Comment 1	24-01-08 7:33am
Name: nestle rog	**City: Delhi**
Organisation: Alpha Beta	**Country: India**

I guess, PDD is supposed to be uploaded and not PCN for stakeholder consultation.

Comment 2	25-01-08 7:11am
Name: J.M.Singh	**City: Gurgaon**
Organisation: Ind. consultant	**Country: India**

Ref.Page 23 of PDD:
The project IRR without CDM is 12.5 % and compared the bench Mark Value of CERC. However, CERC has given the bech mark value 14 % based on return on equity not project IRR. How project developer can compare Project IRR with Return on Equity (14% 0f CERC bench mark value)?

Comment 3	11-02-08 5:11pm
Name: Shashi	**City: Delhi**
Organisation: INR	**Country: India**

ACM0002 version 7 stipulates monitoring of Installed capacity of the plant as well as area of the reservoir on yearly basis.How does the developer intend to include this in the PDD?

Comment 4	22-02-08 12:42pm
Name: Himanshu Thakkar	**City: Delhi**
Organisation: SANDRP	**Country: India**

February 22, 2008

Comments about the proposed CDM credits for
The Malana 2 Hydroelectric project in Himachal Pradesh, India

Based on reading of the Project Design Document for the 100 MW Malana 2 Hydropower Project (as available on the UNFCCC website) in Kulu district in Himachal Pradesh, North India and the Environment Impact Assessment for the project, SANDRP representative having visited the project site before the public hearing for the project and having monitored India's power sector over the last few years we reach the conclusion that it will not be appropriate to accept the project for CDM credits and the project should not be validated under the current circumstances. Some of the main reasons for this conclusion are listed below.

1. The project is clearly not additional: The project was given to the Everest Power Company by Himachal Pradesh govt five years back. It has been under execution since 2004. The project has already achieved financial closure on Aug 3, 2006, without any assumption of CDM credits, hence the project has been going on without the need for CDM credits. The project was justified in its Techno Economic Clearance application to the Central Electricity Authority, without mentioning the need for CDM credits. The project signed Power Purchase Agreement on July 25, 2005, again without mentioning the CDM credits. So the power from the project is already been contracted to be sold, with all the assumed costs included, and without the consideration of CDM credits.

2. The project makes rather shocking claim that there was no alternative to this project for the entire power sector in India, thus it presents business as usual without project as the only baseline option. This is clearly wrong and unacceptable. There are many options available for power sector in India, including Demand Side Management options, reduction of the huge transmission and distribution losses, improving end use efficiencies, improving generation performance of existing power projects, and also a large number of new generation options, most notably, small hydro, wind, solar and so on.

3. A project of such magnitude should have shown that it has followed the recommendations of the World Commission on Dams, but neither the project has shown it, nor has it followed the WCD recommendations. This is true for both the generation side as well as the transmission side of the project.

4. The Environmental Impact Assessment of the project is not available in in the local language to the affected people.

5. The claim that there will be no adverse downstream impacts is not supported by study of the downstream biodiversity and their relation with flows across at least two years, as normally required.

6. The claim on page 3 of the PDD that, “The direct beneficiaries of this project (apart from the project proponent) shall be the villagers of Malana village, which is a small village of about 500 families situated on a plateau of Chandrakhani mountain at a height of about 12000 ft” is totally wrong and misleading. The people of Malana village, host to one of the oldest example of local self government, will only get adverse impacts of the project, no benefits.

7. The claim of the PDD on page 4, “The project being a typically a peaking station will help in mitigating the substantial peaking power deficit” is wrong as majority of the claimed 428 GWHr power in 90% dependable year will be generated in no peaking mode as the project will not be working as peaking power station during summer and monsoon months when there is more water in the glacier fed river. Similarly the claim of the power from project being environment friendly is misleading, as all such projects have significant adverse impacts in the local area, all suffered by the local communities, who typically get no benefits from such projects, they are not even part of the planning or decision making processes and they are not even fully informed about the projects impacts, even full EIAs are never available in local languages. Moreover, the projects also consume a lot of materials and create adverse environmental impacts during their lifetime, which all should be calculated while calculating the potential of carbon emission reduction from such projects.

