

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 fo	or registrati	on			
Name of the designated operational entity (DOE) submitting this form Title of the proposed CDM project activity (Section A.2 of the attached CDM-PDD) submitted for registration Project participants (Name(s))		BVQI H	BVQI HOLDING S.A.				
		Santa Terezinha – Tapejara Cogeneration Project. (Usina de Açúcar Santa Terezinha Ltda.) Usina de Açúcar Santa Terezinha Ltda. Ecoinvest Carbon					
					Secto	r in which project activity falls	Sectoral S non-renev
Is the proposed project activity a small-sc activity?		cale	Yes/ <u>No</u> (underline as applicable)				
Section 2: Validation report							
List of documents to be attached to this validation report (please check mark):							
\oplus	The CDM-PDD of the project activity						
\oplus	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;						
	The written approval of voluntary part each Party involved, including confirm it in achieving sustainable development	articipation from the designated national authority of frmation by the host Party that the project activity assists nent:					
	 (Attach a list of all Parties involved and attach the approval (in alphabetical order)) 						
	Other documents, including any validation protocol used in the validation						
	\oplus (comprehensive list of documents attached clearly referenced)						
	List of persons interviewed by DOE validation team during the validation process List of persons interviewed by DOE validation team during the validation process List of persons interviewed by DOE validation team during the validation process List of persons interviewed by DOE validation team during the validation process List of persons interviewed by DOE validation team during the validation process List of persons interviewed by DOE validation team during the validation process List of persons interviewed by DOE validation team List of persons interviewed by DOE validation List of persons interviewed by DOE List of persons List						
	 Any other documents. Ple 	ease specify	/.				
	Information on when and how the above validation report is made publicly available.						
	Banking information on the payment of the non-reimbursable registration fee						
	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 allocations 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)

• Description of the proposed CDM project activity

Santa Terezinha – Tapejara Cogeneration Project consists on the installation of a modernized equipment using bagasse more efficiently to cogenerate electricity. Through this expansion, replacing old equipment, the sugar mill will generate power surplus for sale and, at the same time, carbon credits by reducing greenhouse gases emissions, contributing to the sustainable development. A more efficient cogeneration of this renewable fuel allows USINA DE AÇÚCAR SANTA TEREZINHA – Tapejara mill to sell a surplus of electricity to the grid and creates a competitive advantage.

The cogeneration project will generate enough energy not only for powering the sugar mill (thus eliminating the consumption of energy from the grid for the expanding capacity of the facility), but also for delivering surplus energy to the national grid. This electricity given to the grid will displace energy that the government would have provided with a strong use of fossil fuels. This displacement of energy thus creates a reduction of greenhouse gases emissions. This project also creates social and economical benefits that constitute a real contribution to Brazil's sustainable development.

This renewable energy project is owned by USINA DE AÇÚCAR SANTA TEREZINHA Ltda., a sugar cane based distillery originally founded in 1964. In the eighties, Santa Terezinha acquired COVAPI – Cooperativa Agrícola dos Produtores de Cana do Vale do Pirapó Ltda., in the municipal district of Paranacity, which started to operate with the name of Destilaria de Álcool São José S.A. and COTAL - Cooperativa Agrícola dos Produtores de Cana de Tapejara Ltda., which started to operate by the name of Destilaria Julina S.A. In 1994, Santa Terezinha also acquired COPICAR – Cooperativa Agroindustrial dos Produtores de Cana de Icaraíma Ltda., which started operating as Usina de Álcool e Açúcar Ivaté S.A., located in the Municipal district of Ivaté, Northwest of Paraná. Today, Santa Terezinha Group has 4 production units in the cities: Ivaté, Maringá, Paranacity and Tapejara. During the last 2004/2005 crop season, Santa Terezinha Group (all units) processed about 6,404,370 tonnes of sugar cane, produced 127,407 m3 of alcohol and 688,160 tonnes of sugar.

The full implementation of the Santa Terezinha - Tapejara project connected to the Brazilian electricity interconnected grid will avoid an average estimated yearly emission of around 37,793tCO2e, and a total reduction of about 264,553 tCO2e over the first 7 years crediting period

• 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)

• Scope of validation process

The validation scope is defined as an independent and objective review of the project design document, the project's baseline study and monitoring plan and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations. BVQI has, based on the recommendations in the Validation and Verification Manual (IETA/PCF, v. 3.3, 2004), employed a risk-based approach in the validation, focusing on the identification of significant risks for project implementation and the generation of CERs.

