Letter of Endorsement

Referring to your letter from June 01, 2010 (No ARG-0-01-34/2160) with respect to the CDM Project Idea Note on “Modernization of the Thermal Power Plant Unit Hrazdan-5 to Modern CCGT Power Plant” submitted to the Ministry of Nature Protection of RA in its capacity of the Designated National Authority for the CDM under the Kyoto Protocol of the United Nations Framework Convention on Climate Change I declare that:

1. The Republic of Armenia has ratified the UN Framework Convention on Climate Change on 14 May 1993 and the Kyoto Protocol on 26 December 2002.

2. Designated National Authority endorses the submitted Project Idea Note.

3. Designated National Authority is aware that the “ArmRusgasprom” CJSC as a Project Host intends to transfer marketing rights of Certified Emissions Reduction (CERs) to Gasprom Germany LLC.

4. Designated National Authority endorses further development of the CDM Project will assess it within the context of the Host country sustainable development objectives.

In the same time it is suggested to consider the following issues in the course of PDD development:

- Recommendation of the Ministry of Energy and Natural Resources of RA on the need to clarify the annual operation hours of the Plant and study possibility of allocating part of the received CERs to the Republic of Armenia.

Enclosed 2 pages.

Yours Sincerely,

ARAM HARUTYUNYAN
Minister of Nature Protection of the Republic of Armenia and Designated National Authority for the Clean Development Mechanism under the Kyoto Protocol
RECOMMENDATIONS

of the CDM PIN “Modernization of the Thermal Power Plant Unit Hrazdan-5 to Modern CCGT Power Plant” submitted to the Ministry of Nature Protection of RA on 01.06.10 by “ArmRusgasprom” CJSC ([No ARG-0-01-34/2160])

The technical assessment identified a number of issues which may be relevant to address at the stage of the PDD development:

1. The approved methodology AM0029 (Baseline methodology for Grid Connected Electricity Generation Plants using Natural Gas) is applicable for construction and operation of a new NG fired grid connected electricity generation plant. We assume that the word “modernization” in PIN means retrofit of existing capacity, whereas the purpose of the project is “installation of CCGT unit”. In this context it must be explained which concrete existing or planned capacity is modernized by installation of new CCGT unit.

2. From the context of the PIN it is assumed that so-called “previously planned project” has been considered as baseline or comparable scenario for the proposed project. However this contradicts to the applied methodology because “the baseline scenario candidates identified may not be available to project participants, but could be other stakeholders within the grid boundary (e.g. other companies investing in power capacity expansion)”. In that context there is need to revise baseline scenario.

3. One of the applicability criteria of the mentioned methodology requires that “Natural gas is sufficiently available in the region or country, e.g. future natural gas based power plants capacity additions, comparable in size to the project activity, are not constrained by the use of natural gas in the project activity.” Hrazdan-5 (when fully operated) will become one of the major consumers of natural gas in the Republic, and given current capacities of gas supply system additional documentary evidence must be provided implying that the project meets the mentioned requirement of the methodology.

4. Given that the start of the project took place before registration, the Guidelines on the demonstration and assessment of prior consideration of the CDM must be used. The PIN does not provide clear information on the starting date of the project. The documented evidence has to be provided on PDD stage that the CDM was seriously considered in the investment decision.

5. Section 5 must be elaborated in more details to demonstrate calculation of emission reduction potential of the project, as this serves as a base for economic justification of the CDM project as mentioned in “Impact of CDM registration” subsection.
of the CDM PIN Modernization of the Thermal Power Plant Unit Hrazdan-5 to Modern CCGT Power Plant submitted to the Ministry of Nature Protection of RA on 01.06.10 by ArmRusgasprom CJSC ((No ARG-0-01-34/2160))

The technical assessment identified a number of issues which may be relevant to address at the stage of the PDD development:

1. The approved methodology AM0029 (Baseline methodology for Grid Connected Electricity Generation Plants using Natural Gas) is applicable for construction and operation of a new NG fired grid connected electricity generation plant. We assume that the word modernization in PIN means retrofit of existing capacity; whereas the purpose of the project is installation of CCGT unit. In this context it must be explained which concrete existing or planned capacity is modernized by installation of new CCGT unit.

2. From the context of the PIN it is assumed that so-called previously planned project has been considered as baseline or comparable scenario for the proposed project. However this contradicts to the applied methodology because the baseline scenario candidates identified may not be available to project participants, but could be other stakeholders within the grid boundary (e.g. other companies investing in power capacity expansion). In this case baseline scenario is available to the same project participants.

3. One of the applicability criteria of the mentioned methodology requires that Natural gas is sufficiently available in the region or country, e.g. future natural gas based power plants capacity additions, comparable in size to the project activity, are not constrained by the use of natural gas in the project activity. Hrazdan-5 (when fully operated) will become one of the major consumers of natural gas in the Republic, and given current capacities of gas supply system additional documentary evidence must be provided implying that the project meets the mentioned requirement of the methodology.

4. Given that the start of the project took place before registration, the Guidelines on the demonstration and assessment of prior consideration of the CDM must be used. The PIN does not provide clear information on the starting date of the project. The documented evidence has to be provided on PDD stage that the CDM was seriously considered in the investment decision.

5. Section 5 must be elaborated in more details to demonstrate calculation of emission reduction potential of the project, as this serves as a base for economic justification of the CDM project as mentioned in Impact of CDM registration subsection.

6. Final concern is that proponent has to prove the need to generate additional 3.1 GWh/year in baseline and project scenarios given that Armenia does not have supply deficit at the moment. Proponent may clearly indicate that the energy generated by Hrazdan-5 will be for export; however the Methodology does not specify such case.
Հայաստանի Հանրապետության Պետության Համալսարանի
Կենտրոնական Սեփական Այլգործության
Ակադեմիական Գրադարան

10-րդ հրավառության կարգավիճակ

Համահարված գրականության և հեռուստաաշխարհամետական ականավոր գործիչներ զարգացման համար

Հայաստանի Հանրապետության Պետության Համալսարանի Կենտրոնական Սեփական Այլգործության
Ակադեմիական Գրադարան

Աղբյուրների և հետազոտությունների զարգացման նախագծի և կանխարարման համար

Հ. Ամբարջյան

Հ. Ամբարջյան

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ՀՀ ԳԱԱ Գեղարվեստի մասնագիտական գրականության և մշակույթի աստիճանի համալսարանական համալսարան

Հայաստանյան պետական ակադեմիական գրադարան

ՀՀ ԳԱԱ Գեղարվեստի մասնագիտական գրականության և մշակույթի աստիճանի համալսարան