
ANNEX 1

REPORT ON COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

USJ Açúcar e Álcool S/A – Usina São Francisco Cogeneration Project

Project No. CDM.Val0392

Date: 15/03/2006



1 INTRODUCTION

In accordance with sub-paragraphs 40 (b) and (c) of the CDM modalities and procedures, the project design document of a proposed CDM project activity shall be made publicly available and the DOE shall make invite comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available. This report describes this process for this particular project.

2 PROJECT DETAILS

2.1 Project title

USJ Açúcar e Álcool S/A – Usina São Francisco Cogeneration Project

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

The Project Design Documents and its annexes were made publicly available from 08 February 2006 until 09 March 2006 on the website

<http://cdm.unfccc.int/Projects/Validation/view.html?ProjectId=JTPTOU8M8MM1JEAB6DA4CDOFLG8L4S&OE=SGS-UKL> and comments were invited through the UNFCCC CDM homepage.

3 COMMENTS RECEIVED

3.1 Description of how comments were received and made publicly available

Comments could be submitted through a web interface or by email or fax.

As per procedures on public availability of the CDM project design documents and for receiving comments as referred to in paragraphs 40b and 40c of the CDM modalities and procedures, any received comments are displayed from the end of the 30 days commenting period, at the website listed in section 2.2.

3.2 Compilation of all comments received

No comments received to the DOE during the 30 days commenting period.

4 EXPLANATION OF HOW COMMENTS HAVE BEEN TAKEN INTO ACCOUNT

No comments received.

ANNEX 2

LIST OF DOCUMENTS ATTACHED

USJ Açúcar e Álcool S/A – Usina São Francisco Cogeneration Project

Project No. CDM.Val0392

Date: 15/03/2006



- /1/ Annex 1: Report on Comments by Parties, Stakeholders and NGOs
- /2/ Annex 2: Comprehensive list of documents attached
- /3/ Annex 2: List of persons interviewed
- /4/ Annex 4: Validation Protocol (UK.AU4.CDM.VAL0392)
- /5/ Annex 5: Overview of findings (UK.Findings.CDM.VAL0392)
- /6/ Annex 6: Answers from local assessor
- /7/ Annex 7: Validation Report (UK.AR6.CDM.VAL0392)
- /8/ Annex 8: Modalities of communication
- /9/ Letter of Approval from the Government of Brazil

ANNEX 3

Overview of documentation that has
been reviewed and list of persons
interviewed

USJ AÇÚCAR E ÁLCOOL S/A – USINA
SÃO FRANCISCO COGENERATION
PROJECT

Project No. CDM.Val0392

Date: 15/03/2006



This document is an Annex to the validation report for CDM project activity registration. It gives overview of documentation that has been reviewed and names of persons that have been interviewed as part of the validation.

List of documents reviewed

- /1/ Project Design Document, USJ Açúcar e Alcool S/A – Usina São Francisco Cogeneration Project, version 1 (03/02/2006); version 2 (07/03/2006) and version 3 (13/03/2006)
- /2/ Letter of Approval Government of Brazil.

List of persons interviewed

	Name and position	Company name	Date interviewed
/1/	Narciso Fernando Bertholdi/ Business Development Manager	USJ narciso@usj.com.br	02/03/2006
/2/	João Batista Saccomano /Project Manager	USJ jbsaccomano@usj.com.br	02/03/2006
/3/	José Ieda Neto /Industrial Manager	USJ jiedaneto@usj.com.br	02/03/2006
/4/	Mauricio F. de Oliveira /Production Manager	USJ mauricio@usj.com.br	02/03/2006
/5/	Ricardo Besen/Consultant	Ecoinvest rbesen@ecoinvestcarbon.com	02/03/2006

Annex 4 - Validation Protocol

This validation protocol is designed to ensure that the project meets the requirements for CDM projects that are detailed in paragraph 37 of the CDM modalities and procedures. Each requirement is covered in a separate table. The following requirements are discussed in this protocol:

Requirement	Description	
Participation requirements	The participation requirements as set out in Decision 17/CP.7 need to be satisfied	Covered in table 1
Baseline and monitoring methodology	The baseline and monitoring methodology complies with the requirements pertaining to a methodology previously approved by the Executive Board	Baseline methodology is covered in table 2 Monitoring methodology is covered in table 4
Additionality	The project activity is expected to result in a reduction in anthropogenic emissions by sources of greenhouse gases that are additional to any that would occur in the absence of the proposed project activity	Covered in table 3
Monitoring plan	Provisions for monitoring, verification and reporting are in accordance with relevant decisions of the COP/MOP	Covered in table 5
Environmental impacts	Project participants have submitted to the designated operational entity documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party;	Covered in table 6
Comments by local	Comments by local stakeholders have been invited, a summary of	Covered in Table 7



stakeholders	the comments received has been provided, and a report to the designated operational entity on how due account was taken of any comments has been received;	
Other requirements	The project activity conforms to all other requirements for CDM project activities in relevant decisions by the COP/MOP and the Executive Board.	Covered in Table 8

