

Answers to Requests for Review – Rickli Biomass Electricity Generation Project

- 1. Unprecise date and version of the PDD: The table of the revision history of the PDD is not updated. Even though there is reference in the PDD, Validation report and/or project approval of Brazil to a PDD Version 3 (May 2005) and 3b (24.2.2006).**

Answer: This was a misunderstanding. As no information regarding the table “Revision history of this document” is provided in the “GUIDELINES FOR COMPLETING CDM-PDD and CDM-NM”, the project participant considered the table as part of the PDD template which should not be altered. An explanation of the changes made to Version 3b of the PDD dated 24/02/06 compared to Version 3 dated May 2005 is included in Section A.1 however modifications on the table “Revision history of this document” of the PDD can be made in order to clarify this point if required.

- 2. Starting date of project activity and crediting period: the starting date is indicated as 17.6.2004 while the crediting period is fixed as 1.1.2005. The DOE did, however, not check if CDM was a decisive factor when the project was implemented.**

Answer: According to Page 5 of CDM Project Activity Registration (F-CDM-REG), DNV acknowledges that the project without CER revenues has an IRR lower than the levels regarded as acceptable for other investments in Brazil. According to the same document the additionality of the project is also demonstrated through a barrier test.

These procedures are in accordance to Attachment A to Appendix B of the Simplified Modalities and Procedures for Small-Scale CDM Project Activities, which provides information on how to demonstrate that the project activity would not have occurred anyway in absence of the CERs benefits. It is important to note that the use of the “Tool for the demonstration and assessment of additionality” is not mandatory for any of the small-scale methodologies used for this project activity.

Additional evidence documenting consideration of CDM is provided in the form of the signature page of the contract (in Portuguese) between EcoSecurities Ltd and Madeireira Rickli dated 11 April 2004. Rickli engaged EcoSecurities to provide CDM consultancy services months prior to construction activities starting. See Attachment A.

- 3. There are doubts if the revision of SSC, I.D. Version 8 is properly addressed (Grace period is allowed for Version 8 of Type III E, such that the project could be submitted for registration until 11 July 2006 23:59 hours. But no such cut off date is mentioned for Version 7 which has been used for this project (as stated by the DOE in the validation report page No.5, Section 3.2 Project Design, third para, second line). The validity of Version 7 was until 02 March 2006 and normally 8 week is allowed for such projects to submit for registration using the older version. (as stated by DOE for the previous similar project (INÁCIO MARTINS BIOMASS PROJECT IN BRAZIL) in the request for registration Form: Page 2 Top para). Hence 8 weeks from 02 March 2006 will be 02 May 2006. However this project was submitted only after 8 weeks (31st May 2006) and hence questionable to apply Version 7 of Type III E.**

An e-mail was sent from the CDM Project Registration Team to the DOE on 9 March, acknowledging receipt of the request for registration for the "Rickli Biomass electricity generation project" (reference number: UNFCCC00000114CDMP). The e-mail also included payment instructions for the non-reimbursable registration fee of USD 22,808.20, which was duly paid.

However, the request for registration was not immediately published by the Secretariat because the final version of the PDD (Version 3b) that was submitted for registration was not identical to the version of the PDD mentioned in the original LoA from the Brazilian DNA (Version 3). A revision of the PDD was necessary after the LoA was issued by the DNA because of an EB-22 decision on how to determine the build margin emission factor in Brazil, and because Version 02 of the CDM-SSC-PDD had also entered into effect. As the changes from Version 3 to Version 3b were changes that had arisen from CDM Executive Board guidance and directives it was determined by the Secretariat that the request for registration would be deemed to have been received on 9 March for methodology applicability purposes, subject to confirmation from the Brazilian DNA that the changes were acceptable before the request for registration could be published (e.g. an email confirmation).

This confirmation was immediately sought from the Brazilian DNA. After some time the Brazilian DNA informed the project participants that they would not provide an email confirmation, but would re-evaluate the project and then supply a revised LOA to supplement the existing LOA. A revised LOA, acknowledging the change to the version number, was issued by the Brazilian DNA on 28 April 2006. See Attachment B.

Unfortunately there was an error in the revised LOA sent from the Brazilian DNA, as it referred to Version 3B of May 2005 instead of Version 3B of 24 February 2006. Another revised version of the LOA consequently had to be requested. This correct version was issued on 30 May 2006, and forwarded that day to the Secretariat through the DOE. See Attachment C.

