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# ANNEX 1

## REPORT ON COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

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AGROPECUÁRIA SALTO DO LEÃO LTDA. –  
SPESSATTO, SANTO EXPEDITO AND BARRA DO  
LEÃO SMALL HYDROELECTRIC POWER PLANT  
PROJECT.

**Project No.** CDM.Val0521

**Date:** 06/09/2006

## **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**

Agropecuária Salto do Leão Ltda. – Spessatto, Santo Expedito and Barra do Leão Small Hydroelectric Power Plant 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 09-08-2006 until 07-09-2006 on the website

<http://cdm.unfccc.int/Projects/Validation/DB/TYAN4IN7N5Y1WPCSSV60LQYNOUIOTK/view.html> 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.



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## ANNEX 2

# LIST OF DOCUMENTS ATTACHED

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AGROPECUÁRIA SALTO DO LEÃO LTDA. –  
SPESSATTO, SANTO EXPEDITO AND BARRA DO  
LEÃO SMALL HYDROELECTRIC POWER PLANT  
PROJECT.

**Project No.** CDM.Val0521

**Date:** 06/09/2006

- /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.Val0521)
- /5/ Annex 5: Overview of findings (UK.Findings.CDM.VAL0521)
- /6/ Annex 6: Answers from local assessor
- /7/ Annex 7: Validation Report (UK.AR6.CDM.VAL0521)
- /8/ Annex 8: Modalities of communication



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## ANNEX 3

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

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**AGROPECUÁRIA SALTO DO LEÃO LTDA. –  
SPESSATTO, SANTO EXPEDITO AND BARRA  
DO LEÃO SMALL HYDROELECTRIC POWER  
PLANT PROJECT.**

**Project No.** CDM.Val0521

**Date:** 06/09/2006

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, Agropecuária Salto do Leão Ltda. – Spessatto, Santo Expedito and Barra do Leão Small Hydroelectric Power Plant project. , Version 1 (03/08/2006), Version 2 (15/08/2006), Version 3 (06/09/2006).
- /2/ AMS-I.D: - Grid connected renewable electricity generation (Simplified baseline and monitoring methodologies for selected small scale CDM project activity - Type I – Renewable Energy Projects/ I.D. Grid connected renewable electricity generation), Version 08 (03/03/2006).
- /3/ Tool for the demonstration and assessment of additionality. UNFCCC, 28 November 2005, version2.
- /4/ Intention letter – sell and purchase electricity energy, between Electra Comercializadora de Energia LTDA and Agropecuária Salto do Leão, 01/07/2005.
- /5/ PCH Spessatto - Previous environmental license – LAP Nº 224/05-/CRP, 22/03/2005, issued by FATMA (Fundação do Meio Ambiente).
- /6/ PCH Barra do Leão - Installation environmental license – LAI Nº. 791/05, 08/09/2006, issued by FATMA (Fundação do Meio Ambiente).
- /7/ PCH Santo Expedito – Installation environmental license – LAI Nº 790/05, 08/09/2005, issued by FATMA (Fundação do Meio Ambiente).
- /8/ PCH Santo Expedito - ANEEL license Nº 205/2006-SGH/ANEEL, 22/03/2006, issued by ANEEL (Agência Nacional de Energia Elétrica – Electric Energy National Agency).
- /9/ PCH Barra do Leão – ANEEL license Nº 042/2006-SGH/ANEEL, 13/01/2006, issued by ANEEL (Agência Nacional de Energia Elétrica – Electric Energy National Agency).
- /10/ PCH Spessatto – ANEEL license Nº 003/2006-SGH/ANEEL, 02/01/2006, issued by ANEEL (Agência Nacional de Energia Elétrica – Electric Energy National Agency).
- /11/ RDPA PCH Spessatto, Environmental report.
- /12/ PCH Barra do Leão – financial worksheet.

