



Contribution of the project activity to sustainable development

Ministry of Environment and Forests, Govt. of India has stipulated the social well-being, economic well-being,

environmental well-being and technological well-being as the four indicators for sustainable development in the interim approval guidelines host country approval eligibility criteria for Clean Development Mechanism (CDM) projects⁴.

Social well-being:

- Industry – the proposed project is with an investment of 14.5 billion and will have a significant positive impact on the industrial growth in the region as well as in the country Infrastructure – the region around the proposed project site does not have very good infrastructural facilities. Near the project site, the facilities for public transport, water supply, telecommunication, education, public health etc. are inadequate. With the setting up of major industry like this, the region will naturally help directly and indirectly in the development of civil Infrastructure
- Employment – the proposed project activity has provided direct employment to about 525 persons during the construction and 140 during the normal operation. In addition, it is expected that up to 30 persons will be directly benefited through casual work, subcontracts, trading etc.
- The PP has also committed to utilize 2% of the CDM revenue towards socio-economic development (as per the plan given to NCDMA)⁵.

Environmental well-being:

- The electricity generated by project activity will be supplied to Southern grid, which otherwise would have been generated by fossil fuels. Hence, the project activity will help in reduction of the greenhouse gases emission and other air pollutants (especially NO_x and SO₂)
- The project activity helps in conservation of coal which at present are predominantly used for power generation.

Economic well being

- This project will demonstrate the use of new financial mechanism (CDM) in raising finance for power generation from relatively cleaner fuel in coal dominated economy.

Technological well being

- The project uses the best available technology in the form of combined cycle
- The space requirement per MW capacity is lower compared to the conventional coal fired power Plants.

Thus the project activity meets the National Sustainable Development criteria and the Host Country

Approval is awarded to the project activity on 06/02/2009.

⁴ http://cdmindia.nic.in/host_approval_criteria.htm

⁵ Refer Annex 4 for a brief monitorable action plan