Small sale projects and AR projects have specific requirements which are covered in Table 9-11. Small scale SSC projects have special requirements which might deviate from the requirements of other CDM projects. These requirements are tested in table 9. Please note that some questions in table 9 overlap with questions in the other tables. Where the questions in table 9 contradict or overlap questions elsewhere in the checklist, the questions in table 9 shall prevail. For the validation of small scale projects, assessor is required to address the questions in table 9 first before starting with the questions in the other tables.

Further remarks on the use of this document:

- text in *italic blue* is meant as guidance for the assessor
- MoV = Means of Verification, DR= Document Review, I= Interview

This protocol should be adapted as required. For example, if the project is not a small scale project or an AR project, some tables can be deleted.

Table 1 Participation Requirements for Clean Development Mechanism (CDM) Project Activities (Ref PDD, Letters of Approval and UNFCCC website) All CDM project activities

REQUIREMENT	MoV	Ref	Comment	Draft finding	Concl
<p>1.1 The project shall assist Parties included in Annex I in achieving compliance with part of their emission reduction commitment under Art. 3 and be entered into voluntarily.</p> <p><i>To this end, the DNA of an Annex 1 Party shall submit a letter of approval consistent with the requirements of Annex 6 to EB 16. This also requires that the non-host party has nominated a DNA to the UNFCCC</i></p>	DR	PDD	No Annex I in this project.	OK	Ok
<p>1.2 The project shall assist non-Annex I Parties in achieving sustainable development and shall have obtained confirmation by the host country thereof, and be entered into voluntarily</p> <p><i>To this end, the DNA of a Non-Annex 1 Party shall submit a letter of approval consistent with the requirements of Annex 6 to EB 16, also confirming that the project contributes to sustainable development. This also requires that the host party has nominated a DNA to the UNFCCC</i></p>	DR	PDD	<p>No Letter of approval by host country (Brazil) has been submitted to the validator.</p> <p>The letter will be issued after analysis of the validation report by Brazilian DNA.</p>	Send the validation report to DNA.	
<p>1.3 All Parties (listed in Section A3 of the PDD) have ratified the Kyoto protocol and are allowed to participate in CDM projects</p> <p><i>Check UNFCCC website for most recent</i></p>	DR	UNFCCC website	Yes, Brazil – date of ratification 23-august-2002.	Ok	Ok

REQUIREMENT	MoV	Ref	Comment	Draft finding	Concl
<i>list – some countries could be excluded from participation if they have failed to fulfil other inventory and reporting requirements</i>					
1.4 The project results in reductions of GHG emissions or increases in sequestration when compared to the baseline; and the project can be reasonably shown to be different from the baseline scenario <i>To this end, the project shall correctly apply approved baseline and monitoring methodologies. See Table 4 below</i>	DR	PDD	Yes, the project activity will use renewable biomass for electricity generation (applying the ACM0006).	Ok	Ok
1.5 Parties, stakeholders and UNFCCC accredited NGOs shall have been invited to comment on the validation requirements for minimum 30 days (45 days for AR projects), and the project design document and comments have been made publicly available <i>These will have resulted from the publishing of the PDD during the validation process. Note that regular and SSC projects are to be displayed for 30 days, "normal" AR projects are to be displayed for 45 days</i>	DR	CDM website	Yes. The project is publicly available until 09-mar-2006. Public available : http://cdm.unfccc.int/Projects/Validation/view.html?ProjectId=JTPTOU8M8MM1JEAB6DA4CDOFLG8L4S&OE=SGS-UKL No comments were received.	Verify	Ok
1.6 The project has correctly completed a Project Design Document, using the current version and exactly following the guidance <i>See Table 8 below. Note requirements</i>	DR	PDD	Yes. The Version 2 (July,2004) is used.	OK	Ok

REQUIREMENT	MoV	Ref	Comment	Draft finding	Concl
<i>for regular and AR projects are different</i>					
1.7 The project shall not make use of Official Development Assistance (ODA), nor result in the diversion of such ODA	DR	PDD	No ODA have been provided for this project. The Project is financed by BNDES - Banco Nacional de Desenvolvimento Econômico e Social. (Brazilian Development Bank)	Verify	Ok
1.8 For AR projects, the host country shall have issued a communication providing a single definition of minimum tree cover, minimum land area value and minimum tree height. Has such a letter been issued and are the definitions consistently applied throughout the PDD?			N/A		
1.9 Does the project meet the additional requirements detailed in: Table 9 for SSC projects Table 10 for AR projects Table 11 for AR SSC projects			N/A		
1.10 Is the current version of the PDD complete and does it clearly reflect all the information presented during the validation assessment? <i>Project Documentation should be complete and should also reflect information presented in the course of the validation assessment so this information is available to other</i>	DR	PDD	Yes.	Ok	Ok

