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Validation Report

AgCert International PLC

VALIDATION OF THE CDM-PROJECT:

AWMS METHANE RECOVERY PROJECT
BR06- S -30, MATO GROSSO AND MATO GROSSO DO SUL, BRAZIL

REPORT NO. 877531

2007-08-03

TÜV SÜD Industrie Service GmbH

Carbon Management Service
Westendstr. 199 - 80686 Munich – GERMANY

Industrie Service

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Subject: Validation of a CDM Project

Accredited TÜV SÜD Unit:	**TÜV SÜD Contract Partner:**
TÜV SÜD Industrie Service GmbH Certification Body "climate and energy" Westendstr. 199 - 80686 Munich FEDERAL REPUBLIC OF GERMANY	TÜV SÜD Industrie Service GMBH Carbon Management Service Westendstrasse 199 – 80686 Munich Federal Republic of Germany
Client: AgCert International PLC Apex Building, Blackthorn Road, Sanyford Business Park Dublin 18, IRELAND	**Project Site(s):** Fazenda Jabuti (21212), Fazenda Santa Tereza (2008024), Fazenda São Francisco (850721)

Project Title:	AWMS Methane Recovery Project BR06-S–30, Mato Grosso and Mato Grosso do Sul, Brazil.		
Applied Methodology / Version:	AMS III.D version 11	**Scope(s):**	10, 13

First PDD Version:		**Final PDD version:**	
Date of issuance:	2006-08-21	Date of issuance:	2007-01-30
Version No.:	1	Version No.:	4
Starting Date of GSP	2006-09-13		

Estimated Annual Emission Reduction:	**10,342** tons CO_{2e}

Assessment Team Leader:	**Further Assessment Team Members:**
Markus Knödlseder	Wilson Tomao Sandro Marostica

Summary of the Validation Opinion:

☒ The review of the project design documentation and the subsequent follow-up interviews have provided TÜV SÜD with sufficient evidence to determine the fulfilment of all stated criteria. In our opinion, the project meets all relevant UNFCCC requirements for the CDM. Hence TÜV SÜD will recommend the project for registration by the CDM Executive Board in case letters of approval of all Parties involved will be available before the expiring date of the applied methodology(ies) or the applied methodology version respectively.

☐ The review of the project design documentation and the subsequent follow-up interviews have not provided TÜV SÜD with sufficient evidence to determine the fulfilment of all stated criteria. Hence TÜV SÜD will not recommend the project for registration by the CDM Executive Board and will inform the project participants and the CDM Executive Board on this decision.

Abbreviations

ACM	Approved Consolidated Methodology
AM	Approved Methodology
AWMS	Animal Waste Management System
CAR	Corrective Action Request
CDM	Clean Development Mechanism
CER	Certified Emission Reduction
CR	Clarification Request
DNA	Designated National Authority
DOE	Designated Operational Entity
EB	Executive Board
EIA / EA	Environmental Impact Assessment / Environmental Assessment
ER	Emission reduction
GHG	Greenhouse gas(es)
KP	Kyoto Protocol
MP	Monitoring Plan
NGO	Non Governmental Organisation
PDD	Project Design Document
PP	Project Participant
TÜV SÜD	TÜV SÜD Industrie Service GmbH
UNFCCC	United Nations Framework Convention on Climate Change
VVM	Validation and Verification Manual

Table of Contents

1 INTRODUCTION

1.1 Objective

The validation objective is an independent assessment by a Third Party (Designated Operational Entity = DOE) of a proposed project activity against all defined criteria set for the registration under the Clean Development Mechanism (CDM). Validation is part of the CDM project cycle and will finally result in a conclusion by the executing DOE whether a project activity is valid and should be submitted for registration to the CDM-EB. The ultimate decision on the registration of a proposed project activity rests at the CDM Executive Board and the Parties involved.

The project activity discussed by this validation report has been submitted under the project title:

AWMS Methane Recovery Project BR06-S–30, Mato Grosso and Mato Grosso do Sul, Brazil.

