

**From request for review 1.** It is not clearly stated in VR what barriers are relevant to justify project additionality. There is a lack of concrete information related to the barriers that the project activity faces and whole judgment is constructed based on general statements. The infrastructural and institutional barriers should be better developed and concrete barriers to the project should be clearly specified.

**PP answer:**

Regarding institutional barriers:

An article written in 2004 by two professors of Energy Planning at the Universidade Federal do Rio de Janeiro analyzes Brazilian energy regulations and identifies four fragilities that can undermine their suitable implementation. Those fragilities refer to:

- 1) The guarantee of the purchase of electricity. Some points are still to be clarified, regarding:
  - a) Minimum and maximum limits for the purchase of energy;
  - b) the possibility of the ONS - Electrical System Operator to determine production increase or decrease, depending on the demand variation;
  - c) Payment for the availability of production capacity, in periods when there is abundant energy offer.
- 2) The definition of the role of the three different regulatory agents: MME – Ministry of Mines and Energy, ANEEL - Brazilian power regulatory agency - *Agência Nacional de Energia Elétrica* and Eletrobrás – Brazilian Electricity Company – *Centrais Elétricas Brasileiras*. There are coordination problems among these institutions, due to an unclear division of their functions. This leads to investor's insecurity, because they have three different interlocutors, instead of one.
- 3) Juridical problems in the public calls legislation. Some rules are not totally compatible with the legislation, what might even lead to contract annulations.
- 4) The way the energy price is presently established, through the calculation of an average price for each type of energy source, penalizes projects with a lower cost-benefit rate. The authors suggest that the prices should be set according to the characteristics of each project.

Link to this article (with an abstract in English):  
<http://www.seeds.usp.br/pir/arquivos/congressos/CBPE2004/Artigos/PROINFA%20E%20CDE%20-%20QUESTIONAMENTOS%20SOBRE%20A%20LEGISLA%C7%C3O%20E%20REGULA.pdf>

Jerson Kelman, general director of the Brazilian power regulatory agency (ANEEL – *Agência Nacional de Energia Elétrica*) mentions, in an article published by the Brazilian newspaper Valor on 14/03/2007 that, by the existing rules, SHPs would have to sell energy in the long term, competing with large hydro power plants.

Due to all institutional barriers described above, 203 SHP projects were approved in Brazil, between 1998 and 2006, but have not started construction yet. In comparison: only 59 SHPs have started construction so far. As a result, only 1.3% of the power generated in the country come from SHPs (1.2 GW out of a total of 88.7 GW), what shows very clearly that SHPs are not the common practice in Brazil (Source: ANEEL)

Regarding infrastructure barriers, Buriti had to rebuild 60 Km of roads, which have been continuously maintained by the project developers. Wood bridges along these roads had also to be retrofitted by Buriti.

Since the region lacks good communication systems, Buriti had to install a satellite communication system.

Due to the lack of qualified personnel in the region, they had to be hired in different regions of the country. Similarly, technical services had to be contracted in other regions of Brazil, mainly in the cities of São Paulo, Campo Grande and Brasília.

***From request for review 2.*** *The PDD is overloaded with formulas but is in lack of initial basic data requested by formulas, the appropriate inputs to calculation. In addition, calculations are not provided but only final results.*

**PP answer:**

Section D.2.1.4, whose title is "Description of formulae used to estimate baseline emissions" describes the formulae used for calculation of the baseline emissions, as required in the PDD, and according to the selected approved methodology ACM0002. Its data and calculation are provided in the annexed Excel spreadsheet "Buriti Baseline calculations.xls"

***From request for review 3.*** *Section B.5 of the PDD is not appropriately filled up. Details of baseline information are not given in this section and only the date of completion of the baseline study and the name of person determining the baseline is presented. Also, in VR and in the baseline information sections of the PDD it is not clearly stated (in fact, not stated at all) whether the EF is fixed ex-ante or calculated ex-post.*

**PP answer:**

For the first crediting period, the emission factor will be calculated *ex-ante*. Detailed baseline information is provided in the Annex 3 of the PDD and in the annexed spreadsheet "Buriti Baseline calculations.xls"