#### List of persons interviewed

	Name and position	Company name	Date interviewed
/1/	Karen Nagai / Consultant	Ecoinvest	August, 15 <sup>th</sup> , 2006
/2/	Noberto Spessatto/ Director	Agropecuária Salto do Leão	August, 15 <sup>th</sup> , 2006

## 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 stakeholders	Comments by local stakeholders have been invited, a summary of 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;	Covered in Table 7
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 scale 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)**

REQUIREMENT	MoV	Ref	Comment	Draft finding	Concl
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.	DR	PDD	No annex I in this project.	Ok	Ok
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	DR	PDD	No Letter of approval by host country (Brazil) has been submitted to the validator.	Send the validation report to DNA	
1.3 All Parties (listed in Section A3 of the PDD) have ratified the Kyoto protocol and are allowed to participate in CDM projects	DR	PDD	Yes, Brazil. Ratification date: 23 August 2002.	Ok	Ok
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	DR	PDD	Yes. Project improves the supply of electricity with clean, renewable hydroelectric power. It reduces emissions of greenhouse gas (GHG) by avoiding electricity generation by fossil fuel sources (and CO <sub>2</sub> emissions), which would	Ok	Ok

REQUIREMENT	MoV	Ref	Comment	Draft finding	Concl
			be emitted in the absence of the project. The PDD discuss the barriers that would prevent the project implementation. The most likely alternative presented would have been not to build Spessato, Santo Expedito and Barra do Leão.		
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	DR	UNFCCC Web site	Global stakeholders: 09 August until 07 September 2006. <a href="http://cdm.unfccc.int/Projects/Validation/DB/TYAN4IN7N5Y1WPCSSV60LQYNOUIOTK/view.html">http://cdm.unfccc.int/Projects/Validation/DB/TYAN4IN7N5Y1WPCSSV60LQYNOUIOTK/view.html</a> No comments were received.	Ok	Ok
1.6 The project has correctly completed a Project Design Document, using the current version and exactly following the guidance	PDD	DR	Yes, CDM SSC-PDD (version 2).	Ok	Ok
1.7 The project shall not make use of Official Development Assistance (ODA), nor result in the diversion of such ODA	PDD	DR	The project doesn't make use of ODA. Verified that the project uses own resource and bank financing (BNDES).	Ok	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	PDD	DR	Yes, the project conforms to SSC CDM project criteria, it falls under AMS I.D category (Renewable Electricity generation for grid). (see table 9)	Ok	Ok
1.10 Is the current version of the PDD complete and does it clearly reflect all the	PDD	DR	Yes.	Ok	Ok

REQUIREMENT	MoV	Ref	Comment	Draft finding	Concl
information presented during the validation assessment.			They use the current version and all information was clearly presented.		
1.11 Does the PDD use accurate and reliable information that can be verified in an objective manner?	PDD	DR	To be confirmed by local assessor.  Yes, the references, graphics, worksheet mentioned were verified. (information was cross checked with ONS, ANEEL, Petrobras, Eletrobras, FATMA website)	Verify	Ok

