



CDM Executive Board

UNFCCC Secretariat

CDMinfo@unfccc.int

27th January 2009

Dear CDM Executive Board Members,

Re: Request for review of the issuance request of "Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP)" (UNFCCC Ref. no. 0206)

SGS has been informed that the request for issuance of the CDM project activity "**Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP)**" (UNFCCC Ref. no. 0206) is under consideration for review because one request for review (raised by three EB members) has been received from members of the Board.

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

Request for review Issues 1-3, Issue 1:

The DOE is requested to further clarify the reason for increase in emission reduction from 48,454 in the PDD to 60,193 during the monitoring period, in particular, on the changes in the gross electricity generation from the project, electricity supplied for consumption in the mills and net electricity supplied to the grid.

SGS' Response to Issue 1:

The verification report version 3 dated 13/11/2008 (Annex. 1) submitted as part of the request for issuance presents the following information:

"The emission reduction was 48,454 tCO₂ for the period 01/01/2007 to 31/12/2007 as per the estimation made in the registered PDD. The actual emission reduction has been verified as 60,193 tCO₂ for the same period. The increase of emission reductions compared to the estimated value is due to increased demand of ethanol and sugar production (core business of the mills) and the increase of crop season days".

Also NIR 3 was raised requesting explanation and evidences for the reasons for increase in the emission reductions in the Monitoring Report compared to the estimation in the registered PDD.

According to the registered PDD and methodology AM0015 the "Electricity supplied to the grid by the project" is the parameter to be monitored.

Please find below additional information to clarify the reason for the increase in emission reductions:

The fuel (sugar cane bagasse) used to generate energy is obtained as a by-product from sugar cane processing. The monitoring period is from 01/01/2007 to 31/12/2007. During these period (224 days of crop season for Volta Grande plant and 209 days of crop season for Delta plant) Caeté sugar mill consumed 7,966,838.79 tonnes of sugar cane, from this total 2,151,046.47 represents bagasse.

The increase of bagasse production occurred because bagasse is a by product of the sugar and alcohol production. Due to the increasing market demand, Caeté has increased its sugar cane crushing:

	2002	2003	2004	2005	2006	2007
Sugarcane (tonnes)	1,250,069.54	1,696,651.14	2,276,289.94	2,359,711.07	3,211,025.60	4,204,321.85
Crop season days	193	181	222	202	210	224
Gross electricity generation (MWh)	33,048.00	66,109.64	69,402.43	78,021.40	176,819.00	262,404.00
Internal electricity consumption (MWh)	23,436.00	36,496.00	37,470.00	35,769.00	72,287.63	101,740.81
Project parameter: Electricity supplied to the grid (EGy - MWh)	9,612.00	29,613.64	31,932.43	42,252.40	104,531.37	160,663.19

Source: Volta Grande plant – annual internal report.

	2002	2003	2004	2005	2006	2007
Sugarcane (tonnes)	1,968,359.61	2,541,181.77	3,262,581.78	3,422,752.88	3,334,696.49	3,762,516.94
Crop season days	189	187	225	205	212	209
Gross electricity generation (MWh)	58,320.00	89,887.33	81,941.20	116,340.23	126,373.69	116,287.21
Internal electricity consumption (MWh)	36,936.00	46,896.00	48,656.01	54,534.66	58,751.58	52,096.88
Project parameter: Electricity supplied to the grid (EGy – MWh))	21,384.00	42,991.33	33,285.19	61,805.57	67,622.10	64,190.33

Source: Delta plant – annual internal report.

Through the data presented in the tables above it can be concluded that:

- Since 2002 the sugar cane crushed has increased.
- The productivity increase and the days of crop season increased too since 2002 (according to "Caeté annual reports 2002-2007").
- Due to the increase in the sugar cane crushed and crop season days, more bagasse is available. In consequence more electricity was generated for internal consumption and export to the grid.

As the CER volume is calculated through the total electricity exported to the grid multiplied by the emission factor of the grid, the total amount of CERs in the year 2007 is higher than estimated in the PDD.

We hope that all concerns of the EB have been satisfactorily addressed through the explanations provided above. We do however apologize if this was not sufficiently clear from the verification and certification report.

Fabian Goncalves (+55 11 3883 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.

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Encl.:

Annex 1 – Verification Report version 3 (13/11/2008)