triggered for waste gas/heat utilization projects. The time required for the review process has been decreasing.

1. Overview of the project considered during the EB Meetings (Unit: Number of project)



- EB considered 11 projects at EB61 Meeting, 14 projects at EB62, and 21 projects at EB63, respectively.
- Of all the 46 projects, 7 projects are using small scale methodologies and others are large scale (or combined with small scale methodologies),

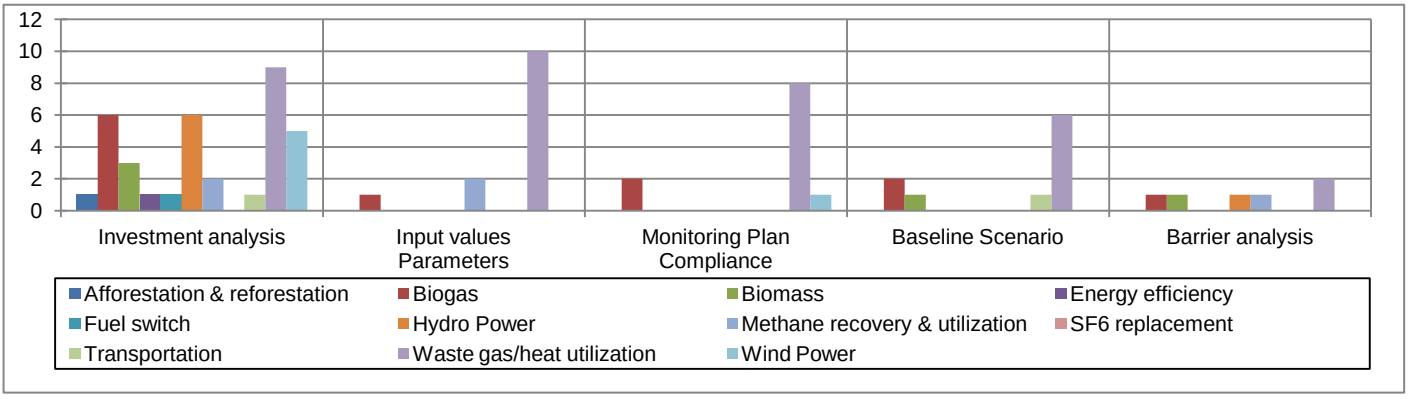
2. Time required for review process

	Days from registration request to review request			Days from review request to consideration at the EB meeting		
	Avr	Max	Min	Avr	Max	Min
EB61	261	407	74	150	161	136
EB62	194	392	65	161	193	129
EB63	154	483	69	147	175	93

- The average days for the review process have been decreasing.
- It took about 5 month (150 days) until the project considered at the EB Meeting after its request for review.

3. Reasons for review request（top 5 reasons）

- Investment analysis is the most dominant reason for review. Waste gas/heat utilization project receives many more reasons than other projects.



4. Reasons for reject

- Of those 8 projects rejected at EB61 to EB64 Meetings, there are 4 projects are publicly available. The example of reasons are tabulated.

Hydro Power	With the application of the highest tariff for the Province, the project IRR is higher than benchmark. Further, the tariff used in the investment analysis was not available at the time of investment decision. The suitability of the tariff in the investment analysis is not assessed in line with the requirements of the paragraphs 111 (a), (b) & (c) of VVM ver. 1.2 and “Guidelines on the assessment of investment analysis”, adopted at EB 51.
Biomass	It has not sufficiently validated that there is at least 25% surplus in the availability of biomass over what is to be used in the project activity in line with ACM0006, and that the biomass type was changed without explanation.
Biogas	The applicability of the input values used to carry out the investment comparison analysis and its baseline alternative is not in accordance with Guidelines on the assessment of investment analysis adopted at EB 51. The input values of after the project start date are used.
Methane recovery & utilization	The suitability of the input values to the investment analysis is not validated in line with the VVM, ver. 1.2, paragraph 111 (b). DOE shall cross-check the parameters against third-party or publicly available sources. The suitability of the project cost and O&M cost which were compared to nine similar CDM project activities in various other countries is not clear. If, the "project support cost" is not considered, the IRR crosses the benchmark for the project activity.

[1] Source: “IGES CDM Review and Rejected Project Database” URL: http://www.iges.or.jp/en/cdm/report_cdm.html#reject

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Trend of CER issuance review

This paper will summarise those projects received request for review during registration process and subsequently considered at the Executive Board of clean development mechanism (CDM) from 61st to 64th Meetings (hereafter as the EB Meeting).. From EB61 to EB64, 3 projects were considered and 1 project was rejected. The overall duration actually taken for the review process is decreasing.

1. Overview of the project

	EB61		EB62	
	Rejected		Issued	
	# of prj	CER requested	# of prj	CER requested
N2O decomposition	1	3,718		
Hydro Power			1	16
Waste gas/heat utilization			1	686
Total	1	3,718	2	702

- Of all the 3 projects, 1 project is based on a small scale methodology (Hydro power) and the others are large scale.

2. Duration taken for the review process

	Days from CER issuance request to review request	Days from review request to consideration at the EB
N2O decomposition	137	179
Hydro Power	69	80
Waste gas/heat utilization	56	112
Average	87	124

- Both "Days from CER issuance request to review request" and "Days from review request to consideration at the EB" are decreasing.

3. Reasons for review

N2O decomposition	Verification of Data: The by-passed N2O emissions are calculated from the 0.27 tonne N2O/t of adipic acid produced specified by the IPCC Good Practice Guidance, whereas the actual emission rate of the facility during this monitoring period is around 0.30 tonne N2O/t of adipic acid produced. The DOE is requested to clarify how it verified the calculation of the project emissions and emission reductions.
Hydro Power	Measurement Calibration: The DOE has confirmed that as per national regulations in Honduras, calibration frequency for meters is every 5 years. Whereas, the calibration of the main meter in accordance with paragraph 17 of the "General Guidelines to SSC CDM methodologies" EB 58 was stated that measuring equipments should be calibrated at least once in 3 years. Clarification is requested. DOE is also requested to clarify how the emission reductions from the project activity are appropriately calculated in accordance with "Guidelines for assessing compliance with the calibration frequency requirements" adopted at EB 52.
Waste gas/heat utilization	Difference in PDD and Monitoring/Verification Report: The PDD estimated a total electricity generation of 869.4 GWh per year. However, during the monitoring period from 1 October 2009 to 30 September 2010, the project generated 994 GWh, which is 14% higher than the estimation in the PDD. The PP/DOE shall further explain how the project activity was operated according to the PDD, noting that the 14% over-generation (as compared to the PDD) took place even when there was 59 days overhaul time during this monitoring period and that the sensitivity analysis was based on +/- 10%. Other reasons: Clarification is required on that the final version of the monitoring report was dated prior to the start of the verification.

4. Reasons for reject

- The N2O decomposition project was rejected because of the overestimation of emission reductions by wrongly applying emission factor as the quantity of N2O used for calculating project emission was calculated based on the capped emission rate value and not the actual emission rate for this monitoring period.