**Table 2 Baseline methodology (ies) (Ref: PDD Section B and E and Annex 3 and AM) – N/A**

**Table 3 Additionality (Ref: PDD Section B3 and AM)-N/A**

**Table 4 Monitoring methodology (PDD Section D and AM)-N/A**

**Table 5 Monitoring plan (PDD Annex 4)-N/A**

**Table 6 Environmental Impacts (Ref PDD Section F and relevant local legislation)**

**Table 7 Comments by local stakeholders (Ref PDD Section G)**

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
7.1 Have relevant stakeholders been consulted?	PDD	DR	Yes.	Ok	Ok
7.2 Have appropriate media been used to invite comments by local stakeholders?	PDD	DR	Verify letters sent to stakeholders.  Verified the letters sent and delivery receipts:  Erval Velho and Campos Novos City Hall, sent on 08/08/2006  Erval Velho and Campos Novos City Council, sent	CAR 1	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			<p>on 08/08/2006.</p> <p>State of Santa Catarina Environmental Agency, sent on 08/08/2006.</p> <p>Agriculture Secretary (environmental department) of Erval Velho and Campos Novos, sent on 08/08/2006.</p> <p>Erval Velho and Campos Novos NGO – Non-Governmental Organization, sent on 07/08/2006.</p> <p>Santa Catarina State Public Attorney, sent on 08/08/2006.</p> <p>Campos Novo city, communitarian association “Lar dos meninos João Didomênico, sent on 09/08/2006”.</p> <p>Erval Velho city, Erval Velho communitarian centre, sent on 09/08/2006.</p> <p>CAR 1: To sent the letter to local stakeholders: local communities.</p> <p>The letters were sent and CAR 1 was close out.</p>		
7.3 If a stakeholder consultation process is required by regulations/laws in the host country, has the stakeholder consultation process been carried out in accordance with such regulations/laws?	PDD	DR	<p>Verify if the process follow Brazilian Resolution.</p> <p>It was verified documented evidences that the organization sent letters to local stakeholders. The consultation was carried out in compliance with Brazilian DNA requirements, Resolution #1.</p> <p>Verified letters and</p>	Verify	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			delivery receipts.		
7.4 Is a summary of the stakeholder comments received provided?	PDD	DR	Yes, no comments received.	Ok	Ok
7.5 Has due account been taken of any stakeholder comments received?	PDD	DR	No comments received.	OK	Ok

**Table 8 Other requirements**

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<b>8.1 Project Design Document</b>					
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.	DR	PDD	Yes, no changes to the PDD format 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	DR	PDD	<p>CAR 3 was raised: Section E.6 of the PDD: to present the correct table, according PDD template.</p> <p>The PDD was revised according to PDD template. CAR 3 was close out.</p> <p>NIR 4 was raised: To provide more information why the project is not part of a larger project activity.</p> <p>The PDD was revised and it was included the simplified modalities and procedures for small-scale CDM project activities.</p> <p>NIR 4 was close out.</p>	<p>CAR 3</p> <p>NIR 4</p>	Ok

CHECKLIST QUESTION		Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<b>8.2 Technology to be employed</b>						
8.2.1	Does the project design engineering reflect current good practices?	DR	PDD	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 commonly used technologies in the host country?	DR	PDD	<p>As described in the PDD, Spessato, Santo Expedito and Barra do Leão are small run of river hydro plant with 8.15 MW installed capacity.</p> <p>Spessatto with 2.35 MW of installed capacity and small reservoir of 0.0017 km<sup>2</sup>;</p> <p>Santo Expedito with 2.25 MW of installed capacity and small reservoir of 0.0005 km<sup>2</sup>;</p> <p>Barra do Leão with 3.55 MW of installed capacity of installed and small reservoir of 0.24604 km<sup>2</sup>.</p> <p>The equipments that will be used in the project was developed and manufactured in Brazil.</p> <p>The technology employed is Francis and Kaplan turbines.</p>	Ok	Ok
8.3	Is the project technology likely to be substituted by other or more efficient technologies within the project period?	PDD	DR	It is not expected.	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	The “Agropecuária Salto do Leão” is responsible for training the staff, monitoring, measurement and reporting. The training will occur before project implementation.	Verify	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<b>8.3 Duration of the Project/ Crediting Period</b>					
8.3.1 Are the project's starting date and operational lifetime clearly defined and reasonable?	PDD	DR	Section C.1.1- starting date: 01 August 2007. Section C.1.2- operational lifetime: 30 years.	Verify	Ok
8.3.2 Is the assumed crediting time clearly defined and reasonable (renewable crediting period of max. two x 7 years or fixed crediting period of max. 10 years)?	PDD	DR	Section C.2.1.2 – crediting period 7 years.	Ok	Ok
8.3.3 Does the project's operational lifetime exceed the crediting period	PDD	DR	Yes.	Ok	Ok

