

DRAFT VERSION FOR DISCUSSION ONLY



TERM SHEET

IMPORTANT INFORMATION

This term sheet ("Term Sheet") is highly confidential, the property of Fortis Bank NV/SA and should not be transmitted to any person other than its original addressee(s) without the prior written consent of Fortis Bank NV/SA.

Fortis Bank NV/SA cannot be held responsible for any financial loss or other consequences of the implementation of the transaction described in this document and no advice (including relating to financial services) is given herein by Fortis Bank NV/SA. Should you require internal and/or external advice that you estimate necessary or desirable to obtain, you should contact your financial, legal or tax advisor, or any other specialist, in order to confirm that the transaction complies with the objectives and constraints of your group and obtain an independent evaluation of the transaction, its benefits and risks factors.

Date: This Term Sheet is made the 18th day of June 2007. The offer and the provisions contained herein are valid for one month from the Date of this Term Sheet (till 19th day of July 2007)

Seller: Companhia Energética Rio das Antas, address, legal status and etc.

Having as Guarantor for the CER's:

CPFL Energia S.A., address, legal status and etc.

Buyer: "Brazilian 1st tier bank" having its registered office at xxxxx and registered in the register of legal entities of xxxx under the number xxxx (hereafter "Brazilian Bank")

On behalf of:

Fortis Bank NV/SA having its registered office at Warandeborg 3, 1000 Brussels, Belgium and registered in the register of legal entities of Brussels under the number 0403.199.702 (hereafter "**Fortis**")

Description: This Term Sheet outlines an offer to buy Certified Emission Reductions ("CER's), generated by the Projects in Brazil under the Clean Development Mechanism established under the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

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Projects:	1) Ceran's Monte Claro Run-of-river Hydropower Plant CDM Activity (the "Project 1") 2) Ceran's Castro Alves Run-of-River Hydro Power Plant CDM Project Activity (the "Project 2")												
Total Quantity:	The final issued quantity is not guaranteed but all credits generated under the both Projects will be sold to Brazilian Bank with an expected Total Quantity of 2,127,910 (Two million one hundred and twenty seven thousand and nine hundred ten) CER's and with expected annual quantity as per the Delivery Schedule.												
Delivery Schedule:	1) All CER's issued by the Project 1 will be delivered to Brazilian Bank with the Project 1 expected to deliver in calendar year: <table><tr><td>2007 – 281,912 CERs</td><td>(two hundred and eighty one thousand and nine hundred twelve)</td></tr><tr><td>2008 – 136,817 CERs</td><td>(one hundred and thirty six thousand and eight hundred seventeen)</td></tr><tr><td>2009 – 136,817 CERs</td><td>(one hundred and thirty six thousand and eight hundred seventeen)</td></tr><tr><td>2010 – 137,192 CERs</td><td>(one hundred and thirty seven thousand and one hundred ninety two)</td></tr><tr><td>2011 – 136,817 CERs</td><td>(one hundred and thirty six thousand and eight hundred and seventeen)</td></tr><tr><td>2012 – 22,490 CERs</td><td>(twenty two thousand and four hundred ninety</td></tr></table> 2) All CER's issued by the Project 2 will be delivered to Brazilian Bank with the Project 2 expected to deliver in the year 2008, 16,647 (Sixteen thousand and six hundred and forty seven) CERs, in the year 2009, 307,462 (three hundred thousand and seven and four hundred and sixty two) and annually from 2010 until 2012 317,252 (three hundred and seventeen thousand and two hundred and fifty two) CERs.	2007 – 281,912 CERs	(two hundred and eighty one thousand and nine hundred twelve)	2008 – 136,817 CERs	(one hundred and thirty six thousand and eight hundred seventeen)	2009 – 136,817 CERs	(one hundred and thirty six thousand and eight hundred seventeen)	2010 – 137,192 CERs	(one hundred and thirty seven thousand and one hundred ninety two)	2011 – 136,817 CERs	(one hundred and thirty six thousand and eight hundred and seventeen)	2012 – 22,490 CERs	(twenty two thousand and four hundred ninety
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CER's	Certified Emissions Reductions as defined in the Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, as amended (the "Directive"), (but not including CERs of a type referred to in paragraphs 3 (a) and (b) of Article 11a of the Directive).												
Price:	At the best convenience of the Seller and after written notice to Buyer of the price election -EUR 10.00 per CER or, -50% of the Floating ECX CFI Index Reference Price per CER												
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Means the settlement price of the single nearest December Carbon Financial Instrument Contract for EAUs as listed on the European Climate Exchange on the signing of the Contract.

Payment: Buyer agrees to pay Seller for all Delivered CERs on the fifth (5th) Business Days after the Delivery Date, or, if later, on the day of receipt of an invoice setting forth the number of CERs that have been Delivered or that would be Delivered and the Allowance Purchase Price(s), stating the total amount payable by the Buyer to the Seller, and the account details into which payment should be effected.

Post-2012 Right of first refusal:

In consideration of Buyer entering into a purchase agreement of the CER's under the conditions mentioned herein, Seller irrevocably grants Buyer the right to match any third party offers to acquire CERs, ERs or GHG Reductions (the "**Third Party Offers**") generated by one or both the Project(s) after 31 December 2012 (the "Post-2012 Credits") (the "Right of First Refusal").