1.2 Scope

The scope of any assessment is defined by the underlying legislation, regulation and guidance given by relevant entities or authorities. In the case of CDM project activities the scope is set by:

- The Kyoto Protocol, in particular § 12
- Decision 2/CMP1 and Decision 3/CMP.1 (Marrakech Accords)
- Further COP/MOP decisions with reference to the CDM (e.g. decisions 4 – 8/CMP.1)
- Decisions by the EB published under http://cdm.unfccc.int
- Specific guidance by the EB published under http://cdm.unfccc.int
- Guidelines for Completing the Project Design Document (CDM-PDD), and the Proposed New Baseline and Monitoring Methodlogy (CDM-NM)
- The applied approved methodology
- The technical environment of the project (technical scope)
- Internal and national standards on monitoring and QA/QC
- Technical guideline and information on best practice

The validation is not meant to provide any consulting towards the client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

Once TÜV SÜD receives a first PDD version, it is made publicly available on the internet at TÜV SÜD's webpage as well as on the UNFCCC CDM-webpages for starting a 30 day global stakeholder consultation process (GSP). In case of any request a PDD might be revised (under certain conditions the GSP will be repeated) and the final PDD will form the basis for the final evaluation as presented by this report. Information on the first and on the final PDD version is presented at page 1.

The only purpose of a validation is its use during the registration process as part of the CDM project cycle. Hence, TÜV SÜD can not be held liable by any party for decisions made or not made based on the validation opinion, which will go beyond that purpose.

2 METHODOLOGY

The project assessment aims at being a risk based approach and is based on the methodology developed in the Validation and Verification Manual, an initiative of Designated and Applicant Entities, which aims to harmonize the approach and quality of all such assessments.

In order to ensure transparency, a validation protocol was customised for the project. TÜV SÜD developed a "cook-book" for methodology-specific checklists and protocol based on the templates presented by the Validation and Verification Manual. The protocol shows, in a transparent manner, criteria (requirements), the discussion of each criterion by the assessment team and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organises, details and clarifies the requirements a CDM project is expected to meet;
- It ensures a transparent validation process where the validator will document how a particular requirement has been validated and the result of the validation.

The validation protocol consists of three tables. The different columns in these tables are described in the figure below.

The completed validation protocol is enclosed in Annex 1 to this report.

Validation Protocol Table 1: Conformity of Project Activity and PDD				
Checklist Topic / Question	***Reference***	***Comments***	***PDD in GSP***	***Final PDD***
The checklist is organised in sections following the arrangement of the applied PDD version. Each section is then further subdivided. The lowest level constitutes a checklist question / criterion.	*Gives reference to documents where the answer to the checklist question or item is found in case the comment refers to documents other than the PDD.*	*The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached. In some cases sub-checklist are applied indicating yes/no decisions on the compliance with the stated criterion. Any **Request** has to be substantiated within this column*	*Conclusions are presented based on the assessment of the first PDD version. This is either acceptable based on evidence provided (☑), or a **Corrective Action Request (CAR)** due to non-compliance with the checklist question (See below). **Clarification Request (CR)** is used when the validation team has identified a need for further clarification.*	*Conclusions are presented in the same manner based on the assessment of the final PDD version.*

Together with the new CDM-SCC-PDD format TÜV SÜD changed its validation report format as well. As for this specific project the final PDD was applying a different version of the CDM-SSC-PDD format than the first one, the validation protocol includes a table 2a (considering the old PDD format) and table 2b (considering the new PDD format). The last column of table 2a DNA Conclusion is the conclusion given by TÜV SÜD before obtaining the LoA and due to the change of the layout it is mention as conclusion valid for the DNA analysis.

Validation Protocol Table 2: Resolution of Corrective Action and Clarification Requests			
Clarifications and corrective action requests	***Ref. to table 1***	***Summary of project owner response***	***Validation team conclusion***
If the conclusions from table 1 are either a Corrective Action Request or a Clarification Request, these should be listed in this section.	*Reference to the checklist question number in Table 1 where the Corrective Action Request or Clarification Request is explained.*	*The responses given by the client or other project participants during the communications with the validation team should be summarised in this section.*	*This section should summarise the validation team's responses and final conclusions. The conclusions should also be included in Table 1, under "Final PDD".*

In case of a denial of the project activity more detailed information on this decision will be presented in table 3.