REQUIREMENT	MoV	Ref	Comment	Draft finding	Concl
<i>stakeholders. Alternatively, information provided will need to be discussed in detail in the validation report.</i>					
<p>1.11 Does the PDD use accurate and reliable information that can be verified in an objective manner?</p> <p><i>All information must be verified, this includes all the default factors and parameters used in the calculations. For example for a Landfill Gas project, all factors used in the calculation of the Methane Correction Factor should be discussed and verified</i></p>	DR	PDD	<p>Section B.3 of the PDD, investment barrier mention that a PPA (Power Purchase Agreement) was signed, but no PPA has been signed until now. The project starts to prepare a contract to sell the energy that will be produced.</p> <p>Investment barrier in section B.3 of the PDD was updated to clarify this information. NIR 6 was closed out.</p>	NIR 6	Ok

Table 2 Baseline methodology(ies) (Ref: PDD Section B and E and Annex 3 and AM) Normal CDM projects only

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p><i>The project will need to apply an approved baseline and monitoring methodology to each part of the project. As part of the validation, check if the selected approved methodology(ies) have been correctly applied. See Tables 9 and 11 for guidance on identifying the correct methodology for SSC and SSC AR projects. The determination of the additionality of the project is part of the methodology but is covered in table 4</i></p>					

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p><i>Using the WORD version of the PDD and a copy of the approved methodology(ies) undertake a section by section / line by line check of the PDD against the methodology. Answer all questions in this table to ensure that all parts of the methodology have been addressed. Highlight any deviations in the PDD and save using track changes mode. Compile the findings into UK.Findings.CDM. Submit the PDD as part of the validation report.</i></p> <p><i>The methodology must be applied exactly as defined. Every parameter must be checked including formulas and the application of the formulas to calculate emissions and emission reductions (check spreadsheets if applicable). Check data sources – references to documents must be publicly available and cited fully in the PDD – a general web address is not sufficient..</i></p> <p><i>More than one methodology can be applied if the project consists of several activities. If this is the case, answer the questions below for each activity and methodology.</i></p>					
2.1 Does the project meet all the applicability criteria listed in the methodology	PDD ACM 0006	DR	<p>ACM0006 is applied (“Consolidated baseline methodology for grid-connected electricity generation from biomass residues”).</p> <p>ACM0006 is applicable to grid-connected and biomass residue fired electricity generation project activities, including cogeneration plants.</p> <p>The project meets the applicability criteria listed in the methodology. It is a “Greenfield” power project: is a new biomass power generation plant at a site where currently no power generation occurs; the</p>	Ok	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			<p>primary fuel in the project plant is a biomass consisting of sugar cane bagasse; the implementation of the project shall not result in an increase of the processing capacity of raw input or other substantial changes in the process; the bagasse will be stored for less than one year (from November to April).</p> <p>The biomass used in this project is not transformed in any way before being used as a fuel.</p> <p>The power generated by the project plant would in the absence of the project activity be purchased from the grid.</p>		
2.2 Is the project boundary consistent with the approved methodology	PDD ACM 0006	DR	<p>Yes.</p> <p>The project boundary encompasses the physical, geographical site of the bagasse power</p>	Ok	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			generation source, represented by the sugarcane mills, sugarcane plantation, the region located close to the power plant and the interconnected grid.		
2.3 Are the baseline emissions determined in accordance with the methodology described	PDD ACM 0006	DR	Yes	Verify	Ok
2.4 Are the project emissions determined in accordance with the methodology described	PDD ACM 0006	DR	Project emissions will be = 0	Ok	Ok
2.5 Is the leakage op the project activity determined in accordance with the methodology described	PDD ACM 0006	DR	No leakage was considered.	Ok	Ok
2.6 Are the emission reductions determined in accordance with the methodology described	PDD ACM 0006	DR	Yes.	Ok	Ok