**Table 9 Additional requirements for SSC projects**

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
SSC projects use the SSC PDD and simplified baseline and monitoring methodologies as detailed in Appendix B (to the Modalities and Procedures for Small scale CDM projects, Annex II to Decision 21/CP.8) Indicative simplified baseline and monitoring methodologies for selected small scale CDM project activity categories					
9.1 Does the project qualify as a small scale CDM project activity as defined in paragraph 6 (c) of decision 17/CP.7 on the modalities and procedures for the CDM?	PDD	DR	Yes, renewable energy generation for a grid with 8.15 MW, confirmed by ANEEL licenses. (less than 15MW limit for small scale projects)	Ok	Ok
9.2 The project conforms to one of the categories listed in Appendix B to Annex II to Decision 21/CP8	PDD	DR	Yes, ID – Grid connected renewable electricity generation.	Ok	Ok
9.3 The small scale project activity is not a debundled component of a larger project activity?	PDD	DR	Verified that the project activity is not a debundled of a larger activity. The project is located in the Leão river, where Spessato, Barra do Leão and Santo Expedito plants are located and all in	Ok	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			construction. The project will start operation in 2007. There is no other CDM project in the same place or under development.		
9.4 PDD has been prepared in accordance with appendix A of Annex II to Decision 21/CP8	PDD	DR	Yes, they use the version 02.	Ok	Ok
9.5 The project uses a simplified baseline and monitoring methodology specified in Appendix B. If not, they may propose changes to the meths or a new SSC project category	PDD	DR	<p>Yes. AMS type I, renewable energy projects. Category I.D – grid connected renewable electricity generation, version 08, 03 March 2006.</p> <p>For the discussion of additionality, it was used the “Tool for the demonstration and assessment of additionality”, (SSC projects can use simplified procedures - Attachment A to Appendix B. The project has done more than necessary to demonstrate additionality, but it is acceptable).</p>	Ok	Ok
9.6 Is there any bundling of SSC activities into one PDD? If so, does the monitoring plan consider sampling of activities? Refer to para 19 of Annex II. Also, note bundling provisions in SSC Briefing Note and SSC meths I C / I D and III D and Para 22e of Appendix B	PDD	DR	No.	Ok	Ok
9.7 Is EIA required by host party? If not, none is required irrespective of SHC. If yes, has one been performed consistent with local requirements?	PDD	DR	<p>Verify environmental license and check if state environmental agency requires an EIA.</p> <p>PCH Barra do Leão - verified Installation Environmental License – LAI Nº. 791/05, 08/09/2005, issued by FATMA.</p>	Verify	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			<p>PCH Santo Espedito – verified Installation Environmental License– LAI N° 790/05, 08/09/2005, issued by FATMA.</p> <p>PCH Spessatto – verified Previous Environmental License – LAP N° 224/05 -/CRP, 22/03/2005, issued by FATMA.</p>		
<p>9.8 The project results in emission reductions that area additional in accordance with the following requirements:</p> <p>(para 26) The project is additional if emissions are reduced below those in the absence of the project</p> <p>(Para 27) Simplified baseline can be used; if not, baseline proposed shall cover all gases, sectors and sources listed in Annex A to the KP</p> <p>Para 28) One or more barriers as detailed in attachment A to Appendix B to Annex II will be used to demonstrate that the project would not proceed without the CDM</p>	PDD	DR	<p>The emissions are reduced below in the absence of the project.</p> <p>The project uses the “Tool” to demonstrate additionality.</p> <p>NIR 2 was raised:</p> <p>Investment barrier: to provide more information about the process to obtain the PPA, if was signed. The PDD describe some information about Proinfa, but the project didn’t make use of Proinfa program; this information is not relevant under additionality discussion.</p> <p>The information presented about instutional barrier, PPA, bank financing were revised because some data are not applicable to the project. The investment barrier as presented is not the most important barrier as the project received subsidised funds (with interest rate lower than the rate of the market).</p> <p>The PDD version 3 provides more information regarding the barriers.</p> <p>NIR 2 was closed out.</p> <p>The project is being developed by farmers that</p>	NIR 2	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			produces eggs and organic manure, and the energy generation is not the usual business, this represents a cultural barrier that project faces. Considering the Common practices in the country, it was discussed that the project such as Spessatto, Santo Expedito and Barra do Leão are not widely observed and commonly carried out in the country. It was verified that, until September 2006, only 1.43% of the total energy generation in the country comes from small hydro power plants. The common practice has been the construction of large hydropower plants and recently thermal plants.		
9.9 Leakage is calculated according to the provisions of the SSC methodologies in Appendix B ( <a href="http://cdm.unfccc.int/Projects/pac/ssclistmeth.pdf">http://cdm.unfccc.int/Projects/pac/ssclistmeth.pdf</a> )	PDD	DR	Leakage is not applicable.	Ok	Ok
9.10 The project boundary shall be constructed in accordance with the requirements of the SSC meths in Appendix B	PDD	DR	The boundary of project activities encompasses the Spessatto, Santo Expedito and Barra do Leão plant and the South-Southeast-Midwest national system.	Ok	Ok
9.11 The Monitoring plan shall be consistent with the requirements of the SSC methodology in Appendix B and shall provide for the collection and archiving of data needed to determine project emissions, baseline emissions and leakage.	PDD	DR	Yes. The monitoring plan is not implemented yet as the plants is not in operation. The information provided in the PDD (Section D.5) presents good practice.  Observation 1: The procedures for calibration, maintenance of the	Ok	Observation 1

