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

Dear validators,

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 power purchase agreement was signed in 2004
(http://www.ptcindia.com/list-of-projects.html)
Financial closure was reached before October 2004
(http://www.eefi.org/1204/120424.htm)
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 project reached financial closure 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.

I do not have knowledge of the public comment period myself. But I encourage DNV to take the stakeholder consultations very seriously and check that the basic requirements have been met.

The guidelines for the stakeholder consultation requirements are minimal[1]. 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. Also, 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.

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.

Most sincerely,

Barbara Haya

[1] See the Guidelines for Completing the Project Design Document (CDM-PDD), and the Proposed New Baseline and Monitoring Methodology (CDM-NM) http://cdm.unfccc.int/Reference/Documents/Guidel_Pdd_most_recent/English/Guidelines_CDMPDD_NM.pdf

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.

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Comments to be submitted at:
http://cdm.unfccc.int/Projects/Validation/DB/IGIXOH2HCUH72OAA7ICZWTUULS9H8V/view.html

All received comments will be displayed, at the end of the 30 days commenting period, at the following address
www.sgsqualitynetwork.com/tradeassurance/ccp/projects/project.php?id=435, as per PROCEDURES ON PUBLIC AVAILIBILITY OF THE CDM PROJECT DESIGN DOCUMENTS AND FOR RECEIVING COMMENTS AS REFERRED TO IN PARAGRAPHS 40b AND 40c OF THE CDM MODALITIES AND PROCEDURES.

For further information...

For more information please email ukclimatechange@sgs.com or fax +44 (0) 1276 697 833.