Table 3 Additionality (Ref: PDD Section B3 and AM) Normal CDM projects only

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
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CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<i>The project is results in reductions of GHG emissions or increases in sequestration when compared to the baseline; and the project can be reasonably shown to be different from the baseline scenario. Additionality will need to be determined in accordance with the relevant section of the approved methodology. Information provided to support the claims of additionality will need to be verified</i>					
3.1 Does the PDD follow all the steps required in the methodology to determine the additionality	PDD /AM	DR	Yes.	Ok	Ok
3.2 Is the discussion on the additionality clear and have all assumptions been supported by transparent and documented evidence	PDD /AM	DR	<p>Verified during site visit that some information listed in section B.3 of the PDD, investment barrier, are not applicable. To correct information about PPA and Proinfa.</p> <p>Investment barrier in section B.3 of the PDD was updated to clarify this information. NIR 6 was closed out.</p>	NIR 6	Ok
3.3 Does the selected baseline represent the most likely scenario among other possible and/or discussed scenarios?	PDD /AM	DR	Yes	Ok	Ok
3.4 Is it demonstrated/justified that the project activity itself is not a likely baseline scenario	PDD /AM	DR	<p>Yes.</p> <p>It was verified that the main activity to the project is to continue investing on sugar and ethanol, and</p>	Ok	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			some barriers were presented (especially investment barrier), this barrier demonstrates that CDM incentives play an important role.		

Table 4 Monitoring methodology (PDD Section D and AM) Normal CDM projects only

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p><i>The project will apply an approved monitoring methodology to each part of the project. As part of the validation, check if the selected approved methodology(ies) have been correctly applied. See Tables 9 and 11 for guidance on identifying the correct methodology for SSC and SSC AR projects.</i></p> <p><i>Using the WORD version of the PDD and a copy of the approved methodology(ies) undertake a section by section / line by line check of the PDD against the methodology. Answer all questions in this table to ensure that all parts of the methodology have been addressed. Highlight any deviations in the PDD and save using track changes mode. Compile the findings into UK.Findings.CDM. Submit the PDD as part of the validation report.</i></p> <p><i>The methodology must be applied exactly as defined. Every parameter must be checked including formulas and the application of the formulas to calculate emissions and emission reductions (check spreadsheets if applicable). Check data sources – references to documents must be publicly available and cited fully in the PDD – a general web address is not sufficient..</i></p> <p><i>More than one methodology can be applied if the project consists of several activities. If this is the case, answer the questions below for each activity and methodology.</i></p>					
4.1 Does the project meet all the applicability criteria listed in the monitoring methodology	PDD /AM	DR	Yes	Ok	Ok
4.2 Does the PDD provide for the monitoring of the baseline emissions as required in the monitoring methodology	PDD /AM	DR	Yes. Section D.2.1.3 of the PDD.	Verify	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
4.3 Does the PDD provide for the monitoring of the project emissions as required in the monitoring methodology	PDD /AM	DR	The project emissions are zero.	Ok	Ok
4.4 Does the PDD provide for the monitoring of the leakage as required in the monitoring methodology	PDD /AM	DR	Leakage is not applicable.	Ok	Ok
4.5 Does the PDD provide for Quality Control (QC) and Quality Assurance (QA) Procedures as required in the monitoring methodology	PDD /AM	DR	Yes.	Ok	Ok

Table 5 Monitoring plan (PDD Annex 4) Normal CDM projects only

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<i>In addition to the application of the monitoring methodology, the PDD should contain a monitoring plan in Annex 4. The content of the monitoring plan should be validated based on the questions below</i>					
5.1 Monitoring of Sustainable Development Indicators/ Environmental Impacts <i>It is checked that choices of indicators are reasonable and complete to monitor sustainable performance over time.</i>	PDD	DR	No monitoring of sustainable development indicator in Annex 4 of the PDD. Section F mentions that the project needs to control some environmental aspect to obtain the license, some	CAR 1	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			aspects can be used in the monitoring plan. The project will monitor some environmental and social aspects; Annex 4 of the PDD was updated. CAR 1 was closed out.		
5.1.1 Does the monitoring plan provide the collection and archiving of relevant data concerning environmental, social and economic impacts?	PDD	DR	No, see above	See 5.1	Ok CAR 1 was closed out
5.1.2 Is the choice of indicators for sustainability development (social, environmental, economic) reasonable?	PDD	DR	No, see above	See 5.1	Ok CAR 1 was closed out
5.1.3 Will it be possible to monitor the specified sustainable development indicators?	PDD	DR	No, see above	See 5.1	Ok CAR 1 was closed out
5.1.4 Are the sustainable development indicators in line with stated national priorities in the Host Country?	PDD	DR	No, see above	See 5.1	Ok CAR 1 was closed out

