

**Annex 39****Registration****Scope of the review on  
“Angelina Small Hydro Power Plant Project -  
A Brascan Energética S/A Project Activity”(2393)**

1. The Board agreed to undertake a review of the project activity “Angelina Small Hydro Power Plant Project - A Brascan Energética S/A Project Activity” (2393).
2. The Board agreed that the scope of the review relating to issues associated with validation requirements shall cover a review to assess the additionality of the project activity through an assessment of the:
  - (a) Benchmark, as the DOE has not sufficiently clarified:
    - (i) The calculation of the applied benchmark (WACC) of 15.63% and the cost of equity is based on the input values that represent the standard returns in the market and not the returns corresponding to the risk profile of this project and represent the timing of the investment decision;
    - (ii) The application of the country risk premium of 6.8%, differential inflation of 3.46%, levered debt premium of 3.5% and a beta value of 1 is appropriate for the underlying project activity; and
    - (iii) The explanation to the review question asked regarding the suitability of the benchmark as compared to the other similar CDM projects (such as projects 2380 from the same developer and 2362, etc.) in Brazil;
  - (b) Investment barrier, as the response has not sufficiently validated the application of the sensitivity analysis on the investment cost and the plant load factor.

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