

# Proposal

for carrying out

# Validation

of the Voluntary Emission Reduction (VER)  
Project:

## “15 MW Bundled Wind Project”

**Client:**

Climate Care  
Pioneer Carbon, PO Box 71,  
Craigmuir Chambers, Road Town.  
Tortola

[www.climatecare.org](http://www.climatecare.org)

**Date: 2007-05-17**

**1 PROPOSAL FOR CARRYING OUT VALIDATION OF A VOLANTORY EMISSION REDUCTION PROJECT ENTITLED "15 MW BUNDLED WIND PROJECT"**

TUV India Pvt. Ltd (TUV), subsidiary of TUV NORD (formerly known as RWTÜV Systems GmbH), is pleased to present this proposal to M/s Climate Care (CC), to carry out voluntary validation of a GHG Emission Reduction project entitled "15 MW Bundled Wind Project" in the state of Maharashtra, India. This proposal is in response to the mail by Mr. Tom Morton representing Pioneer Carbon dated 15<sup>th</sup> May 2007.

TUV's understanding of the CDM project, scope of work, methodology, time schedule, composition of the validation team, credentials of TUV and fee proposal are contained in the following sections.

**1.1 TUV'S UNDERSTANDING**

Based on the information provided in the PIN, TUV understands that CC is funding in wind mill projects in India to produce VER to sale in the VER market. CC is a contact entity (from India) of a consortium of project participants which have under taken wind mill installations aggregating a capacity of 15 MW. This project is intended to reduce CO<sub>2</sub> emissions to the extent of electricity displaced from the regional grid.

CC is requesting TUV to carry out voluntary validation of the same with regard to the relevant requirements of small-scale CDM project activities of UNFCCC. CC intends to apply CDM approved methodology AMS I.D.

**1.2 SCOPE OF WORK**

The validation scope is given as an independent and objective review of the project design, in particular, the project's baseline study, monitoring plan and additionality justification, which are included in the Project Design Document (PDD) and other relevant supporting documents against the requirements as given in the approved small scale CDM methodologies AMS I.D. as well as in the "tool for the demonstration and assessment of additionality" (Annex 1, EB16).

The items to be covered in the validation process are described below:

### **CDM Project Description**

- Project boundaries
- Project design
- Predicted project GHG emissions

### **Project Baseline**

- Baseline methodology
- Baseline GHG emissions

### **Monitoring Plan**

- Monitoring Plan methodologies and intervals
- Indicators/data to be monitored and reported
- Responsibilities
- External verification

### **Final Validation reporting with opinion of validation**

### **Registration of the project by TÜV NORD JI / CDM Certification Program (JI/CDM CP) of TÜV NORD Cert GmbH**

### **Issuance of certificate to the Project Participant confirming the standard of TÜV NORD JI / CDM CP.**

The information included in the PDD and the supporting documents will be reviewed against the requirements and criteria mentioned above. The TÜV NORD JI / CDM Certification Program (JI/CDM CP) employs a risk-based approach in the validation, focusing on the identification of significant risks for project implementation and the generation of emission reductions (Voluntary Carbon Units - "VCUs"). TUV proposes to use any one of the following protocols:

TUV NORD CP developed protocol for Voluntary Carbon Offsets;

Ji/CDM protocol derived from VVM of IETA-PCF; or

VER protocol derived from the Voluntary Carbon Standard of IETA.

The validation is not meant to provide any consulting. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

Currently the VER project activity is meant to generate VCUs. Thus the UNFCCC criteria for CDM are not fully applied. The following items will not be covered in the course of the validation:

- Global/local stakeholder consultation process
- Assessment of Participation Requirements
- Host country requirements/ criteria (e.g. approval procedures)
- Sustainable development criteria.