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
5.2 Project Management Planning <i>It is checked that project implementation is properly prepared for and that critical arrangements are addressed.</i>					
5.2.1 Is the authority and responsibility of project management clearly described?	PDD	DR, I	Yes.	Ok	Ok
5.2.2 Is the authority and responsibility for registration, monitoring, measurement and reporting clearly described?	PDD	DR, I	Yes. The project sponsor is responsible for registration, monitoring and measurement.	Ok	Ok
5.2.3 Are procedures identified for training of monitoring personnel?	PDD	DR, I	No. There are no comments about training. The project is part of the regularly activities of Usina São Francisco, no specific training is necessary. NIR 2 was closed out.	NIR 2	Ok
5.2.4 Are procedures identified for emergency preparedness for cases where emergencies can cause unintended emissions?	PDD	DR, I	No. There are no comments about these questions. Verified that there is no unintended emissions, the bagasse that will be stored is just to start plant operations, maximum 5% and for less than 1 year.	CAR 3	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			CAR 3 was closed out.		
5.2.5 Are procedures identified for calibration of monitoring equipment?	PDD	DR	No. The calibration will be done according to internal procedures of Usina São Francisco and the regulations of CCEE. Monitoring plan was updated in the PDD to include this information. CAR 4 was closed out.	CAR 4	Ok
5.2.6 Are procedures identified for maintenance of monitoring equipment and installations?	PDD /AM	DR, I	No. The maintenance and installation of monitoring equipment will be done according to the internal procedures of Usina São Francisco. CAR 5 was closed out.	CAR 5	Ok
5.2.7 Are procedures identified for monitoring, measurements and reporting?	PDD /AM	DR, I	Yes. PDD section D.2.1.3. To be confirmed by local assessor. It was verified during site visit that Usina São Francisco staff is responsible for monitoring,	Verify	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			measurements and reporting.		
5.2.8 Are procedures identified for day-to-day records handling (including what records to keep, storage area of records and how to process performance documentation)	PDD	DR	Yes. To be confirmed by local assessor. The monitoring plan, for emissions reductions is based on monitoring the amount of electricity supplied to the grid and the reliability of this parameter is assured through second-party.	Verify	Ok
5.2.9 Are procedures identified for dealing with possible monitoring data adjustments and uncertainties?	PDD	DR	The project is under construction and the procedure will be established.	Verify	Ok
5.2.10 Are procedures identified for review of reported results/data?	PDD /AM	DR	Yes.	Verify	Ok
5.2.11 Are procedures identified for internal audits of GHG project compliance with operational requirements where applicable?	PDD /AM	DR	The project is under construction and the procedure will be established.	Verify	Ok
5.2.12 Are procedures identified for project performance reviews	PDD /AM	DR	The project is under construction and the procedure will be	Verify	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
before data is submitted for verification, internally or externally?			established.		
5.2.13 Are procedures identified for corrective actions in order to provide for more accurate future monitoring and reporting?	PDD /AM	DR	The project is under construction and the procedure will be established.	Verify	Ok

Table 6 Environmental Impacts (Ref PDD Section F and relevant local legislation) Normal CDM projects only

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<i>Project participants have submitted to the designated operational entity documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts and, if those impacts are considered significant by the project participants or the host Party, have undertaken an environmental impact assessment in accordance with procedures as required by the host Party</i>					
6.1 Has an analysis of the environmental impacts of the project activity been sufficiently described?	PDD	DR	Yes. There are environmental licenses issued by the state environmental agency. See list of documents consulted.	Verify	Ok
6.2 Are there any Host Party requirements for an Environmental Impact Assessment (EIA), and if yes, is an EIA approved?	PDD /AM	DR	Verify license. To be confirmed by local assessor. License was verified during site visit. See list of documents consulted.	Verify	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
6.3 Will the project create any adverse environmental effects?	PDD /AM	DR	No.	Ok	Ok
6.4 Are transboundary environmental impacts considered in the analysis?	PDD /AM	DR	To be confirmed by local assessor. Yes.	Verify	Ok
6.5 Have identified environmental impacts been addressed in the project design?	PDD /AM	DR	No environmental impact detected.	Ok	Ok
6.6 Does the project comply with environmental legislation in the host country?	PDD /AM	DR	Yes. The project has the Installation license.	Verify	Ok

Table 7 Comments by local stakeholders (Ref PDD Section G) All CDM projects activities

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<i>Project developers need to invite comments by local stakeholders and a summary of the comments received should be provided. The project developer will need to show that due account was taken of any comments that have been received</i>					
7.1 Have relevant stakeholders been consulted?	PDD	DR	Yes, see PDD section G.1	Ok	Ok
7.2 Have appropriate media been used to invite comments by local stakeholders?	PDD, letters	DR, I	Verify by local assessor. During site visit, it was verified that letters were sent to local stakeholders.	Verify	OK
7.3 If a stakeholder consultation process is required by regulations/laws in the host country, has the stakeholder	PDD	DR	To be confirmed by local assessor.	Verify	Ok

