



**FRAMEWORK CONVENTION ON CLIMATE CHANGE - Secretariat
CONVENTION - CADRE SUR LES CHANGEMENTS CLIMATIQUES -
Secrétariat**

Date: 17 June 2008
Ref: CDM-EB-40

EXECUTIVE BOARD OF THE CLEAN DEVELOPMENT MECHANISM

FORTIETH MEETING

Report

Date of meeting: 15 -17 June 2008

Location: Bonn, Germany

Attendance: The names of members and alternate members present at the fortieth meeting are in bold print below. Where only the name of an alternate member is in bold print, the alternate participated as a member.

Member	Alternate
Mr. Samuel Adeoye Adejuwon ¹	Mr. Kamel Djemouai ¹
Mr. Philip M. Gwage ²	Mr. Xuedu Lu ²
Please refer to paragraph 3 below.	Ms. Diana Harutyunyan ²
Mr. Lex de Jonge ²	Mr. Pedro Martins Barata ²
Mr. Akihiro Kuroki ¹	Ms. Jeanne-Marie Huddleston ¹
Mr. Clifford Mahlung ²	Mr. Tuiloma Neroni Slade ²
Mr. Paulo Manso ²	Mr. Hussein Badarin ²
Ms. Ulrika Raab ¹	Mr. Martin Hession ¹
Mr. Hugh Sealy ¹	Mr. José Domingos Miguez ¹
Mr. Rajesh Kumar Sethi ¹	Ms. Liana Bratasida ¹

¹ Term: Two years (elected at CMP 2 in 2006)

² Term: Two years (elected at CMP 3 in 2007)

NB: The term of service of a member, or an alternate member, starts at the first meeting of the Executive Board in the calendar year following his/her election and ends immediately before the first meeting of the Executive Board in the calendar year in which the term ends (see Rules of procedure of the Executive Board).

Quorum (in parenthesis required numbers): **10** (7) members or alternate members acting as members present of which **4** (3) from Annex I Parties and **6** (4) from non-Annex I Parties.

WWW broadcasting : < <http://cdm.unfccc.int/EB/Meetings> >.

**Agenda item 1. Membership issues (including disclosure of possible conflict of interest)**

1. Mr. Rajesh Kumar Sethi, Chair of the Executive Board of the clean development mechanism (CDM) (hereinafter referred to as the Board) opened the meeting and stated that the quorum requirement was met. Members and alternate members of the Board present at the meeting disclosed whether they had any conflict of interest or not with respect to the issues included in the agenda of the meeting.
2. The Board took note of the resignation of Ms. Natalia Berghi, member from the Eastern Europe group. It expressed its deep appreciation for her contribution to the CDM.
3. The Board further noted the nomination received from the Eastern Europe group and agreed to appoint Mr. Victor Nicolae as a member of the Board to replace Ms. Natalia Berghi for the remainder of her mandate.
4. The Board noted that the secretariat was informed that Ms. Liana Bratasida and Mr. Martin Hession were unable to attend the meeting and had provided proper justification for their absence.

Agenda item 2. Adoption of the agenda

5. The Board adopted the agenda and agreed to the programme of work.

Agenda item 3. Work plan**Agenda sub-item 3 (a): Accreditation of operational entities***General guidance*

6. The Board, following its decision at its thirty-ninth meeting in paragraph 8, took note of the preparations of the workshop on elaboration of accreditation standards for DOEs, scheduled on 7 July 2008, in Bonn, Germany. The Board took note that all AEs/DOEs have been invited for the workshop. The Board also requested the panel to complete the work on the document expeditiously and submit it for consideration by the Board at its forty-first meeting.

Further schedule

7. The Board noted that the thirty-fifth meeting of the CDM Accreditation Panel is scheduled from 14 to 16 July 2008.

Agenda sub-item 3 (b): Methodologies for baselines and monitoring plans*General guidance*

8. The Board took note of the information provided by the secretariat in response to the Board's request for further work on the draft guidance on the application of common practice analysis. The Board agreed to further discuss this issue at the next meeting.
9. The Board took note of the oral report of the secretariat on energy efficiency and also the work to identify tools and guidance related to energy efficiency. The update highlighted the key recommendations of the scoping paper prepared by the expert based on two earlier reports commissioned by the Board. The following areas of guidance were identified: guidance on energy efficiency technologies where homogeneous output is achieved and standardization is possible; and 'tools and guidance' based on guidance provided in existing large-scale methodologies. The secretariat listed the tools that are presently being developed. The Board requested the secretariat to provide a proposal listing tools and guidance on the main energy efficiency methodological issues to be addressed in consultation with Meth



Panel, for consideration at its forty-first meeting.

Further schedule

10. The Board noted that the thirty-third meeting of the CDM Methodologies Panel is scheduled from 23 to 27 June 2008. The Board also reminded the project participants that the deadline for the twenty-fourth round of submissions of proposed new methodologies is 2 July 2008.

