



UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D-53153 Bonn
Germany

Att: CDM Executive Board

Your ref.:
CDM Ref 1089

Date:
27 July 2007

**Response to request for review
"GEEA Biomass 5 MW Power Plant Project" (ref. 1089)**

Dear Members of the CDM Executive Board,

We refer to the requests for review raised by three Board members concerning the request for registration of the "GEEA Biomass 5 MW Power Plant Project" (1089).

The issues raised by the review requests can be summarized as follows:

- 1) Present further evidence supporting the identified barriers
- 2) Present evidence that there is surplus biomass in the region and incorporate it in the monitoring plan
- 3) Start date of crediting period is different in the PDD and in the validation report

Mitsubishi UFJ Securities (MUS) would like to provide the below response to the three issues raised by requests for review:

1) The main barrier for this project is the investment barrier. Therefore, the investment and sensitivity analysis are presented attached to this letter. The IRR is quite low without the revenue from CERs. The revenue from CERs increases the IRR. Even though the IRR is lower than the SELIC rate, and might be low for certain types of investment, the project developer wants to take this project as a way to contribute to improve the environmental conditions in the region as well as a way to contribute to sustainable development since it generates new jobs and create new business opportunities in the region. In order to show that this type of project is not a common practice, we present attached to this letter the data from the Ministry of Mines and Energy showing the fuel source used for power generation in Brazil. The use of biomass power generation is very low in Brazil compared to other sources.

2) The project was developed in a way that rice husks generated in a radius of 220-300 km can be economically transported to the project site. We are attaching the list of surplus rice husk generation that currently is landfilled in several municipalities of the region. The data was provided to the project developer by the rice processing industry associations. The evaluation of surplus biomass will be incorporated into the PDD. The project developer will monitor annually biomass surplus in the region in order to indicate that the project does not have leakage.

3) The start of the crediting period is July 2008.

The above comments will be reflected in a new version of the PDD.



We hope that the Board accepts the above explanations and we look forward to the registration of the project activity.

Yours faithfully

Mari YOSHITAKA
Senior CDM Analyst
Clean Energy Finance Committee
Mitsubishi UFJ Securities Co., Ltd.

Enclosures:

- (1) Barrier analysis (Investment analysis and Common practice analysis)
- (2) IRR calculation and sensitivity analysis
- (3) Fuel sources for power generation in Brazil
- (4) List of surplus biomass production amount in the region