



**CDM Project Activity Registration
and Validation Report Form**
*(By submitting this form, designated operational entity confirms
that the proposed CDM project activity meets all validation and
registration requirements and thereby requests its registration)*

Section 1: Request for registration

Name of the designated operational entity (DOE) submitting this form	Det Norske Veritas Certification Ltd. (DNV)
Title of the proposed CDM project activity (Section A.2 of the attached CDM-PDD) submitted for registration	Usinas Itamarati Cogeneration Project
Project participants (Name(s))	Usinas Itamarati S.A
Sector in which project activity falls	Sectoral scope 1: Energy industries
Is the proposed project activity a small-scale activity?	No.

Section 2: Validation report

List of documents to be attached to this validation report (please check mark):	
<ul style="list-style-type: none"> <input checked="" type="checkbox"/> The CDM-PDD of the Project activity <input checked="" type="checkbox"/> An explanation by the submitting designated operational entity of how it has taken due account of comments on validation requirements received, in accordance with the CDM modalities and procedures, from Parties, stakeholders and UNFCCC accredited non-governmental organizations (Note: Included in DNV's Validation Report (DNV report 2004-1380, rev. 01)); <input type="checkbox"/> The written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development: <ul style="list-style-type: none"> o (Attach a list of all Parties involved and attach the approval(in alphabetic order)) <input checked="" type="checkbox"/> Other documents, including any validation protocol used in the validation. <ul style="list-style-type: none"> o DNV's Validation Report (DNV report 2004-1380, rev. 01), including a validation protocol and a list of person interviewed by DNV validation team during the validation process. <input type="checkbox"/> Information on when and how the above validation report is made publicly available. <input type="checkbox"/> Banking information on the payment of the non-reimbursable registration fee. <input type="checkbox"/> A statement signed by all project participants stipulating the modalities of communicating with the Executive Board and the secretariat in particular with regard to instructions regarding allocation of CERs at issuance. 	

Executive Summary and Introduction, including

- **Description of the proposed CDM project activity**
- **Scope of validation process (include all documentation that has been reviewed and name persons that have been interviewed as part of the validation, as applicable)**
- **DOE Validation team (list of all persons involved in the validation, describing functions assumed in the validation)**

The “Usinas Itamarati Cogeneration Project” is located in the municipality of Nova Olímpia, Mato Grosso State, Brazil. The project involves an increase of the bagasse cogeneration facility at the Usinas Itamarati S.A. sugar cane mill, allowing the mill to supply excess electricity to the grid. The project has already been implemented and started operation on 01 September 2001. With the implementation of this project, the mill is able to sell surplus electricity to the regional South-Southeast-Midwest (S-SE-CO) grid, avoiding thus the dispatch of the same amount of electricity partly generated by thermal power plants supplying electricity to that grid. The estimated amount of GHG emission reductions from the project is 58 147 tonnes CO₂ equivalents (tCO₂e) during the first renewable 7-year crediting period (with the potential of being renewed twice), resulting in estimated average annual emission reductions of 8 307 tCO₂e.

The validation scope is an independent and objective review of the Project Design Document (PDD). The PDD was reviewed against Kyoto Protocol criteria for the CDM, the CDM modalities and procedures as agreed in the Marrakech Accords and relevant decisions by the CDM Executive Board. The validation team has, based on the recommendation in the IETA/PCF Validation and Verification Manual, employed a risk-based approach, focusing on the identification of significant risks for the project implementation and the generation of CERs.

The following documents were reviewed:

Usinas Itamarati S.A. and Ecoinvest: Project Design Document for the “Usinas Itamarati Cogeneration Project”, Version 1 of 29 September 2005.

Usinas Itamarati S.A. and Ecoinvest: Project Design Document for the “Usinas Itamarati Cogeneration Project”, Version 2 of 16 November 2005.

Spreadsheets for the calculation of the combined margin emission Coefficient (ONS-Emission factors SSECO 2002-2004-2005.09.23.xls).

International Emission Trading Association (IETA) & the World Bank’s Prototype Carbon Fund (PCF): Validation and Verification Manual. <http://www.vvmanual.info>

Approved Baseline and Monitoring Methodology AM0015: “Bagasse-based cogeneration connected to an electricity grid”. Version 01 of 22 September 2004.