Agenda sub-item 3 (c): Issues relating to CDM afforestation and reforestation project activities

General guidance

11. The Board agreed to the procedure on change in the selected values of minimum tree crown cover, minimum land area and minimum tree height required for hosting an afforestation and reforestation (A/R) project activity under the CDM, as contained in annex 1 to this report. The above mentioned procedure is effective from 17 June 2008, 24:00 GMT. The Board requested the secretariat to reflect this decision and any changes to the values, in accordance with these procedures, on the UNFCCC CDM website.

12. The Board agreed to consider requests for a change in the selected values of minimum tree crown cover, minimum land area and minimum tree height required for hosting an A/R project activity under the CDM for cases not covered by the procedure mentioned in paragraph 11 above, if such a request is received by the Board. The Board also requested the secretariat to reflect this decision on the UNFCCC CDM website.

13. Communication containing the proposed new values referred to in paragraph 8 (a)–(c) of the Annex to Decision 5/CMP.1¹ received by the Board from the designated national authority of Ghana before the effective date of the procedure referred to in paragraph 11 above shall be treated as if it had been received on the effective date of the procedure.

Further schedule

14. The Board noted that the twenty-first meeting of the Afforestation and Reforestation Working Group is scheduled on 1-3 September 2008. The Board also reminded the project participants that the deadline for the nineteenth round of submissions of proposed new methodologies is 4 August 2008.

Agenda sub-item 3 (d): Issues relating to small-scale CDM project activities

General guidance

15. The Board agreed to a minor revision to 'procedures for the submission and consideration of a proposed new small scale methodology', as contained in annex 2 to this report. The revisions clarify that the response to the clarifications of a new methodology submission requested by a Small-Scale Working Group (SSC WG) meeting shall be provided within the time frame stipulated by the Chair of the SSC WG, not exceeding three (3) weeks from the date of receipt of the request, if the authors of the new methodology wish that the case is considered at the immediate next meeting of the SSC WG.

16. The Board took into account the applications received in response to a call for experts in order to replace the outgoing members of the SSC WG. The Board agreed to appoint the following experts as members of the SSC WG for a term of one year: Mr. Gilberto Bandeira De Melo, Mr. Felix Babatunde Dayo, Mr. Ten Hoopen Michiel, Mr. Binu Parthan and Mr. Daniel Perczyk. The Board further agreed to consider the issue of appointment of additional expert/s specialising in energy efficiency technologies at the forty-first meeting.

**Further schedule**

17. The Board noted that the seventeenth meeting of the SSC WG meeting is scheduled from 30 June to 2 July 2008, to be held in Stockholm, Sweden.

Agenda sub-item 3 (e): Matters relating to the registration of CDM project activities

18. The Board took note that 1082 CDM project activities have been registered by 17 June 2008. The status of requests for registration of project activities can be viewed on the UNFCCC CDM website at <https://cdm.unfccc.int/Projects/index.html>.

Case specific

19. In accordance with the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures, the Board considered a request for review of twenty-three (23) requests for registration.

20. The Board agreed to register, as corrected, the project activity “Methane Recovery in Wastewater Treatment, Project AMA07-W-01, Perak, Malaysia” (1616) submitted for registration by the DOE (TÜV SÜD) if the revised PDD and validation report are displayed on the UNFCCC CDM website.

21. The Board agreed to register with corrections the project activities:

(a) “Qinghai Ge-ermu Gas Turbine Power Plant Project” (1368) if the DOE (BVC) submits a revised PDD and the corresponding validation report which include the information submitted in response to the request for review regarding the validation of input values to the IRR, the start date of the project activity, the prior consideration of the CDM and the validation of baseline emission factor for upstream fugitive methane emissions;

(b) “Qinghai Qinggangxia 43.8MW Hydropower Project” (1474) if the DOE (DNV) and project participant submit a revised PDD and a corresponding validation report which incorporate the responses to the request for review;

(c) “GEPL Biomass energy generation project at Faridabad, Haryana” (1492) if the DOE (SGS) submits a revised validation report corresponding to the revised PDD submitted in response to the request for review;

(d) “Chongqing Menkantan Hydroelectric Project” (1499) if the DOE (DNV) submits a revised validation report which includes the response to the request for review;

(e) “Yunnan Dehong Longchuan Bienaihe 1st and 2nd Level Hydropower Stations” (1507) if the DOE (TÜV SÜD) and project participant submit a further revision of the PDD in which the monitoring plan contains separate parameters for electricity export and electricity import and a corresponding revised validation report which also provides the information on the validation of the investment analysis submitted in response to the request for review;

(f) “Guizhou Shuicheng Jinshizi Hydropower Station” (1517) if the project participant/DOE (TÜV SÜD) submit a revised PDD and a corresponding validation report which provide the information on the validation of the input values and the serious consideration of the CDM submitted in response to the request for review;