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			monitoring equipment, monitoring data, reports, internal audits and corrective actions should be clearly described and implemented until the start up of the plant. Personnel involved in monitoring activities should be trained on the procedures.		
9.12 The monitoring plan shall present good monitoring practice appropriate to the circumstances of the project activity (para 33)	PDD	DR	Yes, see section D.5 of the PDD.	Ok	Ok
9.13 If project activities are bundled, separate monitoring plan shall be prepared for each of the activities or an overall plan reflecting good monitoring practice will be prepared, consistent with the above requirements	PDD	DR	The project is not bundled.	Ok	Ok

**Table 10 Additional requirements for AR projects**

**Table 11 Additional requirements for SSC AR projects**

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

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
Verify license from ANEEL	I	DR	<p>PCH Barra do Leão, ANEEL license, N° 042/2006-SGH/ANEEL, 13/01/2002, issued by ANEEL.</p> <p>PCH Spessatto, ANEEL license, N° 003/2006-SGH/ANEEL, 02/01/2006, issued by ANEEL.</p> <p>PCH Santo Expedito, ANEEL license N° 0205/2006 - SGH/ANEEL, 22/03/2006, issued by</p>	Ok	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			ANEEL.		
Verify evidences about the baseline emission factor (data sources and calculation).	I	DR	<p>The project uses the most recent data available to calculate the baseline emission factor.</p> <p>The baseline emission factor is defined as (EF<sub>y</sub>) and is calculated as a combined margin (CM), consisting of the combination of operating margin (OM) and build margin (BM) factors.</p> <p>Baseline emissions are calculated by using the annual generation (project annual electricity dispatched to the grid) times the CO<sub>2</sub> average emission rate of the estimated baseline, as follows:</p> <p>(A) Monitored project power generation (MWh)  (B) Baseline emission rate factor (tCO<sub>2</sub>/MWh)  BE= (A) x (B) (tCO<sub>2</sub>)  The EF calculated is:  0.5241 tCO<sub>2</sub>e/MWh.</p>	Ok	Ok
Verify environmental requirements (local and national). Verify environmental licenses issued by the state agency.	I	DR	<p>PCH Spessatto – Previous Environmental License – LAP N° 224/05-/CRP, 22/03/2005, issued by FATMA.</p> <p>PCH Santo Expedito – Installation Environmental License – LAI N° 790/0, 08/09/2005, issued by FATMA.</p> <p>Installation Environmental License – LAI N°791/05, 08/09/2006, issued by</p>	Ok	Ok