### 1.3 *METHODOLOGY*

The validation and subsequent registration process of the proposed CDM activity shall follow the sequence of steps presented below:

#### 1.3.1 *Baseline & Monitoring Methodology Check*

TUV shall determine whether the simplified baseline and/or monitoring methodology employed by the project is as per approved simplified baseline & monitoring methodologies under Category I.D ie, Grid Connected Renewable Electricity Generation (Appendix B of the simplified modalities and procedures for small-scale CDM project activities)

#### 1.3.2 *Pre-Validation Process*

It consists of following steps:

- *Assessment using Validation Protocol:* For cost-effective and systematic validation of small-scale CDM project, one customised protocol (*TUV NORD CP developed protocol for Voluntary Carbon Offsets or II/CDM protocol derived from VVM of IETA-PCF or the VER protocol derived from the Voluntary Carbon Standard of IETA*) will be used as the documented backbone of a transparent validation process. The protocol shows, in a transparent manner, criteria and requirements, means of verification and the results from pre-validating the identified criteria.
- *Review of Documents:* The PDD submitted by CC and supporting background documents related to the project design and baseline study as well as monitoring plan will be reviewed. Furthermore, the validation team may use additional documentation or checklist by third parties like host- party legislation, technical reports referring to the project design or to the basic conditions and technical data. The document review shall establish to what degree the presented documents meet the established validation criteria. The findings of initial document review will be presented to CC.
- *Validation visit and follow- up interviews:* A site visit may be useful for this type of project. The details of site visit logistics will be decided depending upon the progress of the project. However follow-up interviews ( by telephone or e-mail or personal visit) with project stakeholders may prove useful or even necessary in order to discuss and validate issues related to project baseline and additionality and to resolve issues identified in the document review. For discussions related to the technical implementation or financing of the project, follow-up interviews with the project developer may also be required.

- *Pre-Validation reporting:* The pre-validation report will facilitate the joint effort between CC and TUV to develop and document answer(s) and conclusions to requirements, which are considered applicable for small-scale CDM projects. The independent validation exercise and subsequent discussions given in the report shall enable the project proponent to address any concerns the validator may have raised related to the project, and how these may be clarified.

In order to remedy any mistakes, problems or any other outstanding issues that is needed to be clarified for positive conclusion on the project design, Corrective Action Requests (CAR) or Clarification Requests (CR) may be raised. All CRs & CARs are reported and elaborated in terms of implication of CRs & CARs issued in the draft validation report. In the event of issuance of CARs/ CRs, CC will have to close CARs and respond to CRs before the validation could be completed.

### 1.3.3 *Resolution of CAR & CR*

The CARs and CRs stated in the pre-validation report will have to be resolved by CC, if these are issued. The requests can be resolved or "closed out" by the project proponent by modifying the project design and by rectifying and updating the project design documentation. If this is not done in the final stages of the validation, it may cause the project not be recommended for TUV NORD JI/CDM CP registration, or cause the expected emission reductions not to be subsequently verified and certified.

### 1.3.4 *Final Validation Reporting & Validation Opinion & Registration*

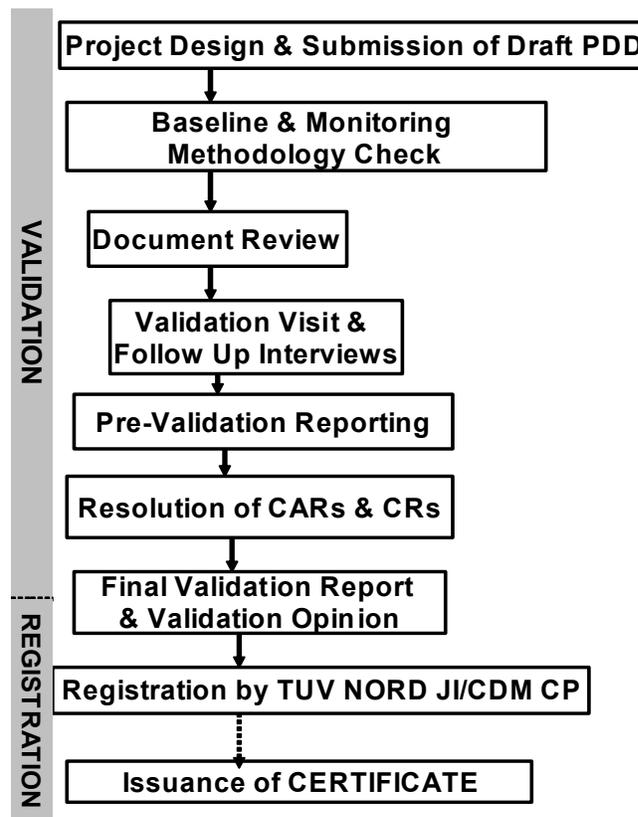
The final validation report will reflect the results from stakeholder's comments and any adjustments made to the project after the submission of pre-validation report. It will in its appearance look much like the pre-validation report, but will now reflect the responses to corrective action and clarification requests, discussions and revisions of project documents. Thus, the final validation report should give the final conclusions regarding the projects conformance with relevant UNFCCC requirements. The validation report may raise issues that need to be subsequently addressed during project implementation, like the implications of any remaining corrective action requests not resolved during the validation.