Buyer may register its interest to purchase the Post-2012 Credits before 31 December 2011 by providing Seller with a written notice specifying the percentage of entitlement which Buyer is interested in purchasing, the pricing and terms offered to the Seller for the Post-2012 Credits.

Buyer will at the start of the 180-day period following 1st January 2012 provide Seller with an offer. During this 180-day period, Seller shall be entitled to solicit and receive Third Party Offers for the Post-2012 Credits. Following consideration of such Third Party Offers, but prior to entering into any negotiations related to these Third Party Offers, Seller must provide written notice to Buyer which has registered interest in purchasing Post-2012 Credits with full details of all Third Party Offers which Seller considers to be attractive, including but not limited to the quantities and price for the Post-2012 Credits and Seller's obligations in the event of non-delivery.

Seller grants to Buyer the exclusive Right of First Refusal to purchase the Post-2012 Credits subject to the Third Party Offers for not lower than the price in that Third Party Offer, in priority to the third party making that offer. If Buyer does not exercise its Right of First Refusal within 30 Business Days of receipt from Seller of the details of the Third Party Offers, Buyer's Right of First Refusal expires with respect to any Post-2012 Credits which are the subject of that Third Party Offer.

Excess CER's: Not applicable, all CER's generated by the Projects are covered under this transaction.

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Conditions: This bid is conditional upon using the Carbon Project Management Software to track the Projects and provided by designating Fortis Intertrust as Focal Point of the Projects.

It is conditional upon client acceptance by the compliance and risk department of Fortis and/or its partners

This bid is also conditional to the approval of the Projects in the Dutch or UK DNA as required under the Linking Directive.

Obligations

- of the Seller:**
1. Seller will provide all necessary support to enable the Focal Point during the Projects development and the emission reduction realization.
 2. Seller shall avail support as necessary to support the Validation and Verification processes during the Projects lifetime.
 3. Seller shall avail all necessary actions to support the Projects expected delivery schedule.
 4. Will cover costs for Project development services and for emission reduction realization services including the costs of; the development of the Project Design Document, Validation, Registration, Monitoring and Issuance of the CER's.

Obligations

- of the Buyer:**
1. Buyer shall purchase all issued CER's by the Projects.
 2. Buyer shall provide all the arrangements with Focal Point.

Focal Point: Means Fortis Intertrust (Netherlands) B.V., the entity nominated to the Executive Board as the entity responsible for the sole and exclusive communication with the Executive Board and the CDM Registry administrator with respect to the Projects under the modalities of communication submitted to the Executive Board in accordance with the International Rules.

Option to match Third Party Offer for other projects:

Moreover, Seller irrevocably grants Buyer the right to match any Third Party Offers to acquire CERs, ERs or GHG Reductions generated by any project from companies which CPFL is one of the, or the sole as the case may be, shareholder

International Rules Means the UNFCCC, the Kyoto Protocol and any relevant decisions, guidelines, modalities and procedures made pursuant to them, as amended from time to time.

Linking Directive Means the Directive 2004/101/EC of the European Parliament and of the Council of October 2004, amending Directive 2003/87/EC.

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Project Design Document (PDD)

Means the description of the Project to be submitted for Validation in accordance with the International Rules.

Registration or Registered

Means the formal acceptance by the Executive Board of the Project as a CDM project activity in accordance with the International Rules.

Validation

Means the process of independent evaluation of the Projects by a Designated Operational Entity against the requirements of the CDM in accordance with the International Rules.

Verification

Means the periodic independent review and ex post determination by a Designated Operational Entity of GHG Reductions monitored in accordance with the Monitoring Plan that have occurred during the relevant period as a result of the Projects being carried out in accordance with the International Rules.

UK or Dutch DNA Approval

"Declaration of Approval" means the letter through which the country of the National Registry in which the Buyer's Account is held inter alia approves the Project for the purposes of [CDM: Article 12] [JI: Article 6] of the Kyoto Protocol and authorizes the Custodian to participate in the Project.

The Contract

Means the Emission Reduction Purchase Agreement between the parties, stipulating the final terms of the agreement

Confidentiality:

Except to the extent required by law, the parties to this transaction must keep confidential the existence and all details of all preliminary discussions and negotiations as well as of the eventual transaction itself

RESPONSIBILITY

The terms and conditions of the transaction are subject to final documentation which will supersede this Term Sheet in its entirety and this Term Sheet will not be used to construe the terms and conditions of the final documentation.

In order to evaluate properly the transaction, it will be necessary for the parties to review the relevant sections of the final documentation and any other documents described therein.

This Term Sheet is the proprietary work product of Fortis Bank, please respect its confidentiality.

If you agree to the above, please sign and return the enclosed copy of this Term Sheet. Upon your return of a signed copy of this Term Sheet, you undertake to sell the CER's and to negotiate the final documentation in good faith, based on the terms and conditions of this Term Sheet.

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Buyer:

Company:

Signed

Name:

Title:

Date:

Seller:

Company:

Signed

Name:

Title:

Date: