

**Comment 1**

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Looks like project is lacking additionality. PDD states that the "The Karikkayam Hydro Electric project activity originally belonged to Travancore Electro Chemical Industries Limited (TECIL)" which is identified fact, wherein the source (<http://www.srpc.kar.nic.in/july06/p19-22.pdf>) states the Karikkayam SHP has been allotted to TECIL before 1998 and the work had been stopped since May 1998. This means the concept of the project has been allotted to a promoter way back before 1998.

Major work for this hydro project had started in 1994 (source: <http://expert-eyes.org/projects.html>). The PP agrees to the fact that project implementation has been started way before 1994, As observed from the PDD under other barriers: "The Implementation Agreement was attained by TECIL when the project was being developed as a Captive Power Project". With this the start date of activity is contradictory. So the start date of the project remains a conflict and has to be checked by the DOE very carefully no matter whenever the CDM go decision is.

Board minutes dated 11/01/2006, It is AHPL/EDCL's wish to decide when to go for CDM, but here the point to be noted is concept of the project, implementation of the project, draft PPA already laid by TECIL way back, and today AHPL coming forward taking over the project and saying facing many problems, right from the inception stage CDM is considered are not at all accepted and even DOE should accept this fact.

It is AHPL/EDCL's headache to take such kind of project from TECIL which suffered heavy losses due to labor unrest and some other factors in a financial mess, which termed as sick by BIFR. It is PP's problem and has nothing to do with the CDM activity. This delay in finalizing the PPA, Implementation Agreement etc would have anyway happened in absence of CDM project activity. Don't take this change of company as an advantage and use everywhere as barrier w.r.t CDM project which is quiet evident that the project has no additionality other than grabbing project from sick company like TECIL.

It is DOE's responsibility to check the additionality. The DOE should assess the additionality of the project w.r.t AHPL's point of view, how AHPL is having barrier w.r.t this activity. Any barriers related to delay or loss of financial of TECIL cannot be accepted as a barrier to the AHPL neither to the CDM project activity. The project would have anyway happened in absence of the CDM revenue with the same timeline of delay even if TECIL would have continued this project till now. So any problem related to TECIL will not be a barrier to AHPL nor CDM project activity. Please DOE keep this in mind and kindly assess.

As per the Methodology Tool (Tool for the demonstration and assessment of additionally) financial indicator can be anyone of the following: IRR, NPV, cost benefit ratio, or unit cost of service

First of all Pay back period is not a relevant financial indicator w.r.t CDM, though it is known financial indicator used by bank as stated

in the PDD. The project is not additional in this case and investment barrier is utterly not acceptable, unless you prove the investment barrier by using valid indicators as given above and in tools laid by CDM EB. It is DOE's duty to assess the investment barrier analysis throughout the lifetime.

PDD states: "Barriers due to prevailing practice: AHPL is one of the first private IPP to develop the Karikkayam hydro electric power project in Kerala. There are 24 hydro power projects owned by KSEB and 2 by private agencies and are being developed for captive purposes". This PP being one of the first IPP to develop a hydro project is absolutely wrong and unacceptable. Since there are few hydro projects developed by IPP, please see from this link <http://expert-eyes.org/projects.html>. And moreover this is also not first IPP to go for CDM too. The PP is neither the first IPP to go for hydro project nor first IPP to go for CDM, already one hydro project of IPP got registered from CDM FYI. If you are talking about TECIL, yes it might be one of the first IPPs, since it has started the concept way back in 1994. So in what sense the PP (AHPL) is first, please justify clearly and substantiate.

Impact of CDM revenue: Please the impact of CDM revenue (and the decision to take up the project by AHPL from TECIL was governed primarily by banking on the CDM revenues) has nothing to do with sickness and drawl of TECIL, kindly substantiate the barriers and additionality related to PP's assests not the TECIL's.

Grid emission factor is 854.933tCO<sub>2</sub>/GWh as per CEA database guidelines version 3.

Hence overall, the project cannot prove investment barrier, prevailing practice barrier, impact of CDM revenue, so additionality. The start date of project is not applicable for CDM which is 1994 when implementation started and since 1998 project kept hold. It is DOE's duty to check as stated in the PDD : "The Implementation Agreement was attained by TECIL when the project was being Developed as a Captive Power Project.", which means the AHPL is now continuing this agreement to IPP, however the origin / concept of the project remains same which started earlier 1998. and it also means that AHPL is not the conceptualizer, is just a secondary who took over. So the project start date is not 2006 as mentioned, the project start date is somewhere in 1998 when TECIL started implemented.