



Answers to UNFCCC: Request for review - 1494 "Burning of solid biomass for process steam generation for beer manufacture in place of fuel oils at AMBEV's Branches Agudos (SP) and Teresina (PI)"

1. The DOE is requested to clarify the prevailing practice barrier, in particular, if there are significant differences between biomass boiler operation for beverage manufacturing and other process industries as the technology for biomass boiler is domestic and widespread in Brazil and is used mainly in other process industries.

The biomass boiler operation for beverage manufacturing industry does not require a specific boiler from those used by other process industries. However, the implementation of this type of boiler requires a customization of the equipment technical characteristics such as pressure, steam flow, feeding system, which must be in accordance with the factory's energy demand and site characteristics. The biomass boiler operations of the CDM project in matter were customized to each site own technical characteristics and energy demands. As AMBEV has many industrial facilities spread in a Brazilian territory each boiler operation is unique due to this reason. By the time this CDM project was made, 2004, AMBEV had 26 factories running on fossil fuels and only one running with biomass. Teresina was the first branch to test biomass on its steam supply operations. This can be easily demonstrated by the company's boilers energy matrix which, now in 2008, is still greatly run by fossil fuels. Today AMBEV has 28 beverage factories, 20 factories running on fossil fuels and 8 running with biomass running on biomass. Biomass operations are beginning to be developed and AMBEV wishes to replicate this fossil fuel boilers substitution for biomass types, as it is a concerned company with its global warming impact. For this purpose the CDM is the incentive tool considered in all biomass operations to effectively achieve this long term goal.

2. The DOE is requested to (a) confirm if the project start date is consistent with the CDM Glossary of Terms, and (b) to justify the time gap between the project start date and start of validation of the project activity with additional, preferably third-party evidence of serious consideration of the CDM

(a) The project start date is consistent with the CDM Glossary of Terms by the time the PDD was developed as 28/11/2004 is the earliest date of biomass boiler implantation at Teresina branch, the first biomass operation in AMBEV Brazil.

(b) The time gap is justified by two reasons: 1st the difficulties undertaken during the process of choosing the consultant company to develop the CDM project, as in Brazil there were not many consulting companies specialized in this type of work by that time. In addition to this, there were several technical difficulties in gathering all the necessary information to write the full PDD version to be sent for validation. Being so, there is no third party evidence of serious consideration of the CDM. Nevertheless there is an AMBEV evidence showing that the



CDM was seriously considered to implement the biomass operations as already sent to and analyzed by the DOE during the validation process.

The following events and steps can demonstrate the time gap between the project start date and start of validation:

April 10th, 2004 - Meeting AMBEV evidence showing that the CDM was seriously considered to implement the biomass operations;

April 27th, 2004 - Agreement between AMBEV and the engineering company selected to transform and operate the boiler;

July 6th, 2005 - Public call made by AMBEV to contract a consulting company specialized in CDM projects development implementation;

February 22th, 2006 - Agreement between AMBEV and APSIS, which was chosen to implement the CDM project activity. This global agreement includes all the CDM projects activities to be implemented by AMBEV in its Brazilian branches/factories. Due to the risks and the high costs related to CDM projects activities development, AMBEV and APSIS decided to implement one project per time.

The first project selected in this Agreement and development was the "PROJECT: 1202 "Burning of solid biomass for process steam generation for beer manufacture in place of the BPF 3 fuel oil at the Águas Claras do Sul Branch", already registered as a CDM project activity by UNFCCC on November 5th, 2007. As it was the first project activity developed we spent more time gathering the information for the PDD than we expected.

We started to develop the Project 1494 after the validation of PROJECT 1202 by the DOE, on February 22th, 2007 and we spent only 5 months to conclude the PDD and get the DOE validation.