

January 19, 2008

**Comments about the proposed CDM credits for
The Tala Hydroelectric project in Bhutan and
Export of hydropower there from to India**

Based on reading of the Project Design Document dated Dec 16, 2007 (as available on the UNFCCC website) for the above 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. Some of the main reasons for this conclusion are listed below.

1. The project is clearly not additional: Project has been under implementation (in 1996) long before the UNFCCC CDM process started, with full financial plan already in place. The project has long been completed (august 2006) before the project has been put up for validation comments. The CDM credits were clearly not required for the project, and even PDD does not argue that it requires CDM credits. The project developer cannot argue they continued with the project, hoping to get CDM credits, as in that case they would have applied for CDM credits before the project construction was completed.

2. The project makes rather shocking claim that there was no alternative to this project for the entire power sector in India or Bhutan, 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. The project makes patently wrong statements that India does not have hydropower projects of the size of Tala Hydropower project (1020 MW). In fact, the 1350 MW Bhakhra project is under operation for five decades. In addition, the 1450 MW Sardar Sarovar project, the 1500 MW Nathpa Jhakhri project, 1000 MW Tehri project and the Koyna project in Maharashtra are some of the projects that have comparable installed hydropower capacity and these are all generating power today. Such wrong assertions should be sufficient to disqualify the project.

4. 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.

5. The admission of the project proponent that the project did not adequately appraise the geological situation at the project site, leading to geological surprises and also cost and time over runs cannot be a reason for getting CDM credits as the PDD says, rather these are reasons for rejecting the claim of the project to be clean. Similarly the flood damages that the project suffered in June and August 2000 actually show that the project developers neither appraised the hydrological issues adequately, nor did they take adequate precaution to ensure minimum damages in seasons that are known to be high monsoon rains and flood seasons.

6. The PDD claims that there are no other hydropower projects in Bhutan, which is again a wrong statement. Besides the 336 MW Chukha Hydropower project, Bhutan also has the 60 MW Kurichu hydropower project operating since 2002 and 22.5 MW Upper Basochu project under operation since 2001. There are a number of other smaller hydropower projects in Bhutan in various stages of development.

7. The emission reduction claims of the PDD are also flawed as it assumes that 4135.25 Million KWh of power will be exported to India. Firstly, the 90% dependable power generation for this project is 3962 Million KWh. Secondly, the PDD keeps claiming that part of the power will be used in Bhutan, but none is allocated for consumption in Bhutan. Thirdly, the construction of project also involved destruction of substantial quantities of very high density forests, which actually leads to destruction of carbon sinks. This included the

forest destroyed for power project components and related works like roads, colonies, transmission lines, mining for project materials, dumping of muck, and so on. These have not been accounted for.

8. The PDD is also full of contradictory information. For example on page 14 top it says area of the reservoir is $36 \times 10^4 \text{ m}^2$, where as the same area on page 30 is given as 36×10^5 square meters.

9. The Environmental Impact Assessment of the project mentioned on page 33 is not available in public domain or available in the local language to the affected people. It is strange that when the project is already completed, the PDD is saying, "Proper measures are being undertaken by the Royal Government of Bhutan for the rehabilitation of the local villages..." This should have been completed before the affected people are displaced. Section D.2 on page 37 provides no references or documentation details of the Environment and social impact assessment and management or how the local people were provided these documents in their language at what stage and how the consultations claimed on page 38-39 held. The claim of the project consultant (WAPCOS) on page 41 that the project has been developed without any adverse impact on the environment should be sufficient to discredit the consultant and the claims of the PDD as project of this size and nature has huge adverse impacts.

10. The claim that there will be no adverse downstream impacts due to release of 7-10% of the recorded minimum flow is not supported by study of the downstream biodiversity and their relation with flows across at least two years, as normally required. In any case it is too low a flow and there is no credible mechanism to ensure that it will indeed happen.

11. It is claimed on page 35 that construction work have been stopped in monsoon season, which is not correct. Had the construction been stopped in monsoon that it would not have suffered damages and loss of equipments in June and Aug 2000 as it did.

12. The claim about the reuse of 60% of the construction spoils and use of the rest to level low lying areas is totally wrong and not supported by any credible evidence. This means that the project authorities have not done proper much disposal and no plan for it. The muck is likely to have been dumped in the river.

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.

13. It is claimed on Page 41-42 that Royal Society for Protection of Nature is an non govt organisation. Their website www.rspnbhutan.org has these opening lines: "The Royal Society for Protection of Nature is functioning under the directives of its Board of Directors under the Royal patronage of His Majesty the Fifth King of Bhutan, Jigme Khesar Namgyel Wangchuck." The chair of board is a secretary of the govt of Bhutan. How can RSPN be called a non govt organisation? This is the only name given as NGO that has been consulted. It is clear no consultation with any independent NGO has happened.

14. On page 15 it is clear that project boundary includes all the power projects of Indian grid. The baseline table however, mentions methane emission as "Minor emission source" on the same page. This is clearly wrong. Methane emission of Indian power plants has not been measured and is likely to be very substantial.

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Comments to be submitted at:

<http://cdm.unfccc.int/Projects/Validation/DB/Z2GXVTKHQJ8VB82DHT5I70LG7DMABM/view.html>