The final validation report shall include a validation opinion which either forms the basis for TUV NORD JI/CDM CP registration of the project or which explains the reason for non-acceptance if the project is judged not to fulfil validation requirements. In addition, the opinion will be an important decision factor for CC whether to proceed or not with the project.

### 1.3.5 Issuance of Certificate

A certificate will be issued to the project participant confirming the standard of TUV NORD JI/CDM CP. TUV NORD will further grant to use a logo in all communication concerning the validated project.

The entire process of validation followed by registration is shown in the diagram below:



### 1.4 SCHEDULE OF EVENTS

TUV is prepared to begin work on the validation of this CDM project within 7 to 10 working days of receipt of written approval to proceed.

The timeline of the validation events in sequence is as follows:

1 week: receipt of draft PDD and other documents, protocol and check list preparation, initial document review & reporting

6 weeks: Interview, pre-validation review, report preparation with issuance of CARs & CRs, review of comments

1 week: resolution of CAR & CR

1 week: QA/QC check, final validation report and opinion of Lead Validator followed by application to TUV NORD JI/CDM CP for registration and issuance of certificate.

Total: 9 weeks

The schedule of activities in terms of weeks from validation starting date are also presented in the Gantt chart as below:

TASK	WEEKS from STARTING DATE	1	2	3	4	5	6	7	8	9
Task 1	Review of documentation (PDD)	■								
Task 2	Back ground investigation		■							
Task 3	On-Site visit, Interviews etc.		■							
Task 4	Pre-Validation reporting			■	■	■	■	■		
Task 5	Resolution of CARs & CRs								■	
Task 6	QA/QC Check and Validation Report Preparation									■
Task 7	Preparation for Registration and certificate issuance.									■

## 1.5

### TEAM COMPOSITION

An experienced team will carry out the validation of the project. TUV NORD is presently having a pool of around 15 validators in Germany & other countries. Considering the cost optimisation TUV proposes that the project team would comprise of Lead Validator from TUV NORD, Germany, two local Validators of TUV India, a couple of local technical experts. The team selected for this validation is chosen to provide both local content and international expertise. To optimise the cost, the major portion of validation will be carried out by TUV India with necessary support and opinion from Lead Validator from TUV NORD, Germany

Brief profiles of the Lead Validator & Co- Validators are given below:

**Mr. Rainer Winter:** The Validation Team will be led by Mr. Rainer Winter, Dipl. - Ing., Study of Environmental Process Engineering, Technical University of Clausthal-Zellerfeld, Germany. Mr. Winter works at TUV NORD Systems as ISO 9001 and ISO 14001 Auditor since 1991 and gained extensive experience on JI/CDM project leading, GHG monitoring, EIA study. Mr. Winter has been appointed as JI/CDM assessor and is in charge of the JI/CDM Certification Body of TUV NORD Systems GmbH.

**Mr Asim Kumar Jana:** The validation will be performed by Mr Jana from TUV NORD-Mumbai, India as a local validator of the team. Mr. Jana, M.Tech (Env Engg), Dipl in Industrial Safety, is a TUV-CERT Lead auditor for ISO 9001/14001 and OHSAS 18001 and certified energy auditor by Bureau of Energy Efficiency of India. Currently **Mr A K Jana is Head- CDM Certification** for TUV NORD India operation. He is an appointed assessor for JI/CDM certification program of TUV NORD Systems GmbH and participated already several CDM project validations.

**Mr. Manojkumar Borekar:** The validation will be performed by Mr. Borekar from TUV NORD-Pune, India as a local validator of the team. Mr. Borekar is, M.Tech. (Energy Management), B.E. (Mechanical Engineering), and certified energy auditor by Bureau of Energy Efficiency of India. Currently he is GHG and Energy Auditor - CDM Services for TÜV NORD operation. He is an appointed assessor for JI/CDM certification program of TUV NORD Systems GmbH and participated already several CDM project validations.

**Hemant V. Joshi,** TÜV Nord-Pune, India. Mr. Joshi, B.E. (Environmental Engineering), is a TÜV-CERT Lead auditor for ISO 9001/14001 and OHSAS 18001. He has received extensive training in the CDM validation and verification process. He is an appointed expert for TÜV NORD JI/CDM Certification Program.