- (g) “Changwa 10 MW Small-scale Hydro Project” (1535) if the project participant and DOE (DNV) submit a revised PDD and corresponding revised validation report which include:
- (i) Evidence of prior consideration of the CDM submitted in the response to the request for review;
 - (ii) A revised starting date of the project activity to be the date of decision to recommence the project activity; and
 - (iii) A revised IRR calculation excluding cost incurred prior to the updated project activity start date.
- (h) “China Tongwan Hydropower Project” (1590) If the DOE (TÜV SÜD) submits a further revised validation report, which corrects the inconsistency in the data references in the common practice analysis between the PDD and the original validation report and explains further the essential distinction between the project activity and other similar projects cited in the PDD.
22. After the submission of the specified documentation, the secretariat, in consultation with the Chair of the Board, will check the revised documentation before the activity is displayed as registered.
23. The Board agreed to undertake a review of the project activity:
- (a) “Brasil Central Energia S.A. – Sacre 2 Small Hydro Power Plant Project” (1328) submitted for registration by the DOE (TÜV-SÜD) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 3](#) to this report;
 - (b) “Use of FINEX Off Gas for power generation in Pohang Steel Works” (1447) submitted for registration by the DOE (TÜV-SÜD) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 4](#) to this report;
 - (c) “Chuanwei Group 24 MW Waste Gas based Captive Power Plant” (1470) submitted for registration by the DOE (DNV) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 5](#) to this report;
 - (d) “Dwarikesh 8 MW Bagasse-Based Power Generation Project, Bijnor, UP India” (1544) submitted for registration by the DOE (DNV) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 6](#) to this report;
 - (e) “9MW Neria Hydroelectric project, Karnataka, India” (1549) submitted for registration by the DOE (DNV) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 7](#) to this report;²
 - (f) “20 MW Bagasse Based Co-generation Power Project at Bannari Amman Sugars Limited, Nanjangud, Karnataka” (1574) submitted for registration by the DOE (SGS) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 8](#) to this report;³
 - (g) “Santo Domingo Wind Energy Project” (1586) submitted for registration by the DOE (AENOR) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 9](#) to this report;
 - (h) “Guangxi Bajiangkou Hydropower Project” (1596) submitted for registration by the DOE (JCI) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 10](#) to this report;



- (i) "Shandong Zaozhuang 15MW waste heat recovery for electricity generation project (1)" (1599) submitted for registration by the DOE (JCI) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 11](#) to this report;⁴
- (j) "Guangxi Xiafu Hydro Power Project" (1604) submitted for registration by the DOE (JCI) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 12](#) to this report;
- (k) "Hubei Xiakou Hydropower Project of Nanzhang County, Xiangfan City, Hubei Province, P.R. China" (1607) submitted for registration by the DOE (TÜV-SÜD) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 13](#) to this report;⁵
- (l) "Yulong Tongli WHR Project" (1623) submitted for registration by the DOE (TÜV-SÜD) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 14](#) to this report;⁶
- (m) "Pingyuan Tongli WHR Project" (1624) submitted for registration by the DOE (TÜV-SÜD) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 15](#) to this report;
24. The Board agreed on the nomination of the members of the review teams for the above. The review teams may call on outside expertise in consultation with the Chair of the Board, as appropriate.
25. The Board agreed to consider the request for registration of the project activity "Nanzhahe Cascade Hydropower Project" (1556) submitted for registration by the DOE (TÜV-SÜD) to be withdrawn as the DOE has submitted a negative validation report in response to the request for review.
26. In accordance with the procedures for review as referred to in paragraph 41 of the CDM modalities and procedures, the Board considered the recommendations of the review teams for the twenty (20) project activities which were placed "Under review" at the thirty-seventh meeting of the Board.
27. In accordance with paragraphs 17 and 18 (b) of the procedures mentioned in paragraph 26, the Board agreed to register as corrected the project activities:
- (a) "Daguan Hongshayan 9.6 MW Small Hydropower Project in Yunnan Province, P.R.China" (1523), submitted for registration by DOE (DNV), if the revised PDD, supporting annexes and the corresponding validation report are displayed on the UNFCCC CDM website.
- (b) "Generation of electricity from 9.6 MW capacity wind mills by Sun-n-Sand Hotels Pvt. Ltd. at Bhambarwadi, Maharashtra" (1542), submitted for registration by DOE (DNV), if the revised PDD, supporting annexes and the corresponding validation report are displayed on the UNFCCC CDM website.
28. In accordance with paragraphs 17 and 18 (b) of the procedures mentioned in paragraph 26, the Board agreed to register, subject to satisfactory corrections, the project activities:
- (a) "Chile: Quilleco Hydroelectric Project" (1265) if the project participant and DOE (DNV) submit a revised PDD and corresponding revised validation report which incorporate the responses to the review regarding the dates of investment decision and of the gas supply restrictions and gas prices increases.