8. The claim on p 20 of the PDD that, “The project activity is not sufficiently profitable in the absence of CDM revenues, and it faces important geological, institutional and investment barriers” is not correct. The project has been taken up many years ago, when there was no known possibility that the project would get CDM credits. Moreover, such projects are taken up without CDM credits.

9. The claim on p 20 of the PDD that, “Alternative 1: The project activity not undertaken as a CDM project As the project faces various barriers as described in the Barriers Analysis, this alternative

cannot be undertaken without CDM consideration" is totally wrong. If such claims are accepted at face value, than UNFCCC process would become a laughing stock.

10. While calculating the power density of the project, a figure of 3.5 ha is used on page 2 of the PDD for submergence. However, the project would require a total area of 37.62 ha of land as per the EIA of the project and even the reservoir of the project would require 6.4 ha. Thus, the PDD of the project is giving wrong information, thus misleading UNFCCC and everyone.

11. Section E.2 and E.3 on page 42 of the PDD notes, for the comments of the stake holders received and how it has been responded, "The detailed of the comments received and response has been document and is attached separately.", however, these have not been attached in the PDD. Similarly, in Annex 2, it stated about the public funding, "Sanction Letter from all the Banks is attached separately", however these are not attached. Thus, PDD is fundamentally incomplete, besides being flawed.

12. Having come to know that the pubic hearing for the project would be held on May 18 and 19, 2004, a representative from out organisation visited the affected villages in early May and found that the affected people did not know anything about the project, its impacts, its EIA-EMP or about the pubic hearing slated. On informing them about their role in this process, the people of affected people wrote letters to the concerned officials in the Himachal Pradesh Pollution Control Board and Himachal Pradesh Environment Council informing that they have not been informed about the above and hence the public hearing should not be held as scheduled. We also wrote similar letters to the concerned officials, copies of which are available to us. The local newspaper also reported about this on May 5, 2004, clippings of which are also available with us. All this clearly shows that there has been no worthwhile public consultation for the project and the claims to the contrary are wrong.

Under the circumstances, validation of the project in current form for CDM credits will not be appropriate and it would be absurd if the project gets validated, registered as CDM activity or gets CERs.

Himanshu Thakkar (ht.sandrp@gmail.com)
South Asia Network on Dams, Rivers & People, Delhi, India (www.sandrp.in)

Comment 5 22-02-08 3:03pm

Name: Barbara Haya	**City: Berkeley, CA**
Organisation: International Rivers	**Country: USA**

RE: Lack of additionality of Malana II and serious harm to community

This project is clearly non-additional and harmful to the neighboring community. The following are grounds on which this project should be rejected:

1. The project is clearly non-additional.
Government approval was granted in 2002 (http://tonto.eia.doe.gov/ftproot/forecasting/0484(2003).pdf)

The MoU/PPA was signed in 2004
(http://www.ptcindia.com/list-of-projects.html)
And the project is well under construction
(e.g.
http://www.energyinfratech.com/present_activities.html#MALANA)

Given the above, especially that construction is already under way, a conservative assessment of project additionality would rule that the project is non-additional. The developers signed a PPA with the government, reach financial closure and started construction before even submitting the project for CDM approval. That is, they decided to undertake the project without knowledge that the project will be successfully registered as a CDM project. It is clear then, that the project would have gone ahead without the CDM, for in fact, it did.

Proof that the developers considered the CDM in the decision to develop the project is not proof that the project required the CDM to go forward. Further, it is unrealistic to believe that the developers built the project with confident expectation that they would receive revenues through selling carbon credits. The MoU/PPA was signed, and it seems initial construction already started, before the first project was registered under the CDM and before Russia ratified the Kyoto Protocol such that the Protocol would enter into force.

2. I request that you carefully examine the adequacy of the stakeholder consultations.

A colleague familiar with the region describes Malana thus: Malana is one of the last remaining mysteries of the Himalayas, inhabited by a fiercely independent people, who still have their own governance systems intact, with their own deity Jamlu, and an unique language which is not spoken outside the village. Reaching there has traditionally been difficult.

