# VERIFICATION AND CERTIFICATION REPORT

## Usina Caeté S/A

## Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP)

**SGS Climate Change Programme**
SGS United Kingdom Ltd
SGS House
217-221 London Road
Camberley Surrey
GU15 3EY
United Kingdom

| **Date of Issue:** | **Project Number:** |
|---|---|
| 22/01/2009 | CDM.VER0064 |
| **Project Title:** | |
| Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP) | |
| **Organisation:** | **Client:** |
| SGS United Kingdom Limited | Usina Caeté S/A – Unidade Delta and Volta Grande |
| **Publication of Monitoring Report:** | |
| **Monitoring Period:** | 01/01/2007 – 31/12/2007 |
| First Monitoring Version and Date: | Version 1, 11/03/2008 |
| Final Monitoring Version and Date: | Version 3, 21/10/2008 |

**Summary:**

SGS United Kingdom Ltd has performed the third periodic verification of the CDM project Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP) UNFCCC Ref. 0206. The verification includes confirming the implementation of the monitoring plan of the registered PDD 0206 and the application of the monitoring methodology as per AM0015, version 1, 22/09/2004. A site visit was conducted to verify the data submitted in the monitoring report.

The project consists of increasing the efficiency in the bagasse (a renewable fuel source, residue of sugarcane processing) cogeneration facility at 2 Brazilian Southeast Caeté sugar mills from Carlos Lyra Group: Usina Caeté S/A – Unidade Delta (Delta Branch) and Usina Caeté S/A – Unidade Volta Grande (Volta Grande Branch). With the implementation of this project, the mills have been able to sell electricity to the national grid, avoiding the dispatch of the same amount of energy produced by fossil-fuel thermal plants to that grid. By that, the initiative claims to avoid $CO_2$ emissions.

SGS confirms that the project is implemented in accordance with the validated and registered Project Design Document. The monitoring system is in place and the emission reductions are calculated without material misstatements. Our opinion relates to the projects GHG emissions and the resulting GHG emission reductions reported and related to the valid and registered project baseline and monitoring and its associated documents. Based on the information seen and evaluated we confirm that the implementation of the project has resulted in **60,193** tCO2e during period 01/01/2007 to 31/12/2007.

| **Subject:** | | | |
|---|---|---|---|
| CDM Verification | | | |
| **Verification Team:** | | | |
| Fabian Gonçalves – Lead Assessor<br>Geisa Principe – Lead Assessor (Trainee)<br>Thaís Carvalho – Assessor (Trainee) | | | ☒ No Distribution (without permission from the Client or responsible organisational unit) |
| **Technical Review:** | **Trainee Technical Reviewer:** | | |
| Date: 24/11/2008 and 07/12/2008<br>Name: Irma Lubrecht | Name: N/A | | ☐ Limited Distribution |
| **Authorised Signatory:** | | | |
| Name: Siddharth Yadav<br>Date: 27th January 2009 | | | ☐ Unrestricted Distribution |
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| 4 | 22-01-2009 | 19 | |

## Abbreviations

| | |
|---|---|
| AM | Approved Methodology |
| CAR | Corrective Action Request |
| CCEE | Câmara de Comercialização de Energia Elétrica (energy agent) |
| CEMIG | Companhia Energética de Minas Gerais (utility responsible for measuring the energy generated and exported). |
| CER | Certified Emission Reduction |
| CPFL | Companhia Paulista de Força e Luz (utility responsible for measuring the energy generated and exported). |
| DNA | Designated National Authority |
| MP | Monitoring Plan |
| NIR | New Information Request |
| ONS | Operador Nacional do Sistema Elétrico |
| PDD | Project Design Document |
| SGS | Société Générale de Surveillance |
| UNFCCC | United Nations Framework Convention on Climate Change |

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# 1. Introduction

## *1.1 Objective*

SGS United Kingdom Ltd has been contracted by Usina Caeté S/A – Unidade Delta and Volta Grande to perform an independent verification of its CDM project Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP). CDM projects must undergo periodic audits and verification of emission reductions as the basis for issuance of Certified Emission Reductions (CERs).

The objectives of this verification exercise are, by review of objective evidence, to establish that:

- The emissions report conforms with the requirements of the monitoring plan in the registered PDD and the approved methodology; and
- The data reported are complete and transparent.

## *1.2 Scope*

The scope of the verification is the independent and objective review and ex post determination of the monitored reductions in GHG emission by the project activity. The verification is based on the validated and registered project design document and the monitoring report. The project is assessed against the requirements of the Kyoto Protocol, the CDM Modalities and Procedures and related rules and guidance.

SGS has, based on the recommendations in the Validation and Verification Manual, employed a risk-based approach in the verification, focusing on the identification of significant reporting risks and the reliability of project monitoring.