CHECKLIST QUESTION	Ref.	MoV ^a	COMMENTS	Draft Concl	Final Concl
consultation process been carried out in accordance with such regulations/laws?			The stakeholder consultation was processed according Brazilian DNA requirement. Letters were sent in February/2006 to: The municipality mayor house of Quirinópolis; The municipality chamber of Quirinópolis; The local attorneys' office of the State of Goiás; The Brazilian NGO Forum; The state environmental agency of Goiás; The municipality's environmental authority of Quirinópolis; The Rural Woorkers' Union of Quirinópolis.		
7.4 Is a summary of the stakeholder comments received provided?	PDD/ AM	DR	No comments received.	Ok	Ok
7.5 Has due account been taken of any stakeholder comments received?	PDD/ AM	DR	No comments received.	Ok	Ok

Table 8 Other requirements. All CDM project activities

CHECKLIST QUESTION	Ref.	MoV ^a	COMMENTS	Draft Concl	Final Concl
8.1 Project Design Document <i>The project needs to correctly complete a Project Design Document, using the current version and exactly following the guidance – note that regular, SSC, AR and AR SSC each use different PDD templates, but to date, the ARSSC PDD is not available</i> <i>Obtain a copy from the CDM website, and a copy of the guidance to accompany the PPD. See Tables 9 and 11 for guidance on how to find the correct version of the PDD guidance for SSC and SSC AR projects. Perform a section by section / line by line check on the contents of the PDD.</i> <i>In a WORD version of the PDD, use track changes mode to note any deviations (however minor) from the PDD. Save this document with tracked changes showing and append it to the Validation report as evidence of the auditing process. Compile a list of the differences in UK.Findings.CDM. Split these into Editorial and Substantive comments. Editorial issues can be listed on one CAR; substantive findings can be listed as individual findings</i>					
8.1.1 Editorial issues: does the project correctly apply the PDD template and has the document been completed without modifying/adding headings or logo, format or font.	PDD	DR	Yes, no changes have been observed.	Ok	Ok
8.1.2 Substantive issues: does the PDD address all the specific requirements under each header. If requirements are not applicable / not relevant, this must be stated and justified	PDD	DR	Yes.	Ok	Ok
8.2 Technology to be employed <i>COP 10 Re-emphasized that clean development mechanism project activities should lead to the transfer of environmentally safe and sound technologies and know-how. The validator should ensure that environmentally safe and sound technology and know-how is used.</i>					
8.2.1 Does the project design engineering reflect current good practices?	PDD	DR	Yes.	Ok	Ok
8.2.2 Does the project use state of the art technology or would the technology result in a significantly better performance than any	PDD	DR	Yes. The technology employed is probably the most known option for simultaneous power and	Ok	Ok

CHECKLIST QUESTION	Ref.	MoV ²	COMMENTS	Draft Concl	Final Concl
commonly used technologies in the host country?			heat generation from biomass.		
8.3 Is the project technology likely to be substituted by other or more efficient technologies within the project period?	PDD	DR	No	Ok	Ok
8.2.4 Does the project require extensive initial training and maintenance efforts in order to work as presumed during the project period?	PDD	DR, I,	There are no comments about training requirement. To be confirmed by local assessor. No specific training is necessary; the project is part of the USJ operational daily activities.	Verify	Ok
8.3 Duration of the Project/ Crediting Period <i>It is assessed whether the temporal boundaries of the project are clearly defined.</i>					
8.3.1 Are the project's starting date and operational lifetime clearly defined and reasonable?	PDD	DR	Starting date 01/07/2006. Lifetime – 25 years. See PDD, section C.1; C.2.	Ok	Ok
8.3.2 Is the assumed crediting time clearly defined and reasonable (renewable crediting period of	PDD	DR	Renewable crediting period 7 years.	Ok	Ok

CHECKLIST QUESTION	Ref.	MoV ^a	COMMENTS	Draft Concl	Final Concl
max. two x 7 years or fixed crediting period of max. 10 years)?					
8.3.3 Does the project's operational lifetime exceed the crediting period	PDD	DR	Yes, expected operational lifetime of the project activity is 25 years	Ok	Ok

Table 9 Additional requirements for SSC projects - NA

Table 10 Additional requirements for AR projects - NA

Table 11 Additional requirements for SSC AR projects - NA

Table 12 Additional information to be verified by local assessors / site visit

CHECKLIST QUESTION	Ref.	MoV ^a	COMMENTS	Draft Concl	Final Concl
<p><i>Key assumptions and data presented in the PDD must be verified, usually by local assessors or during a site visit. Where the baseline is constructed from historic emissions data, a site visit by an Assessor or Lead Assessor will be necessary; where the baseline is constructed from an economically attractive course of action, a local assessor may be sufficient. Where the baseline uses 48c (measure of best practice) any combination of Assessor / Lead Assessor / Local Assessor and Expert may be required.</i></p> <p><i>During the line by line review of the PDD, identify all statement / facts / assumptions / variables etc that need to be verified. List them below and then</i></p>					