According to the PDD Malana village is situated directly below the dam, and so will be directly impacted by the changes to the river caused by the dam as well as the dam construction.

Given this, I encourage DNV to take the stakeholder consultations very seriously and check if the stakeholders requirements have been met.

The guidelines for the stakeholder consultation requirements are minimal . But they do provide a few basic principles. The guidance is: “An invitation for comments by local stakeholders shall be made in an open and transparent manner, in a way that facilities comments to be received from local stakeholders and allows for a reasonable time for comments to be submitted. In this regard, project participants shall describe a project activity in a manner which allows the local stakeholders to understand the project activity...”

“Facilitating comments” requires as a minimum that that all people directly affected by a CDM project should be informed of the project and of opportunities to provide comments on the project. Enabling “local stakeholders to understand the project activity” means that the villagers must be given full information about the expected effects of the project on them in a language and means that they can understand.

Given the remoteness of the village I encourage DNV to realistically assess if the villagers were effectively made aware of the public consultations, and were provided enough information about the effects of the project and an appropriate manner.

Comment 6	18-02-08 8:01pm
Name: Naveen Sharma	**City: Bellary**
Organisation: VE College Bellary	**Country: India**

I have read the PDD, and I am generally concerned!
I am concerned about the piteous qualities of PDDs, I am concerned about the way facts are being twisted and stories are being concocted to justify additionality of the project when in reality these are common business as usual projects that have been taking place since the last 50 years and will continue to take place with or without CDM. When CDM was introduced, I was happy, I was happier when I went through the rules and procedures of CDM, happy with the fact that; at last, an attempt is being made to promote projects that are additional both business wise as well as environment wise.
But the more I read these subaltern PDDs, I can¡¦t help but think that people have finally found a way to corrupt a wonderful system. The devious nexus between business men (project developers), consultants (who write PDDs) and DOEs (who should have atleast looked at the PDD before webhosting it) is clear and visible.
In the following sections I have tried to point out the stupidities that are on display, I leave it to the readers and the CDM EB to form their own opinions.
1. Section B.5 of the PDD ¡V Additionality, Sub step 1(a):
You write that alternative 4 i.e. continuation of the current situation is the most likely alternative in the absence of the project activity. I hope you understand the meaning of the word plausible, if you don¡¦t I suggest that you read the dictionary first before you write any more PDDs. Seriously, I can¡¦t think of any other reason but a poor understanding of the English language that could have lead to such irresponsible statements that do nothing but scream about your ignorance.
I hope you know that there is something called as the Central Electricity Authority (CEA) and that CEA has a website. If you go to CEA¡¦s website, you will find that already 25,959 MW of power capacity is already under implementation in the Northern Grid. Now for a moment let us assume that you didn¡¦t know about CEA. The planning commission of India has clearly spelt out in various policy documents that the targeted capacity addition under 11th plan (upto 2012) is 100,000 MW. This has come in hundreds of news and media releases. My request to the DOE is to do a google search on this item; you can¡¦t even count the number of entries you will find. How can you still say that no other power projects are likely to come up in the Northern grid. Are you out of your mind, I can¡¦t possibly think, why in this world would you make a statement that the most likely alternative in the absence of the project activity is the continuation of current situation (no project activity or other alternatives undertaken).
I hope by now you would have realized that your attempt, to build stories about the project¡¦s additionality, has failed. If you have even a remote understanding of the CDM rules, then you would know that your project is not additional. But looking at the quality of your work in the PDD, I think it is better that I explain this in simple terms so that all three of you (PP, Consultant and DOE) understand this

clearly.
You have already discounted that alternative 2(Gas) and alternative 3(Coal) in anyway are not realistic alternatives. As you can see, alternative 4 is also not plausible. Therefore there are no alternatives that would have taken place in the absence of the project activity in other words; the project activity itself is the only plausible option. And hence the project is not additional.