With the receipt of the correct supplemental LOA the Secretariat published the request for registration on 31 May 2006. As explained above the Secretariat had previously agreed that the methodology versions used were applicable, under an extraordinary circumstance.

Minor issues:

- **Editorial correction to the PDD and or Validation Report would increase the quality of the submission substantially. There are several corrections in the PDD and a few corrections in the Validation Report.**

A revised PDD incorporating the suggested editorial corrections will be submitted, if required.

Attachment A

4. Orçamento

O desenvolvimento do escopo de trabalho acima proposto envolve um dispendio de [REDACTED] que a EcoSecurities, com o apoio de outras instituições financeiras europeias, não pretende cobrar antecipadamente. O valor será descontado quando da primeira compra anual dos créditos de carbono ou seja após o resultado da primeira verificação do monitoramento pela empresa de auditoria a ser contratada.

Outros custos a serem cobertos preliminarmente pela EcoSecurities e a serem ressarcidos também quando da primeira compra dos créditos carbono:

- Auditoria de validação, estimada em [REDACTED]
- Registro do projeto junto às respectivas autoridades, estimado entre [REDACTED] e [REDACTED] dependendo da dimensão do projeto, e
- Certificação estimada entre [REDACTED] por ano.

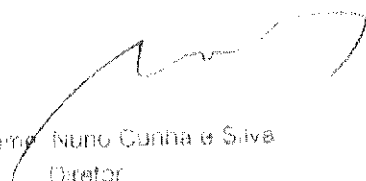

Nota: eventuais viagens do Projeto para requerimentos pelo cliente não serão cobertas pela EcoSecurities.

5. Confidencialidade

Com relação aos serviços acima mencionados, todas as comunicações e informações trocadas entre as Partes serão transmitidas em sigilo. Uma das primeiras atividades a serem empreendidas mediante assinatura do contrato será a determinação da informação que o Cliente gostaria de ver tratada de forma confidencial, assegurando assim que a informação confidencial entre as Partes não será usada sem o expresso consentimento da Parte originadora.

6. Assinaturas

Se V.Sa. desejar prosseguir com o trabalho conforme proposto, por favor, assine a tabela abaixo e retorne esta folha como uma indicação do consentimento.

Assinado em nome de EcoSecurities Brasil S.A.	Assinado em nome da Madeireira Rickli
	
Nome: Nuno Cunha e Silva Diretor	Nome: Marcelo Rickli
Data: 11/04/09	Data: 13/04/2004

Attachment B

Federative Republic of Brazil
Interministerial Commission on Global Climate Change

Letter of Approval¹

To: MADEIREIRA RICKLI LTDA (Project Participant)
DET NORSKE VERITAS (Designated Operational Entity)

Date: April 28, 2006

1. As President of the Interministerial Commission on Global Climate Change, the Designated National Authority for the Clean Development Mechanism under the Kyoto Protocol, I hereby confirm that:

(i) The Federative Republic of Brazil ratified the United Nations Framework Convention on Climate Change on February 28, 1994 and the Kyoto Protocol on August 23, 2002;

(ii) The Federative Republic of Brazil participates voluntarily in the CDM;

(iii) The "Project" as defined by the Project Design Document **Rickli Biomass Electricity Generation Project**, dated **May 2005** and identified as **Version 3B**, and validated by the Designated Operational Entity **Det Norske Veritas**, by means of the Validation Report dated **24 February 2006** and identified as **Revision 4**, submitted to the Interministerial Commission on Global Climate Change on **24 April 2006** will assist the Federative Republic of Brazil in achieving sustainable development;

2. I henceforth declare that the Executive Secretary of the Brazilian DNA is authorized to submit to the Executive Board of the CDM a request for review of the "Project", in case the Project Design Document and the Validation Report submitted to the Executive Board of the CDM for registration do not correspond to the documents identified in paragraph 1 - (iii) above.

Yours sincerely,



SERGIO MACHADO REZENDE

Minister of Science and Technology of the Federative Republic of Brazil
President of the Interministerial Commission on Global Climate Change

¹ This Letter of Approval is issued in replacement of the Letter of Approval issued on September 20, 2005

Attachment C

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