**Mr. Swapnil P Thanekar:** Mr. Swapnil P Thanekar is CDM and Energy Analyst from TUV NORD-Pune. He is M.Tech. (Heat Power), B.E. (Mechanical Engineering) and engaged with TÜV India operation. He has participated in several verification and validations.

**A team of 2 or 3 local JI/CDM Experts of TUV India may take part in the validation process to make the validation convenient and cost effective as well.**

## 1.6

### *BUDGET ESTIMATE*

It is proposed that the services in the project scope outlined above be performed on the basis of TUV's standard rates for mandays plus direct other expenses. It is expected that the validation scope for the CDM project outlined above can be accomplished for the estimated probable cost detailed below.

Validation Tasks #*	Details of Fees	Amount
1, 2, 3	Draft PDD Review, Back Ground Investigation, Validation Visit & Interview	INR 82500/-
4	Pre-Validation Reporting with CARs, CRs, if any	INR 1,37,500/-

Validation Tasks #*	Details of Fees	Amount
6,7	Final Validation reporting, registration, issuance of certificate.	INR 55,000/-
	<b>TOTAL FEES</b>	<b>INR 2,75,000/-</b>

\* Compare the Gantt chart of the Section 1.4

The order can be terminated after each task maturity.

In addition, service tax on the professional time cost shall be charged at the rate applicable on the date of invoicing.

### 1.6.1 *Terms of Payment*

- 30% (of Total Fees) payment as mobilisation advance along with the work order;
- 50% (of Total Fees) payment on submission of the pre-validation report; and
- Balance 20% (of Total Fees) on submission of the final validation report.

### 1.6.2 *Miscellaneous Conditions*

*The working language of entire validation process and reporting will be only in English. No translation of the original validation report (English) will be performed.*

*The acceptance of our proposal does not automatically entail a positive validation opinion of the validation team. In case of a negative validation opinion, additional service by TÜV NORD JI/CDM CP – if required by the client – is not part of this proposal.*

*The applicable part of the validation agreement as set out in the annex as well as the general terms and conditions of TÜV NORD CERT GmbH are essential part of this proposal.*

*This proposal is limited to the validation of the above said small-scale CDM project. However, TUV in coordination with TÜV NORD Cert GmbH would be pleased to provide the recurrent verification/certification after TUV NORD JI/CDM CP registration of this project.*



## 2 PLACEMENT OF ORDER

This offer becomes effective when signed by both parties.

The annex is part of this offer.

Prakash Bhave  
Manager Finance and Company  
Secretary

\_\_\_\_\_  
(place and date)

\_\_\_\_\_  
TUV India Private Limited  
801, Raheja Plaza - 1,  
LBS Marg, Ghatkopar (West)  
Mumbai 400 086

We hereby place an order on the basis of the above quoted conditions:

\_\_\_\_\_  
(place and date)

\_\_\_\_\_  
(Company stamp and legally binding  
signature)

**Telefax: +91-20-25675514**

## ANNEX: VALIDATION AGREEMENT

This bilateral agreement for the validation of a GHG project applies alongside the proposal for validation which defines the scope of work. This agreement covers the tasks to be performed by the TÜV NORD Certification Program and by the client.

### 1. APPOINTMENT AND SCOPE

- 1.1 Subject to and in accordance with the terms of this agreement, the validator accepts the duties and obligations set forth herein and agrees to perform those services specified in this agreement (the "services").
- 1.2 Neither of the parties' employees shall have any authority to make decisions for the other party or otherwise bind or engage the other party in any way (including the execution of agreements for the provision of services by or for the other party with third parties).
- 1.3 Neither of the parties' employees shall be entitled to represent itself / themselves to any third parties, whether verbally or on business cards or letterhead, as the agents of the other party. Nothing in this agreement shall constitute or create or be deemed to constitute or create a partnership, joint venture or relationship of principal and agent or employer and employee between the parties or any of their respective employees and neither of the parties nor any of their respective employees shall so represent themselves to any third party. Under no circumstances shall the validator's employees be deemed to be employees of the client or vice versa nor shall either party be liable for any compensation or benefits for the other party's employees. In addition, neither party shall use any of the other party's trademarks without the prior written approval of such other party.