Validation Protocol Table 3: Unresolved Corrective Action and Clarification Requests		
Clarifications and corrective action requests	***Id. of CAR/CR 1***	***Explanation of the Conclusion for Denial***
If the final conclusions from table 2 results in a denial the referenced request should be listed in this section.	*Identifier of the Request.*	*This section should present a detail explanation, why the project is finally considered not to be in compliance with a criterion.*

2.1 Appointment of the Assessment Team

According to the technical scopes and experiences in the sectoral or national business environment TÜV SÜD has composed a project team in accordance with the appointment rules of the TÜV SÜD certification body "climate and energy". The composition of an assessment team has to be approved by the Certification Body ensuring that the required skills are covered by the team. The Certification Body TÜV SÜD operates four qualification levels for team members that are assigned by formal appointment rules:

- Assessment Team Leader (ATL)
- Greenhouse Gas Auditor (GHG-A)
- Greenhouse Gas Auditor Trainee (T)
- Experts (E)

It is required that the sectoral scope linked to the methodology has to be covered by the assessment team.

The validation team was consisting of the following experts (the responsible Assessment Team Leader in written in bold letters):

Name	Qualification	Coverage of technical scope	Coverage of sectoral expertise	Host country experience
Markus Knödlseder	**ATL**	☑	☑	
Wilson Tomao	GHG-A	☑	☑	☑
Sandro Marostica	GHG-A	☑	☑	☑

Markus Knödlseder is an auditor for climate change projects and GHG emission inventories at the department "Carbon Management Service" in the head office of TÜV Industrie Service GmbH, TÜV Süd Group in Munich. He has been involved in the topic of environmental auditing, baselining, monitoring and verification due to the requirements of the Kyoto Protocol since Oct. 2001. His main focus lies on renewable energies.

Wilson Tomao is lead auditor for environmental management systems. He is familiar with local laws and regulations and the assessment of technical installations. He has been working for TÜV SÜD as a GHG auditor since March 2002.

Sandro Marostica is a Food Engineer with an MBA from IMD, Lausanne Switzerland. He had acquired his first experiences in the CDM market through the creation of his broker dealer company in the UK to negotiate CER forward contracts from CDM projects in Brazil from August 2004. Based in Brazil he has been working for TÜV SÜD since April 06 as General Manager and GHG auditor, and is familiar with local laws and regulations.

2.2 Review of Documents

The first PDD version submitted by the client and additional background documents related to the project design and baseline were reviewed as initial step of the validation process. A complete list of all documents and proofs reviewed is attached as annex 2 to this report.

2.3 Follow-up Interviews

An initial onsite visit at the central office of Agcert do Brazil has been performed in June 2006, in order to check the principle project and data management (see Annex 2). In the period of September 27 to 29, 2006 TÜV SÜD performed interviews on-site with project stakeholders to confirm selected information and to resolve issues identified in the first document review. The table below provides a list of all persons interviewed in the context of this on-site visit.

Organisation	Interviewed Person and function
Fazenda Jabuti	Ivo Vendrusculo (manager)
Fazenda Santa Tereza	Ryoji Okida (manager)
Fazenda São Francisco	João Alberto Anghinoni (manager)

2.4 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the validation is to resolve the requests for corrective actions and clarifications and any other outstanding issues which needed to be clarified for TÜV SÜD`s positive conclusion on the project design. The Corrective Action Requests and Clarification Requests raised by TÜV SÜD were resolved during communication between the client and TÜV SÜD. To guarantee the transparency of the validation process, the concerns raised and responses that have been given are summarised in chapter 3 below and documented in more detail in the validation protocol in annex 1.

2.5 Internal Quality Control

As final step of a validation the validation report and the protocol have to undergo and internal quality control procedure by the Certification Body “climate and energy”, i.e. each report has to be approved either by the head of the certification body or his deputy. In case one of these two persons is part of the assessment team approval can only be given by the other one.