- (b) “Chile: Hornitos Hydroelectric Project” (1374) if the project participant and DOE (DNV) submit a revised PDD and corresponding revised validation report which incorporate:
- (i) The responses to the review regarding the dates of investment decision and of the gas supply restrictions and gas prices increases; and
 - (ii) Revised starting date of the project activity to 1 October 2004 at which the project participant has signed the contract with ICAFAL, which represents 37% of total investment.
- (c) “Martinuv Espigão Hydroelectric Project” (1378) if the DOE (DNV) submits a revised validation report which incorporate the responses given for the prior consideration of the CDM.
- (d) “Shanghai Baoshan Grid Connected Natural Gas Combined Cycle Power Plant Project” (1381) if the project participant and the DOE (TÜV Rheinland) submit a revised PDD and a corresponding revised validation report which incorporates:
- (i) A detailed timeline of the project activity; and
 - (ii) A validation of the prior consideration of the CDM.
- (e) “Comprehensive utilization of waste coal gas for electricity generation project in Shaanxi Xinglong Cogeneration Co. Ltd” (1397) if the project participant and the DOE (JCI) submit a revised PDD and corresponding validation report, which confirms and incorporates:
- (i) The evidence submitted by the project participant to support the prevailing practice (‘first-of-its-kind’) barrier; or
 - (ii) The reference transfer prices for BFG and LDG submitted by the project participant, and validation that these prices apply to company sales of gas to other companies in which the seller has no ownership stake.
- (f) “Tianjin Shuangkou Landfill Gas Recovery and Electricity Generation” (1406) if the DOE (JQA) submits a revised validation report which confirms that the electricity tariff assumed in the investment analysis correctly reflects the tariff applicable to this project activity by reference to credible third party sources of information, as the Board considers that the current validation based on an interview with an unnamed individual is not an appropriate means of validation of a key parameter in the investment analysis.
- (g) “8.5 MW wind power project in Chitradurga district in Karnataka by Jindal Aluminium Ltd” (1421) if the project participant and DOE (BVC) submit a revised PDD and corresponding revised validation report which applies the opportunity cost of the investment (14%) as being the benchmark, as while the higher benchmark has not been substantiated the project IRR remains below this cost.
- (h) “Low-temperature waste heat recovery for electricity generation project of Anhui Huaibei Mining (Group) Cement Co. Ltd.” (1427) if the project participant and DOE (DNV) submit a revised PDD and corresponding revised validation report which include an economic comparison, by means of calculation of NPV or other suitable indicator, of the project activity without the CDM and the proposed baseline. The DOE should ensure that the input values used in the comparison are adequately validated, that the discount rate reflects the costs of capital, and that the assumed price of electricity appropriately reflects the tariff throughout the period of operation as known at the time of validation, as the Board is concerned that the project activity may represent a more economically attractive option than the proposed baseline.



- (i) “Ganluo Kaijianqiao Hydropower Project, P.R.China” (1432) if the project participant and DOE (DNV) submit a revised PDD and a corresponding validation report which incorporate the responses given and the revised IRR which excludes the costs made prior to the project activity start date in August 2005 and if the revised PDD includes details of the investment made up to 2008 when the project started operation.
- (j) “Matan 7MW Hydro Power Project in Guizhou Province, China” (1452) if the DOE (TÜV SÜD) submits a revised validation report which includes a validation of the revised investment analysis reflecting the actual 7.5MW project activity which cross checks the suitability of the input values by reliance on local and sectoral expertise and with reference where possible to third party information sources, such as power purchase agreements, invoices or quotations from equipment suppliers and similar financial statements.
- (k) “ISL Waste Heat Recovery Project, India” (1462) if the project participant and the DOE (TÜV-SÜD) submit a revised PDD and corresponding validation report, which confirms and incorporates the information that the baseline determination is based on the cost comparison between a 2 x 10 MW coal-fired power plant as the baseline option and the project activity (16 MW WHR based power plant) in combination with power purchased from the grid.
- (l) “Jilin Liaoyuan Meihe coal mine methane power generation project” (1468) if the project participant and DOE (TÜV SÜD) submit a revised PDD and corresponding revised validation report which:
- (i) Incorporate the responses to the review regarding the prior consideration of the CDM; and
 - (ii) Validate that assumed electricity generation rate accurately reflects the likely rate of power generation from the project activity, as it is based on the outcome of a trial operation period.
- (m) “Liyutang small Hydropower project” (1539) if the project participant and DOE (DNV) submit a revised PDD and a corresponding validation report which incorporate the responses given and the revised IRR which splits the investment made in 2006-2009 and if the emission reduction calculation is revised for 2008 as only the 6MW plant is operational.
- (n) “Generation of electricity from 3.2 MW capacity wind mills by Gujarat JHM at Bhambarwadi, Maharashtra” (1540) if the DOE (TÜV NORD) submit a revised validation report which incorporate the responses given for the serious consideration of the CDM prior to start of the project activity.
- (o) “10 MW Biomass Based Renewable Energy Generation for the Grid at Saradambika Power Plant Private Limited at Chandrapur District, Maharashtra” (1541) if the PP and DOE (DNV) submit a revised PDD and corresponding revised validation report which applies the cost of debt as being the benchmark, as while the higher benchmarks have not been substantiated the project IRR remains below the cost of debt.
29. In accordance with paragraphs 17 and 18 (c) of the procedures mentioned in paragraph 26 above, the Board could not register the following project activities:
- (a) “Rehabilitation of six HPPs in the Republic of Macedonia”(1412) submitted for registration by the DOE (KEMCO) because the project participant and DOE failed to substantiate the additionality of the project activity, in particular the serious consideration of the CDM prior to the decision to implement the project activity.



