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Att: CDM Executive Board

Your ref.:  
CDM Ref 0403

Our ref.:  
MLEH/ETEL

Date:  
29 June 2006

## Response to request for review Request for registration of the “Inácio Martins Biomass Project (0403)”)

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by six Board members concerning DNV's request for registration of the “Inácio Martins Biomass Project” (Ref 0403) and would like to provide an initial response to these requests for review.

### **Answers regarding Request 1:**

1. As regards Stakeholders comments, the PDD mentions (*ref* Page 31 Section G1) that EcoSecurities and project developer addressed questions raised by stakeholders. But section G.2 mentions that no comments were received which is validated by DOE as well. This issue needs clarification.

**DNV response:** We agree that the PDD is ambiguous regarding the local stakeholders' comments. However, during our validation we were able to confirm that no questions were raised by local project stakeholders for this project (Ref. Validation Report section 3.8. and section G in the validation protocol). As such, the validation report seen in conjunction with the PDD should sufficiently address this ambiguity.

2. The PDD and the DOE refers the project as Co-generation. However, the project does not use steam for any process and uses only for power generation. This needs clarification.

**DNV response:** We agree that the term co-generation used in the PDD and the validation report is misleading. This is a normal steam-driven turbine aimed for electricity generation, with no energy leaving the turbine in other forms than electricity.

3. DOE states (*ref* Section 2, page 2) in the request for registration form that the revised DNA approval from Brazil Government is yet to be obtained.

The project has received the Host Country Approval from the Brazil DNA's revised Letter of Approval (LoA) as follows: “since the project applies Version 07 of AMS I.D and AMS III.E and hence needs to be submitted for registration within eight weeks after these methodologies were revised on 3<sup>rd</sup> March 2006, DNV decided to upload the request for registration and submit the complimentary revised LoA as soon as it is received from the DNA of Brazil”.

Hence CDM EB may not be in a position to register until it receives from the DOE, the revised new DNA approval from Brazil Government. However if CDM EB finds the Brazil DNA's approval of the older appropriate, the project could be registered as a CDM activity.

**DNV response:** A revised LoA was received on 15 May 2006 and forwarded the same day to the UNFCCC Secretariat. The revised LoA was an outstanding issue of the Secretariat's completeness check (request for registration was submitted on 27 April 2006). After the request for registration was published on 17 May 2006, DNV again submitted the revised LoA on 30 May 2006. On 21 June 2006 the Secretariat confirmed to have received both messages and that the revised LoA was not published due to an oversight on the Secretariat's side.

#### **Answers regarding Request 4:**

1. Host country approval by the Brazilian authority is for version "4" of the project, which pre-dates the current version 5B, submitted to EB for registration. As the Host country approval clearly specifies the PDD version, it may be advisable for the proponent to request for a revised HCA from the Brazilian DNA.

As per the project proponent " *The only changes made to this version of the PDD compared to the PDD submitted to the Interministerial Commission on Global Climate Change on 24 October 2005 referred to in the letter of approval of the DNA of Brazil, are related to the recalculation of the build margin emission factor with the plant efficiencies recommended by the CDM Executive Board at its 22<sup>nd</sup> meeting and to the changes in "Project Participants" and "Annual Emission Reductions", guided by the new "GUIDELINES FOR COMPLETING CDM-SSC-PDD and F-CDM-SSC-Subm".*

As per the validation report by DNV, " *This validation report summarizes the findings of the validation. The only changes made to this version of the validation report compared to the validation report rev. 04 dated 19 June 2005 referred to in the letter of approval of the DNA of Brazil of 22 December 2005 are linked to the status of issuance of the letter of approval by the DNA of Brazil and the recalculation of the build margin emission factor with the plant efficiencies recommended by the CDM Executive Board at its 22<sup>nd</sup> meeting and the data vintage for the calculation of the operating and build margin emission factors (data for the years 2002-2004 instead of data for the year 2001-2003).*"

Documents registered should be the final ones with no conditionality or excuses. DOE should have not gone ahead for request for registration without getting the proper documents at the first place.