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			FATMA.		
Confirm the reservoir area informed in the PDD.	I	DR	Some documents were verified to confirm the reservoir area:  LAP Nº 224/05-/CRP confirms the reservoir area of Spessatto plant.  Map of Santo Expedito plant.  Barra do Leão plant (Quadro de áreas das propriedades atingidas PCH Barra do Leão).	Ok	Ok
Verify PPA – Power Purchase Agreement.	I	DR	There is no PPA signed, the project has an “intention PPA”.	Ok	Ok

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## Annex 5 - FINDINGS OVERVIEW

### FINDINGS FROM VALIDATION OF AGROPECUÁRIA SALTO DO LEÃO LTDA – SPESSATTO, SANTO EXPEDITO AND BARRA DO LEÃO SMALL HYDROELECTRIC POWER PLANT PROJECT – CDM.VAL. 0521

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: 14/08/2006

Raised by: Geisa Principe

No.	Type	Issue	Ref
1	CAR	To sent the letter to local stakeholders: local communities.	7.2
<p>Date: 15/08/2006</p> <p>The following communitarian associations received invitation for comments for Agropecuária Salto do Leão Ltda. – Spessatto, Santo Expedito and Barra do Leão Small Hydroelectric Power Plant Project:</p> <ul style="list-style-type: none"> <li>- Almérico Ganzer Erval Velho Community Centre (Centro Comunitário de Erval Velho Almérico Ganzer)</li> <li>- João Didomênico Children's Home Association (Associação Lar dos Meninos João Didomênico)</li> </ul> <p>Copies of the letters and post office confirmation of receipt communication were sent</p> <p>Date: 04/09/2006 – Geisa Principe</p> <p>The PDD was revised.</p> <p>[Acceptance and close out] CAR 1 was close out.</p>			

Date: 30/08/2006

Raised by: Geisa Principe

No.	Type	Issue	Ref
2	NIR	Investment barrier: to provide more information about the process to obtain the PPA, if was signed. The PDD describe some information about Proinfra, but the project didn't make use of Proinfra program; this information is not relevant under additionality discussion.	9.8
<p>Date: 01/09/2006</p> <p>Barra do Leão SHP has the Preliminary Power Purchase Agreement. Spessatto and Santo Expedito SHP have to be defined. Though Spessatto, Santo Expedito and Barra do Leão Small</p>			

Hydroelectric Power Plant Project is on the way to obtain a PPA, the difficulties described in the PDD regarding investment barriers are common practice in Brazil. The existence of Proinfa is mentioned in the PDD to show that, without incentives, it would be very difficult to implement SHPs in Brazil. Beyond that, Agropecuária Salto do Leão is a farmer that produces eggs and organic manure. Power generation is not its business. For that reason, Agropecuária faced cultural and institutional barriers inside the own farm for dedicating in the construction and management of SHPs. Carbon credits and CDM were taken into account. They are as a guarantee for these SHPs, take into account that they need to be validated and approved.

Date: 06/09/2006 – Fabian Gonçalves.

[Acceptance and close out] The information presented about institutional barrier, PPA, bank financing were revised because some data are not applicable to the project. The investment barrier as presented is not the most important barrier as the project received subsidised funds (with interest rate lower than the rate of the market). The PDD version 3 provides more information regarding the barriers. NIR 2 was closed out.

Date: 30/08/2006

Raised by: Fabian Gonçalves

No.	Type	Issue	Ref
3	CAR	Section E.2 of the PDD: to present the correct table, according PDD template.	8.1.2

Date: 01/09/2006

The table was corrected according PDD template.

Date: 04/09/2006 – Geisa Principe

The PDD was revised according to PDD template.

[Acceptance and close out] CAR 3 was close out.

