



Mr. Hans Jürgen Stehr
Chair, CDM Executive Board
UNFCCC Secretariat
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October 30th, 2007

Re Request for review for request for registration of “PROBIOGAS-JP – João Pessoa Landfill Gas Project” (UNFCCC Ref. no. 1165).

Dear Mr. Stehr,

SGS has been informed that the request for registration of the CDM project activity “PROBIOGAS-JP – João Pessoa Landfill Gas Project” (UNFCCC Ref. no. 1165) is under consideration for review because three requests for review have been received from members of the Board.

The requests for review are based on the reasons outlined below. SGS would like to provide an initial response to the issues raised by the request for review:

Request for review 1:

The DOE should confirm how the appropriateness of the 10% adjustment factor being applied in this project activity has been validated.

Response SGS:

As described in the local assessment checklist (Annex 1 to the Validation Report), there is currently no regulation in Brazil requiring the removal of methane. During the validation assessment it has been verified that there is no legal requirement and that the environmental agency does not require burning of methane (Operation license, N^o. 0329 valid till 10/03/2007, issued by SUDEMA - Superintendência de Administração do Meio Ambiente).

Although there is no legal requirement the project decided to use an adjustment factor of 10% in order to be conservative.

The Adjustment Factor is calculated by dividing the methane destruction efficiency in the baseline by the methane destruction efficiency in the project activity (Please find attached Annex B Adjustment Factor).

Request for review 2:

The PP should further clarify whether the project activity will receive income from the sale of electricity or methane, as stated in Sub-step 2b. – Option I. Apply simple cost analysis (“As the baseline scenario is in accordance with national laws and regulations and as the project activity will receive income from the sale of electricity or methane, the implementation of the project activity will have no other benefits than the CDM revenues” page 12 of 38 of PPD) or not, as stated in Sub-step 2a. Determine appropriate analysis method (same page, previous paragraph).

Response SGS:

The text presented in page 12 of 38 of PDD (sub-step 2b, option I) has a typographical error. The correct text as verified during the validation assessment is that according to national laws and regulations and as the

project activity will “NOT” receive income from the sale of electricity or methane, the implementation of the project activity will have no other benefits than the CDM revenues.

There is no intention or planning to implement electricity generation in this project activity (Please find attached Annex C revised PDD).

Request for review 3:

The DOE should confirm whether and how the additionality of the project has been validated, as the current validation report appears to be in draft format. (i.e. “Please have a look, it seems that there is some double wording here. Question: What has been checked to confirm that the investment analysis has been correctly undertaken? This is just a summary of what the project is facing but not what you have done to check their assumptions. I need to see references here.” Page 9 of 37 of Validation Report).

Response SGS:

The communication on page 9 of 37 of the validation report is a comment made during Technical Review, requesting to include the evidence the team has validated regarding additionality. Technical review is undertaken on every project before it is sent to the UNFCCC with a request for registration to guarantee quality and to avoid mistakes.

We apologize to the Executive Board for sending a draft version of the report as this was not very professional. In all future cases we will add a check before sending documents (Please find attached Annex A Revised Validation Report).

SGS has validated the following assumptions made in the PDD:

- Continuation of the current situation is the only alternative for the project activity;
- There are no legal requirements that obligate the João Pessoa landfill to destroy methane;
- The destruction of methane will not result in income other than that derived through CERs. The project is not financially attractive, only through registration as a CDM project;
- SGS verified that the implementation of the project requires serious investment;
- LFG recovery is not common practice in Brazil, and only done as part of the CDM;
- CDM registration will facilitate and allow implementation of the proposed project activity and ensure its financial viability.

SGS therefore confirmed that the project activity is not business as usual.


With the explanation provided above, we hope that all concerns of the EB have been addressed. We do however apologize if this was not sufficiently clear from the documents sent with the request for registration.

Fabian Goncalves (+55 11 5504-8887) will be the contact person for the review process and is available to address questions from the Board during the consideration of the review in case the Executive Board wishes.

Yours sincerely,



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Annexes to the response:

Annex A Revised Validation Report dated 30th October 2007

Annex B Probiogas Adjustment Factor

Annex C PDD v 2

Annex D Response from the PP