### 2. RESPONSIBILITIES OF THE CLIENT

The client is responsible for:

- 2.1 Preparing a Project Design Document (PDD) in compliance with the rules set by the UNFCCC (hereinafter called "the scheme"). In case of changes to the scheme during execution of this contract the client shall adapt the PDD to the new scheme.
- 2.2 Determining additionality and baseline emissions using approved methodologies and scientifically appropriate protocols as required by the scheme.
- 2.3 Preparing a monitoring plan consistent with the rules of the scheme in question, to gather the necessary data and reporting gathered data in a complete, transparent and accurate manner.
- 2.4 Providing the validator with a Letter of Approval of its designated national authority.

- 2.5 Providing the validator with the necessary and requested access to client books, records, information systems and facilities such that the validator may verify the data and assumptions presented in the Project Design Document.
- 2.6 Complying with the validator's requests to conduct interviews, meetings or discussions with client's employees and agents on any matters relating to the services, within such deadlines as the validator shall establish.
- 2.7 Providing the validator with all information, documentation, data or other material (hereinafter called "material") or taking all measures required by the scheme unless the validator is expressly responsible for providing such measures under this agreement. In case of deadlines set by UNFCCC concerning material to be provided or measures to be taken by the client, the client shall provide the validator with material 3 working days before expiry of the deadline.
- 2.8 All obligations of the client provided for in this agreement shall be performed according to the scheme in force when performing the obligations. In case of changes to the scheme affecting performances already rendered under this agreement the client shall amend or render anew its performances accordingly.

### 3. RIGHTS AND RESPONSIBILITIES OF THE VALIDATOR

In addition to performing the services detailed in the proposal the validator shall:

- 3.1 Issue a validation report substantially similar in format as the IETA / World Bank Validation and Verification Manual which will state whether, in the validators' opinion, the project activity as presented in the PDD fulfils the participation requirements of the scheme.
- 3.2 Arrive at its opinion upon consideration of the following matters and reporting as to any aspect with which the validator is not satisfied, namely whether:
  - (a) The project complies with the rules of the scheme.
  - (b) The project will result in the generation of real measurable, long-term emission reductions.
  - (c) The Project Design Document provides details of how project emissions will be monitored and how emission reduction or sequestration will be determined.
  - (d) The project complies with host country sustainable development policies and that the participation in the proposed CDM project activity is voluntary. The validator's obligations are limited to taking into consideration the Letter of Approval of the designated national authority. The validator is not obliged to conduct research or to examine whether the requirements of the host country's