The verification is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

## *1.3 Project Activity and Period Covered*

This engagement covers emissions and emission reductions from anthropogenic sources of greenhouse gases included within the project boundary of the following project and period.

| | |
|---|---|
| Title of Project Activity: | Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP) |
| UNFCCC Registration Number: | 0206 |
| Monitoring Period Covered in this Report | 01/01/2007 to 31/12/2007 |
| Project Participants | Usina Caeté S/A |
| | Econergy Brasil Ltda. |
| | The Chugoku Electric Power Co., Inc. |
| Location of the Project Activity: | Usina Caeté S/A – Unidade Delta is located in Delta – Minas Gerais State, Brazil. |
| | Usina Caeté S/A – Unidade Volta Grande is located in Conceição das Alagoas – Minas Gerais State, Brazil. |

The project consists of increasing the efficiency in the bagasse (a renewable fuel source, residue of sugarcane processing) cogeneration facility at 2 Brazilian Southeast Caeté sugar mills from Carlos Lyra Group: Usina Caeté S/A – Unidade Delta (Delta Branch) and Unidade Volta Grande (Volta Grande Branch). With the implementation of this project, the mills have been able to sell electricity to the national grid, avoiding the dispatch of the same amount of energy produced by fossil-fuel thermal plants to that grid. By that, the initiative claims to avoid $CO_2$ emissions.

There is no fossil fuel consumption at the facility, attributable to the project activity. Caeté mills produces bagasse internally which is transported to its cogeneration facility through electrical and/or mechanical conveyor belts which operate on electricity and/or steam generated in the biomass residue cogeneration facility. The installed boilers use only biomass as fuel.

The fuel (sugar cane bagasse) used to generate energy is obtained as a by-product from sugar cane processing. The monitoring period refer to 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 the bagasse is a sub 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 | 58,320.00 | 89,887.33 | 81,941.20 | 116,340.23 | 126,373.69 | 116,287.21 |
| Internal electricity consumption | 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) | 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 table above can be concluded that:
- Since 2002 the sugar cane crushed has increased.
- Caeté mills are looking for more efficient process.

- 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 to export to the grid.

# 2. Methodology

## *2.1 General Approach*

SGS's approach to the verification is a two-stage process.

In the first stage, SGS completed a strategic review and risk assessment of the projects activities and processes in order to gain a full understanding of:

- Activities associated with all the sources contributing to the project emissions and emission reductions, including leakage if relevant;
- Protocols used to estimate or measure GHG emissions from these sources;
- Collection and handling of data;
- Controls on the collection and handling of data;
- Means of verifying reported data; and
- Compilation of the monitoring report.

At the end of this stage, SGS produced a Periodic Verification Checklist which, based on the risk assessment of the parameters and data collection and handling processes for each of those parameters, describes the verification approach and the sampling plan.

Using the Periodic Verification checklist, SGS verified the implementation of the monitoring plan and the data presented in the Monitoring Report for the period in question. This involved a site visit and a desk review of the monitoring report. This verification report describes the findings of this assessment.

## *2.2 Verification Team for this Assessment*

| Name | Role | SGS Office |
|---|---|---|
| Fabian Gonçalves | Lead Assessor | SGS Brazil |
| Geisa Principe | Lead Assessor (Trainee) | SGS Brazil |
| Thaís Carvalho | Assessor (Trainee) | SGS Brazil |

## *2.3 Means of Verification*

### 2.3.1 Review of Documentation

The validated PDD, the monitoring report submitted by the client and additional background documents related to the project performance were reviewed. A complete list of all documents reviewed is attached in section 8 of this report.

### 2.3.2 Site Visits

As part of the verification, the following on-site inspections have been performed

| **Location:** Usina Caeté S/A – Unidade Delta, located in Delta – Minas Gerais, Brazil | |
|---|---|
| **Date:** 14 March 2008 | |
| **Coverage:** | **Source of Information / Persons Interviewed** |
| Monitoring plan, emission reductions and emission factor calculation | Econergy/ David Freire and Francisco Santo |
| Internal reports, procedures, electricity generation records, maintenance.<br>Equipments installed; operation. Sampling of internal system data.<br>Environmental Issues | Usina Caeté / Dilma Maria Ferreira (Quality Supervisor)<br>Usina Caeté / Precílio Arochê (Electrician Manager)<br>Usina Caeté – Unidade Delta / Willian Max Ribeiro de Oliveiro (Electrician Coordinator)<br>Usina Caeté – / Edu Patrick Lacerda (Quality Analyst) |

| **Location:** Usina Caeté S/A – Unidade Volta Grande, located in Conceição das Alagoas, Minas Gerais, Brazil | |
|---|---|
| **Date:** 14 March 2008 | |
| **Coverage:** | **Source of Information / Persons Interviewed** |
| Monitoring plan, emission reductions and emission factor calculation | Econergy/ David Freire and Francisco Santo |
| Internal reports, procedures, electricity generation records, maintenance.<br>Equipments installed; operation. Sampling of internal system data.<br>Environmental Issues | Usina Caeté / Dilma Maria Ferreira (Quality Supervisor)<br>Usina Caeté / Precílio Arochê (Electrician Manager)<br>Usina Caeté – Unidade Delta / Alessandro Paulo Borges (Electrician Coordinator)<br>Usina Caeté – / Edu Patrick Lacerda (Quality Analyst) |