CHECKLIST QUESTION	Ref.	MoV ^a	COMMENTS	Draft Concl	Final Concl
<i>ensure that the team verifies the data and provides references / supporting documentation where necessary. The list may be quite long therefore avoid repetition.</i>					
Verify ANEEL license.	Site visit	DR	Verified “Aviso de Adjudicação” nº 002/2005-ANEEL, December 2005.	Ok	Ok
Verify project like described in the PDD.	Site visit	DR/ site visit	Verified that the project is in construction. Verified some equipments and the site plant. Verified the turbine (45 MW.)	Ok	Ok
Verify document to sell energy.	Site visit	DR	“Leilão de Energia Nova”, 16/12/2005. The project will commercialize the generated energy in the CCEE.	Ok	Ok

References consulted during Ground Truthing and brief summary of content / significance [please try to obtain a hard copy where ever possible]:

Ref no.	Title (full bibliographic reference if possible)	Brief note on content / significance	Hard copy (Y/n)
1	Plant of the project, September 2004	The plant will start operation in June 2006. The plant shows the extraction, boiler, energy generation, energy sub-station.	N
2	EIA – USJ Açúcar e Alcool S/A, Estudo	Environmental Impact Assessment.	Y

	de impacto ambiental, October 2004 by DBO Engenharia.		
3	Installation license number 369/2005, 20/10/2005 issued by Agência Ambiental de Goiás.	Environmental license	Y
4	OPTG – Modelo de Cálculo de Preço de Energia Nova	Internal rate of return with carbon credits and without carbon credits.	Y

Individuals interviewed during Validation and Ground Truthing [name, position and contact details, plus a brief summary of points discussed]

Date met	Name	Position	Contact details	Brief note on subject of interview
02/03/2006	Narciso Fernando Bertholdi	Business Development Manager	narciso@usj.com.br	Project responsibility
02/03/2006	João Batista Saccomano	Project Manager	jbsaccomano@usj.com.br	Technical issues
02/03/2006	José Ieda Neto	Industrial Manager	jiedaneto@ush.com.br	Technical issues and operational issues
02/03/2006	Mauricio F. de Oliveira	Production Manager	mauricio@usj.com.br	Operational issues
02/03/2006	Ricardo Besen	Consultant	rbesen@ecoinvestcarbon.com	PDD developing, monitoring plan, baseline.

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Annex 5 - FINDINGS OVERVIEW

FINDINGS FROM VALIDATION OF *USJ AÇÚCAR E ÁLCOOL S/A – USINA SÃO FRANCISCO, CDM.VAL0392*

Each Table below represents a finding from the validation assessment. The findings are numbered consecutively, approximately in the order that they have been identified.

Description of table:

Type	Findings are either New Information Requests (NIR) or Corrective Action Requests (CAR). CARs are items that must be addressed before a project can receive a recommendation for registration. NIRs may lead to the raising of CARs. Observations are included at the end and may or may not be addressed. They are primarily to act as signposts for the verifying DOE.
Issue	Details the content of the finding
Ref	refers to the item number in the Validation Protocol
Response	Please insert response to finding, starting with the date of entry.

Rows for comments and further response will be appended to the table until the Findings has been addressed to the satisfaction of the Lead Assessor.

Please note that this is an open list and more findings may be added as validation progresses.

Date: 17/02/2006

Raised by: Fabian Gonçalves

No.	Type	Issue	Ref
1	CAR	No monitoring of sustainable development indicators are presented in Annex 4 of the PDD. Section F mentions that the project is required to control some environmental aspect to obtain the environmental license.	5.1
<p>Date: 07/03/2006</p> <p>The monitoring of project environmental impacts is made according to the requirements of the State Environmental Agency, <i>Agência Ambiental de Goiás</i>.</p> <p>Usina São Francisco will monitor the emission of SOx, NOx and CO and the production of solid residues at the combustion of bagasse in the boilers, following the CONAMA resolutions 005/89, 003/90 and 008/90.</p> <p>Usina São Francisco will also monitor environmental aspects, such as water quality, erosion and noise level. Project “Margem Verde”, a reforestation programme, has already planted 70,000 trees, and its maintenance will be monitored.</p> <p>There will be also monitoring of Social Programmes, like the “Usina do Saber” project, which selects children and offers transportation to the schools with headquarters in the residential area of the company. The health of their workers will also be monitored periodically.</p> <p>All these actions are stated in Annex 4 (revised PDD).</p>			
<p>Date: 09/03/2006</p> <p>[Acceptance and close out] Annex 4 of the PDD was updated to include the information mentioned above. CAR 1 was closed out.</p>			

Date: 17/02/2006

Raised by: Fabian Gonçalves

No.	Type	Issue	Ref
2	NIR	There is no information regarding training of monitoring personnel.	5.2.3
<p>Date: 07/03/2006</p> <p>Since the project is part of the regular activities of Usina São Francisco, there will be no specific training procedure, as included in Annex 4 (revised PDD). It can be mentioned that personnel will be trained on the monitoring of the emission of SOx and NOx and the production of solid residues at the combustion of bagasse in the boilers.</p>			
<p>Date: 09/03/2006</p> <p>[Acceptance and close out] Annex 4 was verified; the audit team accepted that no specific training will be required, as monitoring is part of operational activities of the mill. NIR 2 was closed out.</p>			

Date: 17/02/2006

Raised by: Fabian Gonçalves

No.	Type	Issue	Ref
3	CAR	There are not procedures identified for emergency preparedness for cases where emergencies can cause unintended emissions.	5.2.4
<p>Date: 07/03/2006</p> <p>The only possible unintended emissions from the project would be due to biomass left to decay. Sugar mills, generally, store a small amount of bagasse for the next season in order to start plant operations when the new crop season/ harvest begins. In Usina São Francisco, this volume is foreseen to be insignificant, approximately 3%, so there will be no unintended emissions.</p>			
<p>Date: 09/03/2006</p> <p>[Acceptance and close out] Verified that is not expected unintended emissions from the project, the bagasse will be stored for less than 1 year (as defined by ACM0006). CAR 3 was closed out.</p>			

Date: 17/02/2006

Raised by: Fabian Gonçalves

No.	Type	Issue	Ref
4	CAR	Procedures for calibration of monitoring equipment are not presented or mentioned in the PDD and Monitoring plan.	5.2.5
<p>Date: 07/03/2006</p> <p>The calibration of meters will be done according to the internal procedures of Usina São Francisco and the regulations of CCEE (<i>Câmara de Comercialização de Energia Elétrica</i> - Electric Energy Wholesale Market), as stated in Annex 4.</p>			
<p>Date: 09/03/2006</p> <p>[Acceptance and close out] Verified that Annex 4 was updated. CAR 4 was closed out.</p>			

Date: 17/02/2006

Raised by: Fabian Gonçalves

No.	Type	Issue	Ref
5	CAR	Procedures for maintenance of monitoring equipment and installations are not mentioned in the PDD and Monitoring Plan.	5.2.6
<p>Date: 07/03/2006</p> <p>The maintenance and installation of monitoring equipment will be done according to the internal procedures of Usina São Francisco, as stated in Annex 4. There is no specific procedure for this project.</p>			
<p>Date: 09/03/2006</p> <p>[Acceptance and close out] Annex 4 was updated. CAR 5 was closed out.</p>			

Date: 02/03/2006

Raised by: Fabian Gonçalves

No.	Type	Issue	Ref
6	NIR	Clarify the information about PROINFA and about PPA (Power Purchase Agreement) in section B.3 of the PDD.	1.11 / 3.2
<p>Date: 07/03/2006</p> <p>Usina São Francisco did not apply for Proinfa, because there was not enough time to fulfil all the application requirements in the most recent energy auction.</p>			
<p>Date: 09/03/2006</p> <p>[Acceptance and close out] Investment barrier in section B.3 of the PDD was updated to clarify this information. NIR 6 was closed out.</p>			

Observations:



Annex 6 Local assessment checklist

USJ Açúcar e Álcool S/A – Usina São Francisco Cogeneration Project. CDM.Val0392

This checklist is designed to provide confirmation of in-country data and information provided in the Project Design Document. It serves as a “reality check” on the project. It is to be completed by SGS Brazil

Issue	Findings	Source /Means of Verification	Further action / clarification / information required?
Verify ANEEL (Brazilian Electricity Regulatory Agency) license.	Verified “Aviso de Adjudicação” n° 002/2005-ANEEL, December 2005.	Site visit/DR	No
Verify project like described in the PDD.	Verified that the project is in construction. Verified some equipment and the site plant. Verified the turbine (45 MW).	Site visit/DR	No
Verify document to sell energy.	“Leilão de Energia Nova”, 16/12/2005. The project will commercialize the generated energy in the CCEE – Câmara de Comercialização de Energia Elétrica (Brazilian Electric Energy Market Chamber).	Site visit/DR	No