Date: 30/08/2006

Raised by: Fabian Gonçalves

No.	Type	Issue	Ref
4	NIR	To provide more information why the project is not part of a larger project activity.	8.1.2

Date: 01/09/2006

According to Appendix C of the Simplified Modalities and Procedures for Small-Scale CDM projects activities Debundling is defined as the fragmentation of a large project activity into smaller parts.

A proposed small-scale project activity shall be deemed to be a debundled component of a large project activity if there is a registered small-scale CDM project activity or an application to register another small-scale CDM project activity:

- With the same project participants;
- In the same project category and technology/measure; and
- Registered within the previous 2 years; and
- Whose project boundary is within 1 km of the project boundary of the proposed small-scale activity at the closest point.

Since the project activity do not corresponds to any of the above-mentioned points, it not shall be considered as part of a larger project activity.

This information was included in the PDD.

Date: 04/09/2006 – Geisa Principe

The PDD was revised and it was included the simplified modalities and procedures for small-scale CDM project activities.

[Acceptance and close out] NIR 4 was close out.



Observations: The procedures for calibration, maintenance of the monitoring equipment, monitoring data, reports, internal audits and corrective actions should be clearly described and implemented until the start up of the plant. Personnel involved in monitoring activities should be trained on the procedures.



## **Annex 6 - Local assessment checklist**

### **Agropecuária Salto do Leão Ltda. – Spessatto, Santo Espedito and Barra do Leão Small Hydroelectric Power Plant project (CDM.VAL.0521).**

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

<b>Issue</b>	<b>Findings</b>	<b>Source /Means of Verification</b>	<b>Further action / clarification / information required?</b>
Verify license from ANEEL	PCH Barra do Leão, ANEEL license, Nº 042/2006-SGH/ANEEL, 13/01/2002, issued by ANEEL.  PCH Spessatto, ANEEL license, Nº 003/2006-SGH/ANEEL, 02/01/2006, issued by ANEEL.  PCH Santo Expedito, ANEEL license Nº 0205/2006 - SGH/ANEEL, 22/03/2006, issued by ANEEL.	I/DR	No

Issue	Findings	Source /Means of Verification	Further action / clarification / information required?
Verify evidences about the baseline emission factor (data sources and calculation).	<p>The project uses the most recent data available to calculate the baseline emission factor.</p> <p>The baseline emission factor is defined as (<math>EF_y</math>) and is calculated as a combined margin (CM), consisting of the combination of operating margin (OM) and build margin (BM) factors.</p> <p>Baseline emissions are calculated by using the annual generation (project annual electricity dispatched to the grid) times the CO<sub>2</sub> average emission rate of the estimated baseline, as follows:</p> <p>(A) Monitored project power generation (MWh) (B) Baseline emission rate factor (tCO<sub>2</sub>/MWh)</p> <p><math>BE = (A) \times (B) \text{ (tCO}_2\text{)}</math></p> <p>The EF calculated is: 0.5241 tCO<sub>2</sub>e/MWh.</p>	I/DR	No
Verify environmental requirements (local and national). Verify environmental licenses issued by the state agency.	<p>PCH Spessatto – Previous Environmental License – LAP N° 224/05-/CRP, 22/03/2005, issued by FATMA.</p> <p>PCH Santo Expedito – Installation Environmental License – LAI N° 790/0, 08/09/2005, issued by FATMA.</p> <p>Installation Environmental License – LAI N°791/05, 08/09/2006, issued by FATMA.</p>	I/DR	No
Confirm the reservoir area informed in the PDD.	<p>Some documents were verified to confirm the reservoir area:</p> <p>LAP N° 224/05-/CRP confirms the reservoir area of Spessatto plant.</p> <p>Map of Santo Expedito plant.</p> <p>Barra do Leão plant (Quadro de áreas das propriedades atingidas PCH Barra do Leão).</p>	I/DR	No



Issue	Findings	Source /Means of Verification	Further action / clarification / information required?
Verify PPA – Power Purchase Agreement.	There is no PPA signed, the project has an “intention PPA”.	I/DR	No