



REVIEW OF THE PROJECT ACTIVITY

“Santa Cruz S.A. - Açúcar e Álcool - Cogeneration Project” (2211)

“Santa Cruz S.A. - Açúcar e Álcool - Cogeneration Project” (2211) submitted for registration by the DOE (SGS) because the DOE and the project participant failed to demonstrate the additionality of the project activity through the investment analysis as both the calculation of the benchmark and the sensitivity analysis lacked proper validation from the PP/DOE. In particular:

- (i) The DOE neither used its sectoral expertise nor crosschecked the assumptions behind the value of the 4% spread;
- (ii) The sensitivity analysis does not rule out the possibility that a 10% increase of the tariff of the electricity sold on the free market causes the IRR to cross the benchmark, especially considering that the PP conservatively estimated the amount of electricity sold on the free market; and
- (iii) Reference plants had not been demonstrated to have been conservatively selected as required by the methodology.