Bosi, M., A. Laurence, P. Maldonado, R. Schaeffer, A. F. Simoes, H. Winkler and J.-M. Lukamba: Road testing baselines for greenhouse gas mitigation projects in the electric power sector. OECD and IEA information paper, October 2002.

CDM-EB, “Tool for the demonstration and assessment of additionality”, Annex 1 of the report of the EB’s 16th meeting.

The following persons were interviewed:

Lécio Koike – Electrical Engineering – Maintenance

Caetano Henrique Grossi – Environmental Manager

Sérgio Antonio de Souza – Chemical Engineering – boilers

Marco Mazaferro – Ecoinvest Carbon Assessoria Ltda

The validation team consisted of the following personnel:

Mr. Luis Filipe Tavares DNV Rio de Janeiro Team leader,

Mr. Vicente San Valero DNV Rio de Janeiro CDM auditor

Ms. Cintia Dias DNV Rio de Janeiro CDM auditor

Mr. Michael Lehmann	DNV Oslo	Energy sector expert/Technical reviewer
For further details, please refer to the "Introduction" and "References" Sections of DNV's Validation Report (DNV Report 2004-1380, rev. 01).		
Description of methodology for carrying out validation <ul style="list-style-type: none"> • Review of CDM-PDD and additional documentation attached to it • Assessment against CDM requirements (e.g. by use of a validation protocol) • Report of findings by the DOE, e.g. by use of type of findings (e.g. corrective action requests, clarifications or observations). Please explain the way findings are "labelled" during validation. • Include statements or assessments in the section "Conclusions, final comments and validation opinion" below. 		
<p>The Validation consisted of the following three phases:</p> <ul style="list-style-type: none"> i) a desk review of the project design, baseline and monitoring plan; ii) follow-up interview with project stakeholders; iii) the resolution of outstanding issues and the issuance of the validation report and opinion. <p>The original and revised versions of the project design document (PDD) submitted by the project participants were assessed. Additional background documents related to the project design and the baseline were also consulted.</p> <p>On 14 November 2005, DNV performed interviews with Ecoinvest to confirm and to resolve issues identified in the document review</p> <p>In order to ensure transparency, a validation protocol has been customized for the project, according to the Validation and Verification Manual. The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from validation the identified criteria.</p> <p>Findings established during the validation can either be seen as a non-fulfilment of validation criteria or where a risk to the fulfilment of project objectives is identified. Such findings are termed Corrective Action Requests (CAR). The term Clarification may be used where additional information is needed to fully clarify an issue. The Corrective Action Requests and requests for Clarification raised by the validation team were resolved through communications with the project participants. To guarantee the transparency of the validation process, the concerns raised by DNV and the response provided by the project participants are documented in Table 3 of the Validation Protocol in Appendix A of DNV's Validation Report. (DNV report 2004-1380, rev. 01).</p> <p>For further details, please refer to the "Methodology" Section of DNV's Validation Report (DNV Report 2004-1380, rev. 01) and the IETA/PCF Validation and Verification Manual (www.vvmanual.info)</p>		
Explanation by the submitting designated operational entity of how it has taken due account of comments on validation requirements received, in accordance with the CDM modalities and procedures, from Parties, stakeholders and UNFCCC accredited non-governmental organizations; <ul style="list-style-type: none"> • Description of how and when the PDD was made publicly available • Description of how comments were received and made publicly available • Explanation of how due account has been taken of comments received • Compilation of all comments received (Identify the submitter) 		
<p>DNV published the PDD of 29 September 2005 on the DNV Climate Change web site (http://www.dnv.com/certification/ClimateChange) and stakeholders were through the UNFCCC CDM web site invited to provide comments within a 30 days period from 04 October 2005 to 02 November</p>		

2005. One comment was received and made publicly available on DNV's Climate Change website.

The comment (in unedited form) and how DNV has taken due account of the comment received is given in the "Comments by Parties, stakeholders and NGOs" Section of DNV's Validation Report (DNV Report 2004-1380, rev. 01).

