April 5, 2010

Comments to DNV Regarding the Teesta VI Hydroelectric Project in India

The Project Proponents are providing misleading information to the UNFCCC for gaining undue CDM benefits. The project does not qualify for CDM credits and would form an unhealthy precedent if granted CDM credits.

Based on our information we submit that it will not be appropriate to accept the Teesta VI Hydroelectric project in India for CDM credits. Some of the reasons why the project should not be accepted for CDM credits are:

1. It is a business as usual hydro project. There is no demonstrated additionality. Such projects have been implemented in the past without CDM credits.

   None of the official and statutory documents establishing the viability of the project between 2005 and 2007 mention that CDM credits are required to make the project viable. All such claims of the Project Proponent (PP) in the PDD that CDM credits are required to make the project viable are evidently an afterthought to make windfall gains. In support of our contentions we bring to your attention the following:

   - CDM credits are not mentioned in the Detailed Project Report while establishing economic viability of the project.

   - Clearance granted by the Central Electricity Authority (CEA) of India makes no mentioned of CDM credits and is not subject to CDM credits. This clearance is supposed to be a techno-economic clearance.

   - The Power Purchase Agreement (PPA) signed by the PP and the purchaser, Maharashtra State Electricity Distribution Company Limited, makes no mention of CDM credits.

   - The approval of the PPA by the Maharashtra Electricity Regulatory Commission (MERC) is without any mention of CDM credits.

   - Under Environmental Well Being (Section A.2.) in the PDD, it is stated that, "the project activity would use … sound conventional technology in hydroelectric projects." If conventional technology is used then there is no additionality.

2. The claim of the PP that the project is not viable without CDM credits is contrary to the following:

   - Financial resources to execute the project were finalized by 2007.

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- An independent energy group, PRAYAS, analyzed the PPA and clearly stated that the PPA is biased in favor of the PP. MERC's order also confirms this.

- As per the CEA clearance letter, the interest on loan is 10% and the project has already ensured 14% return on equity for the next 25 years through the PPA.

3. It is incorrect of the PP to state that there are barriers against large hydro projects (Section B.5). Not only are there no barriers to large hydro projects in India, the Government is actively promoting large hydro projects and its policies are aimed at fast tracking all clearances for such projects: http://economictimes.indiatimes.com/articleshow/5710032.cms

4. Regarding alternative scenarios, the PDD is silent on alternatives such as micro hydro, solar, and reducing the transmission and distribution losses from 35-40% to 15% and generation of electricity at optimum level by existing power plants. Instead, while justifying the project for CDM credits, it compares the alternate to a coal-based thermal power plant that is neither feasible nor practical at or near this location given the geography, topography and connectivity.

5. The PP have not shown that they have followed the recommendations of the World Commission on Dams. This would disqualify the project under the European Union's norms.

6. The management plan has not been formulated with the free, prior and informed consent of local communities and the adverse impacts of the project will remain unmitigated. Local communities will bear the brunt of the adverse impacts. The adverse impacts will also be felt on the ecology and environment. There are also inconsistencies regarding ecological statements in the PDD:

   - Under Impact on Biological environment (Section D.1.), it states: "there is no rear or endangered plants or animal species likely to be affected by the proposed project activity" and at the same time under Biodiversity Conservation Plan (Section D.2.), it states: "Salvation and Rehabilitation of Schedule I wildlife will be undertaken." Schedule I of the Wildlife Protection Act lists rare and endangered species, which makes these two claims contradictory.

   - Under Impact on Aquatic Ecology and Fisheries (Section D.1.), it states: "the proposed diversion barrage will not result in any negative impact on the fish fauna of the river." The very next statement is "Proper conservation plan is proposed to mitigate the impacts." Further, under Fisheries Development Plan (Section 5.2), it states: "In order to save Mahaseer fish species, Mahaseer farm with necessary infrastructure will be constructed at the cost of Rs 5 million." If the diversion barrage will not result in negative impact, then why are conservation plan and the Mahaseer farm proposed? The statement about no negative impact is *per se* incorrect, since the barrage and diversion of water through the tunnel will completely change the downstream river hydrology and destroy the biodiversity in all seasons.

- Under Impact on Socio-economics, it states that "total land required for project is 105 Ha," whereas the land requirement as per the environment clearance letter from Ministry of Environment and Forests, dated 21 Sept. 2006 says in para 3, that "total land requirement for the project is 147.7358 ha."

- Under Section B.2. (page 8 of PDD), it states that the surface area of the reservoir (submergence area) is 12.48 ha., whereas the environment clearance for the project states that submergence will be 36 ha.

Given the above, we submit that the project should not be approved to apply for CDM credits, registered as CDM activity or receive CERs.

Yours faithfully,
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