- (b) "Optimization of steam consumption in the process by installation of free flow falling film finisher evaporator and retrofit to the chemical recovery boiler in Cachar Paper Mill of Hindustan Paper Corporation Limited" (1475) submitted for registration by the DOE (DNV) because the project participant and DOE failed to substantiate the additionality of the project activity, in particular the serious consideration of the CDM in the decision to proceed with the project activity.
- (c) "Hot air generation using renewable biomass fuel for spray drying application at H. & R. Johnson (India) Ltd, Kunigal" (1545) submitted for registration by the DOE (TÜV-SÜD) because the project participant and DOE failed to substantiate the additionality of the project activity, in particular that benefits of the CDM were a necessary element of the original decision to invest in the project activity.
30. In accordance with the clarifications to paragraph 10 of the procedures mentioned in paragraph 26 above, the Board considered five (5) project activities for which corrections had been submitted in response to the outcome of a previous request for review.
31. The Board agreed to register with corrections the project activity "Switching fossil fuels in an industrial facility by Indorama Cement Ltd" (0737) submitted for registration by the DOE (SGS) if the project participant and DOE submit a revised PDD and corresponding revised validation report which correct only the issues specified by the Board at EB29 and do not account for emission changes occurring outside the project boundary.
32. The Board agreed to undertake a review of the project activity:
- (a) "Bundled wind energy power projects (2004 policy) in Rajasthan" (1166) submitted for registration by the DOE (SGS) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 16](#) to this report;
- (b) "Baragan Hydro Electric Project, 3.0 MW (being expanded to 4.9 MW)" (1253) submitted for registration by the DOE (SGS) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 17](#) to this report;
- (c) "Enercon Wind Farm (Hindustan) Ltd in Karnataka" (1259) submitted for registration by the DOE (DNV) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 18](#) to this report;
- (d) "Tungabhadra wind power project in Karnataka" (1268) submitted for registration by the DOE (DNV) and that the scope of this review is relating to issues associated with validation requirements, as contained in [annex 19](#) to this report.
33. In accordance with the clarifications to paragraph 18 (b) of the procedures mentioned in paragraph 26 above, the Board considered three (3) project activities for which corrections had been submitted in response to the outcome of a previous review.
34. The Board agreed to register, as corrected, the project activities:
- (a) "Zhongzhou 16.5 MW Hydropower Project" (1333) submitted for registration by the DOE (TÜV-SÜD); and
- (b) "Nava Bharat RE Bagasse Project" (1288) submitted for registration by the DOE (SGS).



35. The Board could not register the project activity "2.76 MW Grid Connected Renewable Energy Project in Rajasthan by Kalani Industries" (1132) submitted for registration by the project participant/DOE (BVC) because the project participant/DOE have failed to substantiate:

- (a) The suitability of the 16% proposed benchmark;
- (b) The consistency of the assumptions listed in the PDD and the assumptions applied in the IRR calculations; and
- (c) At the request for review stage the additionality based on the barriers presented in the original PDD.

General guidance

36. The Board took note of a proposal from the secretariat regarding the standardization of the format of the modalities of communications between project participants and the Board, and agreed to consider it further at its next meeting.

37. The Board requested the secretariat to prepare an assessment of actions by all actors in the registration and issuance process which do not at present have defined timelines and to prepare a proposal for the introduction of such timelines for consideration by the Board at its forty-first meeting.

38. The Board agreed to "Procedures for processing and reporting on validation of CDM project activities", as contained in [annex 20](#) of this report.

39. The Board noted the applications for membership of the Registration and Issuance Team (RIT) and decided, due to time constraints, to consider these applications at its next meeting.

40. The Board noted that many proposed CDM project activities in the energy sector in India seek to demonstrate additionality by means of investment analysis applying a benchmark of 16%, which is based on tariff orders published in accordance with the Central Electricity Regulation Commission. The Board is concerned with the use of this value as a benchmark for proposed CDM project activities, as this value is used in tariff determination for CDM projects and for non-CDM projects. Therefore the Board is of the view that this value is not a suitable benchmark.