Conclusions, final comments and validation opinion

- **Provide conclusions on each requirement under paragraph 37 of the CDM modalities and procedures, describing how these requirements have been met. This shall include assessments and findings (e.g. corrective action requests, clarifications or observations) in relation to each requirement, including a confirmation that all issues raised have been addressed to the satisfaction of the DOE.**
- **Final comments and validation opinion**

Det Norske Veritas Certification Ltd. (DNV) has performed a validation of the "Usinas Itamarati Cogeneration Project" at Nova Olimpia Municipality, Mato Grosso state, Brazil. The validation was performed on the basis of UNFCCC criteria for CDM project activities and relevant Brazilian criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The project participant is Usinas Itamarati S.A. of Brazil. The host Party Brazil meets all relevant participation requirements. No participating Annex I Party is yet identified.

The project involves an increase of the bagasse cogeneration facility at the Usinas Itamarati S.A. sugar cane mill, allowing the mill to supply excess electricity to the grid. With the implementation of this project, the mill is able to sell excess electricity to the regional South-Southeast-Midwest (S-SE-CO) grid, avoiding thus the dispatch of the same amount of electricity partly generated by thermal power plants supplying electricity to that grid.

The baseline scenario is that the current practice continues, i.e. the bagasse is not utilized to generate excess electricity to be supplied to the grid and an equivalent amount of electricity would in the absence of the project activity have been generated by the operation of grid-connected power plants and by the addition of new generation sources.

By promoting renewable energy, the project is in line with the current sustainable development priorities of Brazil.

The project applies the approved baseline and monitoring methodology AM0015, i.e. "Bagasse-based cogeneration connected to an electricity grid". The baseline methodology has been applied correctly and the assumptions made for the selected baseline scenario are sound. It is sufficiently demonstrated that the project is not a likely baseline scenario and that emission reductions attributable to the project are additional to any that would occur in the absence of the project activity.

A combined margin emission coefficient of 0.2783 tCO₂e/MWh is calculated ex-ante in accordance with AM0015, i.e. the average of the approximate operating margin and the build margin. The determination of this combined margin emission coefficient is based on actual electricity generation data provided by the National Electricity System Operator (ONS) for the years 2002- 2004 for the South-Southeast-Midwest grid.

The monitoring methodology has been applied correctly. The monitoring plan sufficiently specifies the monitoring requirements of the main project indicators.

By displacing fossil fuel-based electricity with electricity generated from a renewable source, the project results in reductions of CO₂ emissions that are real, measurable and give long-term benefits to the mitigation of climate change. Given that the project is implemented as designed, the project is likely to achieve the estimated amount of emission reductions.

Local stakeholder comments were invited according to the Brazilian DNA Resolution 1. No comments were received. Public stakeholder input has also been invited via the UNFCCC web-site, one comment was received and taken into account in the validation.

In summary, it is DNV's opinion that the "Usinas Itamarati Cogeneration Project" project, as described in the revised and resubmitted project design document of 16 November 2005, meets all relevant UNFCCC requirements for the CDM and all relevant host country criteria and correctly applies the baseline and monitoring methodology AM0015. Hence, DNV will request the registration of the "Usinas Itamarati Cogeneration Project" project as a CDM project activity.

For further details, please refer to the "Validation Findings" Section and Table 1 of the Validation Protocol in Appendix A of DNV's Validation Report (DNV Report 2004-1380, rev. 01).

The DOE declares herewith that in undertaking the validation of this proposed CDM project activity it has no financial interest related to the proposed CDM project activity and that undertaking such a validation does not constitute a conflict of interest which is incompatible with the role of a DOE under the CDM.

By submitting this validation report, the DOE confirms that all validation requirements are met.

Prior to the submission of this validation report to the CDM Executive Board, DNV will have to receive the written approval of the DNA of Brazil, including confirmation that the project assists in achieving sustainable development.

Name of authorized officer signing for the DOE Michael Lehmann

Date and signature for the DOE

17 November 2005

Michael Lehmann

Section below to be filled by UNFCCC secretariat

Date when the form is received at UNFCCC secretariat

Date at which the registration fee has been received

Date at which registration shall be deemed final

Date of request for review, if applicable

Date and number of registration

Date

Number