

Response to request for review for project 2066 “Cangxi Liyuan Hydropower Station”

Statement from Enel Trade SpA:

Massimiliano Varruciu, Enel Trade SpA representative come to China for the development of CDM project in 2004. And in April, 2005 the ENEL began to contact with Beijing Tianqing Power International CDM Consulting, Co., Ltd. (Tianqing Power). Soon, Enel Trade SpA signed Memorandum of Understanding with Tianqing Power in April 20, 2005 where the two parties agreed to cooperate for CDM project's development in China(include the proposed project activity). In addition, the Enel Trade SpA also began to discuss the detail clause of ERPA with Tianqing Power.

On May 16th 2006 Mr. Massimiliano Varruciu attended the CDM Stakeholder Meeting for “Cangxi 6-level hydropower station development project – Liyuan 1st level hydropower station, Beituo 2nd level hydropower station, Yangmousi 3rd level hydropower station, Likou 4th level hydropower station, Fengziyan 5th level hydropower station, Dongxi 6th level hydropower station” arranged by the Project Owner (Cangxi Jianghe Hydroelectric Power Development Co., Ltd.) with the local community.

And then, the project was submitted to China DNA on June 6, 2006. After long-term negotiation on ERPA and serious due diligence, Enel Trade SpA also signed the ERPA with the project owner on September 12, 2006. Afterwards, The Enel Trade SpA received LoA of China DNA on November 7, 2006.

Considering that ENEL has undertaken to pay the validation fees, in order to minimize its risk, the Company waited to start the validation procedure until the signature of the ERPA and the issuance of Chinese LoA.

Therefore ENEL, after market investigation, signed a validation contract with DNV on February 21st. By March 11, 2007, the PDD started GSP and DOE performed interviews on-site on April 9, 2007. Afterwards, the CDM application work was going smoothly. Please find below detailed timeline of project implementation in the table below.

Key Events of Project Implementation and CDM Application

Date	Key Event	Source
8-2004	The FSR was completed by the Institute.	FSR
25-8-2004	The project owner received a letter from local DRC who recommended the project owner to apply for CDM project.	CDM Recommendation Letter
18-2-2005	Due to the high investment risk and low IRR, the project owner decided to apply for CDM to overcome financial barrier.	Directorate Decision
9-3-2005	The FSR was approved by local DRC.	Approval of FSR
6-4-2005	The project owner consigned the Tianqing Power to complete the CDM application work for the project.	Commitment Letter to Tianqing Power

11-4-2005	The project was approved to start construction (<u>the earliest starting date of the project</u>).	Permission for Starting Construction
20-4-2005	Memorandum of Understanding between the Enel and Tianqing Power was signed.	Memorandum of Understanding
29-5-2005	The project owner signed Purchase Agreement of Turbines and Generators.	Purchase Agreement of Turbines and Generators
6-9-2005	The project owner and Tianqing Power signed Cooperation Agreement of CDM Application.	Cooperation Agreement of CDM Application with Tianqing Power
16-5-2006	The CDM stakeholder consultation meeting was held.	Cangxi Weekly Paper
6-6-2006	The project owner submitted the CDM application letter and PDD to China DNA.	CDM application Form
12-9-2006	The project owner signed ERPA with ENEL.	ERPA
8-10-2006	The project was listed on China DNA official website as approved.	China DNA official website
7-11-2006	The project owner acquired LoA (paper pattern) published by China DNA.	LoA
21-2-2007	Signed contract with DNV for validation services	Validation Contract
11-3-2007	The project started GSP for validation.	The UNFCCC website
9-4-2007	DNV performed interviews on-site.	



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