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.

• Documents reviewed

A number of documents and records were reviewed during the validation process. The key documents are listed bellow

- Clean development mechanism Project design document (CDM-PDD) Santa Terezinha – Tapejara Cogeneration Project. Version 1, Feb 2006
- Clean development mechanism Project design document (CDM-PDD) Santa Terezinha – Tapejara Cogeneration Project. Version 2, Mar 2006
- Clean development mechanism Project design document (CDM-PDD) Santa Terezinha – Tapejara Cogeneration Project. Version 4, Jul 2006
- Resolução Interministerial 01. Comissão Interministerial de Mudança Global do Clima, Sep, 2003.
- Resolução Interministerial 02. Comissão Interministerial de Mudança Global do Clima, Aug, 2005.
- Clean Development Mechanism Project Design Document Form (CDM-PDD) – Version 02
- Guidelines for completing CDM-PDD, CDM-NMB and CDM-NMM Version 04
- Approved Consolidated Baseline Methodology ACM0006
 "Consolidated baseline methodology for grid-connected electricity generation from biomass residues" - Version 01
- Tool for the demonstration and assessment of additionality Version 02
- Kyoto Protocol to the United Nations Framework Convention on Climate Change. United Nations, Dec, 1997
- Clarifications on validation requirements to be checked by a Designated Operational Entity. UNFCCC/CCNUCC, Sep, 2004
- IETA/PCF Validation and Verification Manual (v. 3.3, Mar 2004)
- ISO/ FDIS 14064-3 Greenhouse gases Part 3: Specification with guidance for the validation and verification of greenhouse gas assertions
- ISO/ FDIS 14064-2 Greenhouse gases Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements

- DOE Validation team (list of all persons involved in the validation, describing functions assumed in the validation
- Persons interviewed
- **USINA SANTA TEREZINHA**

Antonio Sperandio Genaildo Torres

ECOINVEST

Melissa Hirschheimer

• DOE validation team

Eng. Antonio Daraya	BVQI Brazil	GHG Auditor
Dr. Ashok Mammen	BVQI India	Internal Verifier
MSc. Flávio Gomes da Silva	BVQI Holdings	Team Leader, GHG Auditor

Description of methodology for carrying out validation

- 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.

The overall validation, from Contract Review to validation Report & Opinion was conducted using internal procedures (BVQI Management System – BMS-, September 2003), which were audited by the validation team in March 2006.

In order to ensure transparency, a validation protocol was customised for the project, according to the Validation and Verification Manual (IETA/PCF, r. 01, 2003). The protocol shows, in a transparent manner, criteria (requirements), means of verification 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 of the project consists of the following 3 phases:

- 1. A desk review of the project design document and the baseline and monitoring plan
- 2. Follow-up interviews with the project participants

3. The resolution of outstanding issues and the issuance of the final validation report and opinion

The validation involved a combination of desk review and site visit to the project site. The desk

review consisted of an assessment of PDD against the CDM and others applicable requirements and was followed by a site visit. The corrective and clarification requests were submitted to the client after completion of the site visit. The validation opinion and final report were issued subsequently.

• Review of CDM-PDD and additional documents attached to it

The PDD submitted by the client was reviewed against the CDM and other relevant requirements and the approved methodology. All other documents submitted to BVQI for detailed calculations of baseline determination were also reviewed.

• Assessment against CDM requirements

A validation protocol was developed to conduct the validation process. The protocol provides for a transparent mechanism and information on how the CDM and other relevant criteria and methodology requirements were assessed by the validation team.

• Report of findings by the DOE

The desk review and the site visit of the validation activity may result in corrective action requests (CAR) and/or clarification request (CR).

A corrective action request is issued where the project information does not conform to the CDM and other relevant requirement. A clarification request is made where the project information is not sufficiently describe and/or clarified.

The Corrective Action and Clarification Requests raised by BVQI were resolved during communications between the project participants, i.e. Usina de Açúcar Santa Terezinha Ltda and Ecoinvest Carbon. . To guarantee the transparency of the validation process, the concerns raised and responses given are documented in more detail in the validation protocol.

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;

- 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)

• Description of how and when the PDD was made publicly available

According to the modalities for the Validation of CDM projects, the validator shall make publicly available the project design document and receive, within 30 days, comments from Parties, stakeholders and UNFCCC accredited non-governmental organisations and make them publicly available.