- sustainable development policies are met; and
- (e) The client has invited stakeholder comments and has taken those comments into account.
- 3.3 The validator shall be entitled to consult with attorneys, engineers, analysts, accountants, or other parties deemed by the validator to have the qualifications necessary to assist in the performance of the services without any extra fees/charge payable on this account by the client. The validator may select and engage such persons without the clients prior approval save that, should the client advise the validator that a conflict of interest exists; the validator will take all necessary measures to engage alternate advisors. The validator may also consult with stakeholders to assist in the performance of the services. Stakeholders shall include the public, including individuals, groups or communities affected, or likely to be affected, by the activity in question.
- 3.4 The validator shall perform the services in an efficient, prompt, skilful and careful manner in accordance with then current industry standards, practices and accredited procedures. In performing the services, the validator shall observe and obey all applicable laws, regulations, rules and standards imposed by any government or other duly constituted authority having jurisdiction in the host country.
- 3.5 The validator by accepting the work order neither automatically guarantees a positive validation opinion nor the acceptance of the project by the UNFCCC-Executive Board (EB).
- 3.6 The validator has the right to subcontract members of the TÜV NORD Ji/CDM Certification Program of other TÜV NORD entities.
4. *USE OF THE DELIVERABLE*
- 4.1 The deliverable in its entirety will be presented to the client and to any government or other duly constituted authority having jurisdiction with respect to the scheme and/or the project, accompanied by any additional information required under the scheme. If the scheme requires, the deliverable and additional information will also be made publicly available.
- 4.2 The deliverable may be included by client in its annual report or may be issued by client in any separate report that it may publish or be provided to any other interested parties or entities.
5. *COMPENSATION AND PAYMENT*
- 5.1 The validator shall be entitled to receive compensation for the provision of the services as described in the proposal.
- 5.2 The client shall pay to the validator the compensation and expenses as detailed in the proposal directly within thirty (30) days from the date of receipt of any invoice.
6. *RESIGNATION OR REMOVAL OF THE VALIDATOR*
- 6.1 The validator may resign its duties under this work order for any reason and without cause by written notice served upon the client at least 30 days prior to the proposed effective date of such resignation.
- 6.2 The client may remove the validator for any reason and without cause by written notice served upon the validator at least 30 days prior to the proposed effective date of such removal.
- 6.3 Upon resignation or removal, all fees for the services rendered until then shall be paid to the validator. The client acknowledges that, should the validator resign or be removed prior to delivery of the deliverable, no portion of said deliverable which may be in the possession of the client may be used in any publication or as the basis for any work performed by any substitute service provider and the client shall indemnify and hold the validator harmless from and against any claims which may be brought against the validator by any such misuse.
7. *CONFIDENTIALITY*
- 7.1 As used herein, "confidential information" shall include any and all oral and written information provided to the validator by the client (client information) as well as the financial terms set forth in the proposal (validator information) provided, however, that confidential information shall not include any information which (i) is, or hereafter becomes (but not in violation of this contract), generally known to the public, (ii) was available to the validator on a non-confidential basis prior to the time it was disclosed by the client, or (iii) is disclosed by an independent third party with a right to make such disclosure. Unless required by law, the validator shall not disclose the confidential information to any person or entity except for its directors, employees or outside consultants retained by it in connection with this agreement.
- 7.2 The validator agrees that the client information will not be used for any purpose other than in connection with the performance of its duties and obligations under this agreement. The validator shall use reasonable efforts to prevent access by any unauthorized persons to the client information, such efforts to reflect at least the same degree of security that the validator accords its own confidential information. The validator shall ensure that any outside consultant assigned by the validator is made aware of, and is bound by, this section 7.
- 7.3 The client agrees that the validator information will not be disclosed to any third party save if the client is compelled to do so in accordance with the provisions of Section 7.4 below. Nothing in this section shall prevent the client from providing a copy of this agreement (but excluding the validator information) to any third party that may request it.
- 7.4 In the event that the validator and/or the client, or anyone to whom confidential information is disclosed pursuant to this agreement,

becomes legally compelled to disclose any of the confidential information (the "compelled party"), the compelled party shall provide the other party with prompt notice so that such party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this section. In the event that such protective order or other remedy is not obtained or in the event that the party waives compliance with the provisions of this section, the compelled party will furnish only that portion of the confidential information which the compelled party is legally required to disclose and will seek to obtain reasonable assurance that confidential treatment will be accorded.

- 7.5 The parties acknowledge and agree that the undertakings set forth in this section 7 shall survive the termination of this agreement.

8. *GOVERNING LAW AND JURISDICTION*

- 8.1 This agreement shall be governed by, and interpreted in accordance with the substantive laws exclusive of any rules with respect to conflicts of laws of the country in which the validator's place of business is situated.
- 8.2 Exclusive venue for any and all disputes of any kind arising out of or in relation to this agreement, including its validity, shall be the validator's place of business.

9. *MISCELLANEOUS*

- 9.1 Any communications required or permitted to be given by any party to the other under this agreement shall be sent to the other parties at the address shown in this proposal. Unless a particular method has been or is required by any provision of this agreement, facsimile communications (confirmed by an email) shall be accepted.
- 9.2 The failure of any party hereto to enforce at any time any of the provisions of this agreement or to exercise any right or option which is herein provided shall in no way be construed to be a waiver of such provisions nor in any way affect the validity of this agreement or any part thereof or the right of any party to enforce thereafter each and every such right or option. No waiver of any breach of the work order shall be considered or held to be a waiver of any other or subsequent breach. Nothing shall constitute, or have the effect of, a waiver except an instrument in writing signed by a duly authorized officer or representative of the party against whom such waiver is sought to be enforced which expressly, and not impliedly, waives a right or rights or an option or options under this agreement.
- 9.3 The aforementioned terms and conditions shall constitute the entire agreement between the parties with respect to its subject matter, all prior contracts, proposals, representations, negotiations and understandings, either orally or in writing being hereby superseded. Any amendment or modification hereof shall only be binding if it is made in writing and signed

on behalf of each party by its duly authorized representative(s).

10. *CHANGES TO VALIDATION SERVICE WORK ORDER*

Changes to these terms and conditions are not permitted except through a letter signed by both parties, which shall form an addendum to this agreement.