Agenda sub-item 3 (f): Matters relating to the issuance of CERs and the CDM registry

41. The Board took note that 153,862,246 CERs have been issued as of 17 June 2008 and that the secretariat, in its capacity as the CDM registry administrator, continues to process requests for opening of holding accounts and for forwarding of CERs. The status of requests for issuance of CERs can be viewed in the UNFCCC CDM website.

Case specific issues

42. In accordance with the procedures for review as referred to in paragraph 65 of the CDM modalities and procedures, the Board considered a request for review of five (5) requests for issuance.

43. In accordance with paragraph 10 of these procedures the Board agreed to instruct the CDM registry administrator to issue 2,149,851 CERs for "No.2 HFC-23 Decomposition Project of Zhejiang Juhua Co., Ltd, P. R. China" (0868), taking note of the initial comments from the DOE (DNV) and project participant in response to the request for review.



44. In accordance with paragraph 10 of these procedures, the Board agreed, subject to a check by the secretariat of the revised documentation and in consultation with the Chair of the Board, to instruct the CDM registry administrator to issue CERs for:

- (a) "Zillo Lorenzetti Bagasse Cogeneration Project (ZLBC)" (0202), if the project participant and the DOE (TÜV Nord) submit a revised monitoring report and a verification report which incorporate the clarifications provided in response to the request for review.
- (b) "AWMS Methane Recovery Project MX06-S-42, Guanajuato, Michoacán, and Querétaro, México" (0542), if the revised verification report submitted by the DOE (SGS) in response to the request for review, which includes the clarification on different values of the biogas produced in the two versions of monitoring reports, is displayed in the UNFCCC CDM website.
- (c) "Mysore Cements Limited Portland Slag Cement project" (0711), if the project participant and the DOE (SGS) submit a revised monitoring report and a corresponding revised verification report, and a new request for issuance as appropriate, which include:
 - (i) Clarification on the distance between the source of additives and the project plant submitted in response to the request for review; and
 - (ii) Annual grid emission factor based on the available data, in accordance with the monitoring plan and the methodology.

45. In accordance with the provisions of paragraph 10 of these procedures, referred in paragraph 42, the Board agreed to undertake a review of the request for issuance of CERs and to appoint members of the review team for "Sanquhar and Delta Small Hydro Power Projects" (0751) submitted by the DOE (DNV), and that the scope of this review is relating to issues associated with verification requirements, as contained in [annex 21](#) to this report.⁷

46. The Board agreed on the nomination of the members of the review team for the above. The review team may call on outside expertise in consultation with the Chair of the Board, as appropriate.

47. In accordance with the procedures for review as referred to in paragraph 65 of the CDM modalities and procedures, the Board considered the recommendation of the review team for five (5) project activities which were placed "Under review" at the thirty-ninth meeting of the Board.

48. For the reasons elaborated below and without setting precedence for future decisions of the Board, the Board agreed to instruct the CDM registry administrator to issue 150,537 CERs for "Methane capture and combustion from swine manure treatment for Pocillas and La Estrella" (0033), for the monitoring period 1 June 2006 - 31 October 2006 submitted by the DOE (TÜV-SÜD).

The Board noted that the monitoring plan of project 0033 does not comply with the applicable monitoring methodology AM0006 and that the monitoring of flare efficiency is not in line with this methodology. In accordance with EB26, annex 34 and EB33 paragraph 84, the DOE for this case should have requested a revision of the monitoring plan.

However, the Board also noticed that the applicable methodology AM0006 has been withdrawn for the reasons elaborated in the reports of EB24 and EB26. Against this background and taking into account that the required monitoring of the flare efficiency would have had no direct impact on the calculation of the emission reductions, the Board decided for this very exceptional case to issue the CERs certified by the DOE for this project during this monitoring period. With respect to future requests for issuance, the Board's specific decision in paragraph 52 below shall apply.



49. The Board agreed to instruct the CDM registry administrator to issue CERs, subject to satisfactory corrections, for the following project activities requesting for issuance of CERs:

(a) "Monte Rosa Bagasse Cogeneration Project (MRBCP)" (0191) for the monitoring period 1 May 2006 - 31 May 2007 if the project participant and the DOE (DNV) submit a revised monitoring report and a revised verification report which incorporate clarifications provided in response to the review;

(b) "Lepanto Landfill Gas Management Project" (0254) for the monitoring period 31 March 2006 - 24 April 2007 if the project participant and the DOE (TÜV-SÜD) submit a revised monitoring report, a corresponding revised verification report, and a new request for issuance, which incorporate changes taking into account 90% flare efficiency as suggested in the response to the review;

(c) "SRGEL Non-Conventional Energy Sources Biomass Power Project" (0546), for the monitoring period 1 April 2006 - 23 June 2007 if the the project participant and the DOE (DNV) submit a revised monitoring report, a corresponding revised verification report, and a new request for issuance, which exclude the portion of electricity supplied to the neighbouring industry from the calculations of emission reductions as it had not been satisfactorily demonstrated that the electricity exported to the third party displaces grid electricity.