BVQI published the project documents on the UNFCCC CDM website (http://cdm.unfccc.int) on 2006-02-11 and invited comments within 2006-03-12 by Parties, stakeholders and non-governmental organisations. No comments were received.

• Description of how comments were received and made publicly available

No comments were received.

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 meet. 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

BVQI has performed a validation of the Santa Terezinha – Tapejara Cogeneration Project. (Usina de Açúcar Santa Terezinha Ltda.) in Brazil. The validation was performed on the basis of UNFCCC criteria and host country criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The validation consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan (February 2006); ii) follow-up interviews with project stakeholders (February 2006); iii) the resolution of outstanding issues and the issuance of the final validation report and opinion (March 2006);)iv) revision of the validation report due to the comments of the Designated National Authority(July 2006).

By displacing fossil fuel-based electricity with electricity generated from a renewable source, the project is likely to result in reductions of CO2 emissions that are likely to be real, measurable and give long-term benefits to the mitigation of climate change. An analysis of the investment and technological barriers 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 and maintained as designed, the project is likely to achieve the estimated amount of emission reductions.

The review of the project design documentation (February 2006 version) and the subsequent follow-up interviews have provided BVQI with sufficient evidence to determine the fulfilment of stated criteria. In our opinion, the project correctly applies the simplified baseline and monitoring methodology ACM0006 and meets the relevant UNFCCC requirements for the CDM and the relevant host country criteria.

BVQI recommends the project for registration.

Will the project result in emissions reductions that are additional

It is demonstrated that the project activity itself is not a likely baseline scenario due to the existence of investment, technological and other barriers due to prevailing practices. The project additionality has been demonstrated through presenting mainly investment barriers occurring both during construction and operation of the project.

The Project Scenario is considered additional in comparison to the baseline scenario, and therefore eligible to receive Certified Emissions Reductions (CERs) under the CDM, based on an analysis, presented by the PDD, of investment, technological and other barriers, and prevailing practice

The methodologies for calculating emission reductions are transparently documented and comply with existing good practice

For the estimation of emission reductions from electrical energy, a baseline emission factor is calculated as a combined margin of the operating and build margin emission factors. To determine these two factors, the project electricity system is defined by the spatial extent of the power plants that can be dispatched without significant transmission constraints. Similarly, the connected electricity system is defined as an electricity system that is connected by transmission lines to the project electricity system and in which power plants can be dispatched without significant transmission constraints.

Local stakeholder comments and actions taken

Letters were sent to the following local stakeholders:

- City Hall of Itapejara;
- Chamber of Itapejara;
- Environmental agencies from the State and Local Authorities;
- Brazilian Forum of NGOs;
- District Attorney (known in Portuguese as Ministério Público, i.e. the permanent institution essential for legal functions responsible for defending the legal order, democracy and social/individual interests) and;
- Santa Terezinha employees association;

No comments were raised by this stakeholders.

• Appropriateness assessment if applicable

This has been completed, concluding that the Project adheres to the requirements.

The project correctly applies the approved simplified baseline and monitoring methodology ACM0006 "Consolidated baseline methodology for grid-connected electricity generation from biomass residue", category Renewable electricity generation for a grid (energy generation, supply, transmission and distribution). It complies with all the conditions limiting the applicability of the methodology.

Santa Terezinha – Tapejara Cogeneration Project consists on the installation of a modernized equipment using bagasse more efficiently to cogenerate electricity. Through this expansion, replacing old equipment, the sugar mill will generate power surplus for sale and, at the same time, carbon credits by reducing greenhouse gases emissions, contributing to the sustainable development.

In the absence of the project activity, the existing power plant would continue to operate without significant changes, until it would need to be replaced at the end of its technical lifetime.

There are no evidences that the step 2 of the methodology was evaluated, as well as "technological barriers" and "barriers due to prevailing practice" (substep 3a of this reference) were evaluated.

• Are the provisions for monitoring, verification and reporting in accordance with decision 17/CP.7

The authority and responsibility of project management and monitoring measurement are clearly described. Monitoring Plan incorporate all indicators of importance for controlling and reporting the project performance.							
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.							
Name of authorized officer signing for the DOE	Sergio Carvalho	C					
Date and signature for the DOE	28 August 2006						
		Ann	whend is to approve)				
Section below to be filled by UNFCCC secretariat							
Date when the form is received at UNFCCC secretar							
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					