Comment 1	09-04-08 6:43pm
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Additionality
1. Investment Barrier
The common practice for any investment in power sector worldwide is to look at the levelised cost of generation of the alternatives available. On one hand BPSL had the alternative of putting up a coal fired captive power plant instead of going for the waste recovery based power plant, on the other hand waste heat based power plants use the recovered waste heat to generate electricity and thus do away with the requirement of fuel consumption and associated costs involved in electricity generation. The PDD mentions that the difference in capital cost between the alternatives is marginal. No matter how cheap coal is or no matter how conveniently it is available the levelised cost in case of WHRB power would be significantly lower than that incase of coal based power since coal based power involves fuel cost and WHRBs don't.
For someone who is involved in putting up a 100 MW power plant, I am sure these common aspects of financial analysis would be in their knowledge. What surprises me is the approach to conveniently ignore the facts and fabricate the additionality arguments by making a very cleverly engineered disclosure of information and concealing the relevant facts.
My sincere request to the DOE is to please review of the levelised cost workings for waste heat recovery based power and make it public so that people like us who have some sense of these projects can review and give inputs. My request to the CDM EB is, please….please ensure that the PP is required to share the levelised cost workings with the DOE, the RIT team and the international stakeholders for review.

BPSL had the option of generating power only through AFBC boilers which would have been possible with a marginal increase in the project cost when compared to the project cost of establishing the four WHRBs and the accompanying auxiliaries and steam piping arrangements.

Comment - The PDD has evaded all discussions on the financial benefits obtained by way of avoided fuel cost (which is linked to the previous question) and expected revenue from sale of surplus power.

2. Technological barriers
2a. Training related
Please understand that barriers have to be such that they are (i) prohibitive in nature and (ii) should get alleviated due to CDM revenues. Please also read the definition provided in the additionality tool, it states that :
only if 'Skilled and/or properly trained labour to operate and maintain the technology is not available, which leads to an unacceptably high risk of equipment disrepair and malfunctioning or other underperformance', can it be considered as barrier .
The WHRB's are manufactured in India by Thermax and Thermax

boiler installations are widely prevalent in India. Please see what is written above, how can you possibly argue that trained manpower to operate the plant are not available. Therefore to argue that there is a serious dearth of trained and skilled manpower in this area is completely frivolous, more so when Thermax has provided the training to BPSL staff. It is common practice, world wide, for any technology supplier to train the manpower at the receiving firm on the operations, handling and safety procedures of the installed equipment. Seriously do you expect us to believe that you undertook the investment in a 100 MW power plant even though you knew that technical people to run the plant are not available; was it reported in the board meetings and the management of your company decided to go ahead with risk involved?

In case if the PP submits any such false claims, the DOE should exercise their rights to even check the minute book of BPSL and can even approach registrar of companies to check what was submitted to them.

2b. Boiler operation problems and installation of additional equipment
Barriers are something that prevents you from doing a project and not something that happens after you have already implemented the project. The problems you have written here are what has happened after the project was completed, how can you argue that these were barriers at the time of inception of the project.
2c. Low capacity utilization of boiler
PDD provides with capacity utilization data for the year 2006-2007. Again, please refer to comments above, you obviously planned a 4 x 51 TPH boiler capacity because you thought that these waste gases would be sufficient to generate that much steam. What happened in 2006-07, is after project implementation, this is an irrelevant argument. Please get your thoughts clear on what barriers mean, rather than resorting to baseless innuendoes.
2d. Institutional barrier
I like what you have written here, excellent strategy of beating around the bush rather than focusing on the key issues. First of all, when you decided to invest in the project, you did so on the basis of the variable tariff based PPA with RETL. Anybody with a basic understanding of the power sector can tell you that a variable tariff PPA is significantly more rewarding as compared to a fixed rate PPA. Surely, you are not going to say that a variable tariff PPA was a barrier for you in setting up the project.

What happened in 2006 and 2007 was post implementation of the project, how do you expect us to believe that an event that took place two years after the commissioning of your project, could have acted as a barrier during its inception. People in power sector have tried to figure out for years, how tariffs are going to behave and to my knowledge none have been successful so far. Did you have some fortune teller who told you this was going to happen…..if so…then..the same fortune teller would have told you that you would be getting these comments in the stakeholder consultation process…there you go.

Besides, revenue from sale of surplus power i.e. an additional source of income obtained from the project activity and only strengthens the financial viability of the project. To describe at length about how this ‘additional’ stream of revenue would have been even greater had the AFBC boiler been installed (assuming a larger

quantum of surplus power available to the PP for sale due to higher boiler efficiency), or unfavorable tariff regime is by no means a barrier to the project. Moreover in case of an AFBC boiler project you would have faced similar issues as well and also have had to bear the additional fuel cost.

Comment – The PDD speaks at length about the changing tariff regime for sale of surplus to GRIDCO and the financial losses thus incurred by the PP. This argument is unfounded as it was certainly not known to the PP how tariffs would change and vary over time leading to monetary losses, at the time of project conception.