The Board further noted with regret that the DOE did not address the issue appropriately during the verification.

50. The Board could not approve the requests for issuance of CERs for "Methane Capture and Combustion from Swine Manure Treatment Project at PT Indotirta Suaka Bulan Farm in Indonesia" (0450), for the monitoring period 31 August 2006 - 30 September 2007 because the project participant and the DOE (TÜV-SÜD) could not demonstrate that the monitoring of average weight of the animal has been conducted in accordance with the applied methodology AM0006. The Board further noted that a request for deviation should be submitted by the DOE to address this issue prior to submitting a request for issuance for this monitoring period.

51. The Board considered three (3) requests for deviation related to monitoring reports undergoing verification, agreed to answer them and requested the secretariat to inform the DOEs accordingly.

General guidance

52. In accordance with its mandate as stated in paragraph 5(n) of the CDM Modalities and Procedures, the Board decided that, for all registered projects using methodology AM0006:

(a) For monitoring periods which started before the date of adoption of this report, the end date of such monitoring periods shall be the date of adoption of this report. For such cases, all projects shall be treated equally with respect to the Board decision on the treatment of monitoring of flare efficiency and CERs will be issued following a request for issuance by a DOE if the project complies with all other verification requirements;

(b) A new monitoring period shall start on the day following the date of the adoption of this report and CERs generated in this and subsequent monitoring periods can only be issued after a request for revision of the monitoring plan has been received and approved by the Board.

53. The Board will accept proposals for revision of monitoring plans referred to above which apply one of the following options:

(1) The revised monitoring plan is in line with the monitoring methodology of AM0006 with respect to the monitoring flare efficiency and the monitoring is conducted in accordance with the monitoring plan;

Or

(2) The revised monitoring plan must include the monitoring of parameters required to calculate project emissions due to incomplete combustion of methane during flaring in line with the “Tool to determine project emissions from flaring gases containing methane”. Such project emissions should be accounted for in the calculation of emission reductions.

Agenda sub-item 3 (g): Modalities for collaboration with the Subsidiary Bodies

54. The Board took note of the oral report of secretariat on the developments during the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its twenty-eighth session on the agenda item related to “Implications of the establishment of new hydrochlorofluorocarbon-22 (HCFC-22) facilities seeking to obtain certified emission reductions for the destruction of hydrofluorocarbon-23 (HFC-23)”. The SBSTA could not conclude its discussions and agreed to continue its deliberations on the matter at its twenty-ninth session (December 2008).

55. The Board took note of the oral report of the secretariat on the developments during the agenda item at the Subsidiary Body for Scientific and Technological Advice (SBSTA) at its twenty-eighth session on the agenda item related to “carbon dioxide capture and storage in geological formations as clean development mechanism project activities”. The SBSTA could not conclude its discussions and agreed to continue its deliberations on the matter at its twenty-ninth session (December 2008).

Agenda item 4. CDM management plan and resources for the work on the CDM

CDM-MAP

56. In response to the encouragement by the CMP in relation to enhancing the executive and supervisory role of Board members and in relation with the adopted CDM-MAP 2008 (version 01), the Board agreed on ways to operationalize the implementation of the CMP requests with the view of implementing them at the earliest.

Resources

57. The Board took note of information provided by the secretariat on the status of resources received as reflected in [annex 22](#). It was noted that since the thirty-ninth meeting of the Board, the income generated by registration fees, share of proceeds and methodology fees has grown by an additional USD 2.78 million as a result of the payment of USD 0.68 million in registration fees, USD 2.1 million in share of proceeds and USD 1,000 in methodologies fees. The annex also shows that USD 22.8 million have been accumulated to support the implementation of the CDM MAP 2008. The above amount exceeds the budget (as in version 01 of CDM MAP 2008) for the CDM activities in 2008. This is in line with the projected inflow of resources for 2008 and with the forecast that the income would have surpassed the budget during the second quarter of 2008.

**Agenda item 5. Other matters****Agenda sub-item 5 (a): Regional distribution**

58. The Board took note of an update from the secretariat on the various activities in this area including the on-going preparation for the first Africa Carbon Forum to be held in Dakar, Senegal on 3-5 September 2008 and the progress on the work on a study on the potential use of micro-financing in support of CDM projects in LDC countries undertaken by the Government of Denmark.

Agenda sub-item 5 (b): Relations with Designated National Authorities

59. The Board took note of the briefing of the secretariat on the preparations of the sixth meeting of the CDM DNA Forum to be held on 27 - 28 October 2008 in Santiago de Chile.

Agenda sub-item 5 (c): Relations with Designated Operational and Applicant Entities

60. The Chair of the DOE/AE Coordination Forum elaborated the input received from entities and sought guidance from the Board on contractual arrangements between project participants and DOEs in relation to validation and verification services and delays in processing completeness checks.