It rests at the decision of TÜV SÜD’s Certification Body whether a project will be submitted for requesting registration by the EB or not.

3 SUMMARY OF FINDINGS

The following description of the project as per PDD could be verified during the on-site audit:

The purpose of this project is to mitigate and recover animal effluent related GHG by improving AWMS practices.

This project proposes to apply the Methane Recovery methodology identified in Section III.D, of the Indicative Simplified Baseline and Monitoring Methodologies for Small-Scale CDM Project Activity Categories. The proposed project activities will mitigate and recover AWMS GHG emissions in an economically sustainable manner, and will result in other environmental benefits, such as improved water quality and reduced odour. In simple terms, the project proposes to move from a high-GHG AWMS practice, an open air lagoon, to a lower-GHG AWMS practice, an ambient temperature anaerobic digester with capture and combustion of resulting biogas.

As mentioned above the CDM-SCC-PDD format has changed forcing the validation team to adopt its validation report from accordingly. As informed above all findings are addressed in detail in table 2a and 2b of the attached validation protocol. The PP did not change the date of the PDD even that the format of the PDD was change but the information included in the PDD is the same as before and therefore the PP decided to keep the date of 20.12.06 which is acceptable taking in account the changes are only in form and not in context.

Summarizing those findings briefly, the validation team identified that:

- The number of submitted population and the farm growth rate were not considered correctly,
- The location of sub-projects and project boundary were not transparent in the first PDD,
- The technical layout of the project were not clear at the beginning in order to access the total amount of potential emission reduction,
- During the validation the validity of applied methodology had changed, so the participants were requested to follow those changes as well,
- Further finding were addressed how Agcert will ensure reliable monitoring by using appropriate equipment and qualified employees.

The required documents and information have been submitted to the DOE and have been considered also in the final version of the PDD.

Hence, the project complies with the requirements.

4 COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

TÜV SÜD published the project documents on UNFCCC website by installing a link to TÜV SÜD's own website and invited comments by Parties, stakeholders and non-governmental organisations during a period of 30 days.

The following table presents all key information on this process:

webpage: http://www.netinform.de/KE/Wegweiser/Guide2_1.aspx?ID=2043&Ebene1_ID=26&Ebene2_ID=591&mode=1	
Starting date of the global stakeholder consultation process: September 13, 2006 until October 12, 2006	
Comment submitted by: none	**Issues raised:** -
Response by TÜV SÜD: -	

The GSP has not been repeated since the content of the PDD and the project layout have not changed.

5 VALIDATION OPINION

TÜV SÜD has performed a validation of the following proposed CDM project activity:

AWMS Methane Recovery Project BR06-S–30, Mato Grosso and Mato Grosso do Sul, Brazil

For the host country approval TÜV SÜD issued a final validation report issued on February 05, 2007. As mentioned above, during the approval process the old PDD format was becoming invalid. Hence Agcert as well as TÜV SÜD had to adopt the project description and the validation report to the new standard. This change of validation report has been indicated by version 1 to 1 b reflecting that neither the project nor the final validation conclusion has been changed at any detail – only the format.

The review of the project design documentation and the subsequent follow-up interviews have provided TÜV SÜD with sufficient evidence to determine the fulfilment of stated criteria. In our opinion, the project meets all relevant UNFCCC requirements for the CDM. Hence TÜV SÜD will recommend the project for registration by the CDM Executive Board.

An analysis as provided by the applied methodology demonstrates that the proposed project activity is not a likely baseline scenario. Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. Given that the project is implemented as designed, the project is likely to achieve the estimated amount of emission reductions as specified within the final PDD version.

The validation is based on the information made available to us and the engagement conditions detailed in this report. The validation has been performed using a risk based approach as described above. The only purpose of this report is its use during the registration process as part of the CDM project cycle. Hence, TÜV SÜD can not be held liable by any party for decisions made or not made based on the validation opinion, which will go beyond that purpose.

Munich, 2007-08-03

Certification Body “climate and energy”
TÜV SÜD Industrie Service GmbH

Munich, 2007-08-03

Assessment Team Leader

Industrie Service

Annex 1: Validation Protocol