

IRN comments on Trojes, Benito Juarez, Chilatan Hydroelectric projects in Mexico
Comments submitted during public comment period

I have common concerns regarding the additionality of the three Mexican hydropower projects under public review ending May 23: the Trojes, Benito Juarez, Chilatan hydroelectric projects. Almost identical additionality discussions are used for these three projects, so I will address my concerns with these three projects in one comment.

The additionality arguments are unconvincing because of two combined reasons: 1. the Trojes project is already completed and the Chilatan project has already begun construction, and 2. hydropower is a common technology on the Mexican grid. Though the argument that the involvement of the PCF in the project helped lend credibility and confidence to these small-scale projects is indeed plausible, it is unverified; any project developer can make this claim.

First, even for small projects, if a project has started construction at the time that the PDD is submitted, the project should be assumed to be non-additional, and stronger evidence must be provided showing why the project would only have gone ahead with the CDM. Adequate evidence is not provided to verify the additionality claims. Also, according to the PDDs, each of these three projects are built onto an existing dam constructed with the intent to construct future hydroelectric plants on-site. This indicates a clear intent to build each of these or similar hydropower facilities at some point, and adequate reason is not given in the PDD as to why such hydropower plants would actually likely not be built.

Second, the above-discussed additionality arguments are especially suspect given that hydropower is a common technology on the Mexican grid. 15% of capacity in Mexico is from hydropower, including 34 small hydro plants currently in operation in Mexico (2001 Hydropower & Dams World Atlas). According to the PDD, plenty of new hydropower development is being planned, composing 10% of expected new capacity additions. Also, hydropower is described by the hydropower industry to be cost effective in Mexico. According to the 2003 Hydropower & Dams World Atlas, the amount of economically feasible hydropower in Mexico totals over 75% of total current installed capacity on the grid of all technologies, and the cost for hydropower is lower than most other type of power plants (US 2.77 cents instead of 3.06 per kWh on average). Furthermore, expanding existing hydro projects is frequently one of the most cost-effective methods of adding new generation capacity to a grid – especially where the relevant dam has been designed to allow for such expansion. This makes the additionality claim even less credible. It is difficult to make convincing additionality claims for a project using such a common and least-cost technology.

In sum, considering that hydropower is common on the grid and is evaluated by the hydropower industry itself to be economically feasible and a least cost option, it seems unlikely that hydropower should be able to receive CDM credits in Mexico. Also, projects that have started construction, even small-scale projects, should require more substantial evidence that they are only going ahead because of the CDM.

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