**DNV response:** Please see previous response.

#### **Answers regarding Requests 2, 3 and 6:**

1. The PDD indicates that the crediting period shall start as of June 1, 2006. Since the crediting period has to start after the registration (which would occur on June 16, at the earliest), the date has to be corrected.

**DNV response:** When submitting the project on 27 April 2006, DNV anticipated that the project would be registered by 1 June 2006. However, in the meantime we have been informed that the project will only start operating 1 January 2007, and that the start of the crediting period will be updated in the PDD to reflect this change.

2. Since the current source of power consumption by the independent energy consumer forms a strong basis for the baseline scenario and is not proven, applicability of the baseline methodology cannot be confirmed.

**DNV response:** According to the page 3 of the PDD, the independent energy consumer, who will purchase the electricity generated by the project activity, currently purchases electricity from the national grid. This means that the baseline scenario is grid electricity consumption in the absence of the project. This has been verified by DNV and is also addressed on Page 4 of CDM Project Activity Registration and Validation Form (F-CDM-REG), and pages 11, A-4 and A-9 of Validation Report (DNV Report No. 2005-0294).

3. Although the DOE has mentioned in its validation report that it had reviewed and analysed the calculations for estimating at the grid emission factor, these calculations have not been provided in detail in the PDD.

**DNV response:** Historically there have been difficulties in accessing complete grid data and calculating accurate emission factors for these in Brazil. To solve this problem, a ‘working group’ comprised of EcoSecurities, Econergy, and EcoInvest (the three main CDM consulting companies in the country) now calculates the CEFs annually. These calculations are based on official available data from ANEEL (National Electric Energy Agency) and ONS (National System Operator) and were validated by DNV and another DOE. The determination of the operating and build margin grid emission coefficient were presented to the Brazilian DNA, and the applied approach was accepted by the Board at EB 22. This procedure for grid emission factor calculation has been used in every Brazilian project to date. For every project DNV verifies that the correct data for the correct grid is applied by the project. This has also been done for this project. However, if the detailed calculations sheets we used for this verification are requested, we can assist in providing these.

4. Details of the combustion and power generation technology employed, complete technical and performance specifications of the steam boiler, steam turbine, biomass characteristics, biomass drying process, energy consumed (if any) for biomass pre-processing and drying have not been provided and the same should be included in the PDD. Also, the performance details of the power plant have not been provided including annual hours of operation. The steam boiler and steam turbine efficiency parameter and annual operating hours need to be mentioned along with the expected annual plant load factor. This will enable in confirming with the realistic generation of power and hence the emission reductions.

**DNV response:** We fully agree that the information listed in this comment is essential to assess the project’s performance. As such, these are details we typically discuss with project proponents/operators during a validation visit in order to confirm the realism in projected performance. This being said, it is not always straight forward to present this information in a PDD nor in a validation report, as some of the details may not be available at the point in time of validation. For

this project though, we refer to information provided by the project proponent in their response submission.

5. Data ID No. D 3.3 needs clarification on whether it is total biomass consumed by the project or it refers to the biomass purchased from third parties which decays in the baseline scenario. Furthermore it is suggested that the PDD clarifies whether the project will use any fossil fuels for start during the crediting period of the CDM project. If expected to use, the monitoring parameters for fossil fuels should then be included.

**Answer:** DNV has verified by site interviews and purchase documentation that all the biomass consumed by the project is purchased from third parties. In addition it is confirmed that the project will not use any fossil fuel for the start-ups during the crediting period.

Responses to the remaining requests provided earlier in this document.

**Answers regarding Request 5:**

These comments have been addressed via responses provided earlier in this document.

We have understood that the project participant is preparing an updated PDD in order to further clarify and address the above issues. We hope that this update, together with our above clarifications and explanations is deemed satisfactory by the EB and look forward to the registration of the project activity.

Yours faithfully  
for DET NORSKE VERITAS CERTIFICATION LTD.



Einar Telnes  
Director  
International Climate Change Services



Michael Lehmann  
Technical Director