2. Section B.5 of the PDD ¡V Additionality, sub step 3 ¡V Barrier Analysis:
Investment Barrier ¡V High Capital Cost:
You have written that the project faces investment barriers on account of its high capital cost as compared to thermal power project. Now what can one say about this enlightening statement? Don¡¦t you know that thermal generation has a fuel cost component to it whereas hydro projects don¡¦t. It is common knowledge that hydro is the cheapest source of power, the levelised cost of hydro will always be substantially lower than that of thermal projects. I demand that you carry out levelised tariff calculation of all you projects and web-host it for public comments. I know you will find some pretext of not doing it, because you know that if you do a levelised cost calculation, it would be clear that the project itself will be the most financially attractive. All your stories and lies would fall apart.
Investment Barrier ¡V Low Return on Investment:
You have mentioned that you have a project IRR of 12.5%, and then you go and compare the same with the CERC 14% which is the benchmark number for Equity IRR. Is it because you don¡¦t understand the difference between project IRR and equity IRR? I can¡¦t possibly comprehend that someone who has made Rs. 600 crores investment doesn¡¦t even know the difference between project IRR and equity IRR.
Assuming an interest rate of 9 -10%, you will have an equity IRR which would be well over 14% (no matter how much window dressing is done). There is no way this project can be termed as additional. In view of this, one can¡¦t help but think that this is a deliberate attempt on part of the Project Proponent to hide the true profitability of the project and wangle additionality arguments or you have a completely incompetent consultant. Now how you would like to respond to that is up to you.
I would also request that the project proponent web host the financial model and loan application documents that were used to secure financing for the project. Lets see, if you are telling the same story to every one.
Most important: Your project is going to be a peaking power station that will sell to PTC. In the northern region, peak electricity has been traded at more than Rs. 10 per unit. Tell me any other project in India or in the world that would get this kind of tariff. ¡§And you still call your project as additional¡¨. Note to DOE: Please web host the PPA signed with PTC for public review.
Investment Barrier ¡V Geological risk:
If your point is that to counter geological risk you had to reinforce the civil structure which resulted in extra costs, this argument is completely irrelevant because you have already captured the cost impact in the investment analysis (Project IRR calculations). How can you take credit for the same argument twice? Please think before writing.
If your point is that the project becomes risky because of the geological risk, please try to understand that Barriers should be prohibitive and should be such that they get alleviated by CDM

benefits. How do you think CDM benefits will alleviate the risks of earthquake?
Similarly, for all other additional items that you write as reasons for excess project cost, please understand that you have already factored the same in Investment analysis and therefore these are not relevant as barriers any more.

Investment Barrier ¡V Power evacuation system:
Same is the case with power evacuation. My suggestion is that please think before you write, don¡¦t put any and every story you can think of as additionality arguments. This is not a story writing competition.
Policy related barriers - Evaluation of prevailing practice in Indian Power Planning:
You have written that the share of hydro in total generation has been declining over the period of last 40 years. You have also written that private sector participation in Hydro is less than half of what it is in thermal power. Please keep a cool head and think, how is Malana Power 2 facing barrier because the share of hydro is declining for the last 40 years. Do you think there is some umbilical cord between your project and these statistics?
Other policy related barriers:
The remaining part of the barrier section is an unnecessarily long rhetoric about power sector policies that have little relevance for the project. The approach here seems to be to divert the reader¡¦s attention from real issues (in the PDD) by giving unnecessarily long write ups about generic developments in the power sector. As any one can see, there is absolutely no mention about any particular policy barrier that would have prevented the project activity from happening.
I am running out of patience in trying to point out these basic mistakes to you. Instead of writing unnecessary data you would better if you try to find a barrier for your project. Unfortunately from what you have written, there appears to be none.
Common Practice test:
Your project is located in Himachal Pradesh. The entire electricity generation in Himachal Pradesh is hydro; there is not even a single thermal plant in this state. Still you proclaim that your project is not a common practice.

What I would also want to know is that you are located on the same river as Malana-1 hydro power project. When Malana-1 could take place without CDM how come your project (being on the same location, same river, same state and under the same regulatory regime) needs CDM to survive.