61. The Chair of the DOE/AE Coordination Forum, in response to the request from the Board in the last meeting, highlighted typical steps by the DOEs in the validation and verification process and indicated timelines involved in different steps both by project participants and DOEs. The chair also highlighted some of the pending issues from previous meetings and requested guidance from the Board.

62. The Chair of the Board thanked Mr. Flavio Gomes and stressed the need for the forum to also identify possible answers to the questions raised by the Board members, during its next interaction.

Agenda sub-item 5 (d): Relationship with stakeholders, intergovernmental and non-governmental organizations (registered accredited observers)

63. The Board met with registered observers for an informal interaction on 17 June 2008 and agreed to continue with such meetings in the afternoon of the last day of its future meetings, unless otherwise indicated. These meetings are available on webcast.

64. The Board further agreed to continue to meet with the same type of arrangement, with space being made available for 70 observers, and to reconsider the issue when necessary. Observers to the forty-first meeting of the Executive Board shall have registered with the secretariat by **9 July 2008, no later than 17:00 GMT**. In order to ensure proper security and logistical arrangements, the Board emphasized that this deadline will be strictly enforced by the secretariat.

Agenda sub-item 5 (e): Other business

65. The Board noted the answer provided to an unsolicited letter from Dr. Anri Engel, Partner, Rupprecht, Engel & Kornisch regarding project 0443 - Capex S.A. - Agua de Cajon thermal power plant, which was agreed by the Board via electronic decision-making.

66. The Board agreed on the provisional agenda for its forty-first meeting (30 July - 1 August 2008) as contained in [annex 23](#) to this report, with an open session on the 31 July to 1 August 2008

Agenda item 6. Conclusion of the meeting

67. The Chair summarized the main conclusions.



Agenda sub-item 6 (a): Summary of decisions

68. Any decisions taken by the Board shall be made publicly available in accordance with paragraph 17 of the CDM modalities and procedures and with rule 31 of the rules of procedure of the Executive Board.

Agenda sub-item 6 (b): Closure

69. The Chair closed the meeting.



Annexes to the report

Issues relating afforestation and reforestation CDM project activities

Annex 1 - Procedure on change in the selected values of minimum tree crown cover, minimum land area and minimum tree height required for hosting an afforestation or reforestation project activity under the CDM

Issues relating to small-scale CDM project activities

Annex 2 - Revised procedures for the submission and consideration of a proposed new small scale methodology

Matters relating to the registration of CDM project activities

Annex 3 - Scope of review (registration) - Project 1328

Annex 4 - Scope of review (registration) - Project 1447

Annex 5 - Scope of review (registration) - Project 1470

Annex 6 - Scope of review (registration) - Project 1544

Annex 7 - Scope of review (registration) - Project 1549

Annex 8 - Scope of review (registration) - Project 1574

Annex 9 - Scope of review (registration) - Project 1586

Annex 10 - Scope of review (registration) - Project 1596

Annex 11 - Scope of review (registration) - Project 1599

Annex 12 - Scope of review (registration) - Project 1604

Annex 13 - Scope of review (registration) - Project 1607

Annex 14 - Scope of review (registration) - Project 1623

Annex 15 - Scope of review (registration) - Project 1624

Annex 16 - Scope of review (registration) - Project 1166

Annex 17 - Scope of review (registration) - Project 1253

Annex 18 - Scope of review (registration) - Project 1259

Annex 19 - Scope of review (registration) - Project 1268

Annex 20 - Procedures for processing and reporting on validation of CDM project activities

Matters relating to the issuance of CERs and the CDM registry

Annex 21 - Scope of review (issuance) - Project 0751

Resources

Annex 22 - Status of resources and pledges to support 2007 CDM activities



Other matters

Annex 23 - Provisional agenda for EB41



Endnotes

1. Please refer to FCCC/KP/CMP/2005/8/Add.1 at
< <https://cdm.unfccc.int/Reference/COPMOP/08a01.pdf#page=61> >
2. If the Board ultimately decides to register the project activity, the PP/DOE shall include the response given on the prior consideration of the CDM in a revised PDD and corresponding validation report.
3. If the Board ultimately decides to register the project activity, the PP/DOE shall include the response submitted on the prior consideration of the CDM and the information that the bagasse would have been left to decay in the absence of the project activity.
4. If the Board ultimately decides to register the project activity the DOE will be required to submit a revised validation report which includes the clarifications submitted in response to the request for review regarding the prior consideration of the CDM.
5. If the Board ultimately decides to register the project activity, a revised PDD and a corresponding validation report shall include the response given on the prior CDM consideration and the monitoring details.
6. If the Board ultimately decide to register the project activity, a revised PDD and corresponding revised validation report should be provided to include consistent referencing of the start date of the project activity.
7. If the Board ultimately decides to issue CERs, the DOE will be requested to submit a revised verification report which incorporate the clarification on the cross checking of the net electricity export submitted in response to the request for review.