

 <p>CDM project activity registration review form (F-CDM-RR) <i>(By submitting this form, a Party involved (through the designated national authority) or an Executive Board member may request that a review is undertaken)</i></p>	
Designated national authority/Executive Board member submitting this form	Brazilian Interministerial Commission on Global Climate Change
Title of the proposed CDM project activity submitted for registration	Aços Villares Natural gas fuel switch project (No.0474)
<p>Please indicate, in accordance with paragraphs 37 and 40 of the CDM modalities and procedures, which validation requirement(s) may require review. A list of requirements is provided below. Please provide reasons in support of the request for review, including any supporting documentation.</p>	
<p><input type="checkbox"/> <i>The following are requirements derived from paragraph 37 of the CDM modalities and procedures:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> The participation requirements as set out in paragraphs 28 to 30 of the CDM modalities and procedures are satisfied; <input type="checkbox"/> Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity (DOE) on how due account was taken of any comments has been received; <input type="checkbox"/> Project participants have submitted to the DOE 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; <input checked="" type="checkbox"/> 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, in accordance with paragraphs 43 to 52 of the CDM modalities and procedures; <input type="checkbox"/> The baseline and monitoring methodologies comply with requirements pertaining to methodologies previously approved by the Executive Board; <input type="checkbox"/> Provisions for monitoring, verification and reporting are in accordance with decision 17/CP.7, the CDM modalities and procedures and relevant decisions of the COP/MOP; <input checked="" type="checkbox"/> The project activity conforms to all other requirements for CDM project activities in decision 17/CP.7, the CDM modalities and procedures and relevant decisions by the COP/MOP and the Executive Board. <p><input type="checkbox"/> <i>The following are requirements derived from paragraph 40 of the CDM modalities and procedures:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> The DOE shall, prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development; <input type="checkbox"/> In accordance with provisions on confidentiality contained in paragraph 27 (h) of the CDM modalities and procedures, the DOE shall make publicly available the project design document; <input type="checkbox"/> The DOE shall receive, within 30 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available; <input type="checkbox"/> After the deadline for receipt of comments, the DOE shall make a determination as to whether, on the basis of the information provided and taking into account the comments received, the project activity should be validated; <input type="checkbox"/> The DOE shall inform project participants of its determination on the validation of the project activity. Notification to the project participants will include confirmation of validation and the date of submission of the validation report to the Executive Board; <input type="checkbox"/> The DOE shall submit to the Executive Board, if it determines the proposed project activity to be valid, a request for registration in the form of a validation report including the project design document, the written approval of the host Party and an explanation of how it has taken due account of comments received. <p><input type="checkbox"/> There are only minor issues which should be addressed by the DOE / project participants prior to the registration of the project.</p>	
Section below to be filled in by UNFCCC secretariat	
Date received at UNFCCC secretariat	29/08/2006

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) of the Letter of Approval of the Brazilian Designated National Authority, dated 9 May, 2006, forwarded to the Executive Board by the DOE.

The Letter of Approval of the Brazilian DNA refers to Revision 1 of the Validation Report, dated 27 October 2005, while the Validation Report submitted for registration is Revision 2, dated 15 May 2006. The Revision 2 states that: "The only changes made to this version of the validation report compared to the validation report rev. 01 dated 27 October 2005 referred to in the letter of approval of the DNA of

Brazil are linked to the status of issuance of the letter of approval by the DNAs of Brazil and the United Kingdom". However, this statement is incorrect, since other changes have been identified, as listed below:

1. On page 7, section 3.4, paragraph 3, of the Validation Report the average prices of LPG and natural gas have been changed. The same changes appear in page A-10 of the Validation Protocol. However, these changes in prices have not been reflected in the difference in NPV that remained unchanged between the two versions of the document.

2. Furthermore, both versions of the Validation Report refer to Version 2 of the PDD, while the PDD submitted for registration is Version 3. There are several differences between Version 3 and the version that is referred to in the DNA Letter of Approval and made available at the DNA web site. For example, the table in section A.4.4.1 of PDD version 2 was changed in response to a request from the DNA (so it would present the estimated amount of emission reductions over the first crediting period, i.e., 7 years instead of all 21 years). But version 3 submitted for registration reflects the original PDD, not the one approved by the DNA. Also, Version 3 submitted for registration contains changes in pages 31 and 32 (equipment data and financial analysis data). However, the fuel prices in all versions of the PDD are not the prices introduced in the new version of the Validation Report.

Considering all these changes and the incorrect statement made in the Validation Report, and the fact that these data changes may have an impact on the demonstration of additionality, the Brazilian DNA would appreciate it if the EB could undertake the below actions, following our request:

- To review the project activity due to the reasons listed above in items 1 and 2; and
- After the completion of the review, to request the Brazilian DNA to issue another Letter of Approval referring to the revised versions of the PDD and the Validation Report.