### *2.4 Reporting of Findings*

As an outcome of the verification process, the team can raise different types of findings

In general, where insufficient or inaccurate information is available and clarification or new information is required the team shall raise a New Information Request (NIR) specifying what additional information is required.

Where a non-conformance arises the team shall raise a Corrective Action Request (CAR). A CAR is issued, where:

I. the verification is not able to obtain sufficient evidence for the reported emission reductions or part of the reported emission reductions. In this case these emission reductions shall not be verified and certified;

II. the verification has identified misstatements in the reported emission reductions. Emission reductions with misstatements shall be discounted based on the verifiers ex-post determination of the achieved emission reductions

The verification process may be halted until this information has been made available to the assessors' satisfaction. Failure to address a NIR may result in a CAR. Information or clarifications provided as a result of an NIR may also lead to a CAR.

Observations may be raised which are for the benefit of future projects and future verification actors. These have no impact upon the completion of the verification activity.

Corrective Action Requests and New Information Requests are detailed in Periodic Verification Checklist. The Project Developer is given the opportunity to “close” outstanding CARs and respond to NIRs and Observations.

### *2.5 Internal Quality Control*

Following the completion of the assessment process and a recommendation by the Assessment Team, all documentation will be forwarded to a Technical Reviewer. The task of the Technical Reviewer is to check that all procedures have been followed and all conclusions are justified. The Technical Reviewer will either accept or reject the recommendation made by the assessment team.

# 3. Verification Findings

## *3.1 Project Documentation and Compliance with the Registered PDD*

No difference between methodology (/2/) and registered monitoring plan (/1/) was observed. The Monitoring report (/3/) is consistent with registered PDD (/1/). The parameters mentioned in the monitoring plan are discussed in the monitoring report. However, according to section E of the registered PDD, emission factor of the South-Southeast-Midwest grid was calculated ex ante. As the emission factor was calculated ex post in the first version of the monitoring report, CAR 1 was raised to address this issue. To close out CAR 1, the monitoring report was revised and presents the emission factor approved in the validation process (/1/).
No additional source attributable to the project needs to be included in the monitoring plan. The fuel (sugar cane bagasse) used to generate energy is obtained as a by-product from sugar cane processing.

NIR 3 was raised to request an explanation and evidences for the reasons for increase in the emission reductions in the Monitoring Report (version 2) compared to the estimation in the registered PDD. To close out NIR 3, additional informational about crop season, agricultural area and sugar cane crushed was added in the Monitoring Report to justify why the amount of CERs is higher than the amount estimated in the PDD. The increase is due to the demand of ethanol and sugar production (core business of the mills) and the increase of crop season days (/13/). NIR 3 was closed out.

All bagasse produced by both mills was consumed by the project activity, no storage of the bagasse in the plant for more than one year was observed. The bagasse produced in the facility is used to generate electricity. A small amount of bagasse is stored from one crop season to another, to start up the boilers. This is common practice in the sector. The bagasse stored during this period is consumed when the plant re-starts its activities.

## *3.2 Monitoring Results*

The QA/QC procedures comply with the registered PDD and the monitoring plan. Data acquisition:

**Delta Plant:**

The data is generated automatically. The calibrated meters collect continuously and send the information by internet (TCP-IP) to CPFL. CPFL sends the information to CCEE (Câmara de Comercialização de Energia Elétrica – energy agent) who confirm the quantity of energy exported to the grid. Then, information is sent back to Caeté via email (/4a/) with the quantity of energy verified by CCEE.

In addition to that, Caeté Mill – Delta plant, has an internal system for control of the energy exported called Gestal (/4b/). The internal system has restricted access.

There are two reports:

- CPFL report: generated from data collected by an energy meter calibrated, with high precision, transmitted by “internet” (/4a/).
- Caeté report: generated from data collected daily, data obtained from energy metering (multi meter) transmitted to the internal system (data for corroboration) – Gestal – Gestão de Energia e Utilidades – Sistema de Gerenciamento de Energia Elétrica, Utilidades e Processos s Smart 6 (/4b/) .

**Volta Grande Plant:**

The data is generated automatically. The calibrated meters collect continuously and send the information by internet (TCP-IP) to Cemig. Cemig sends the information to CCEE who confirm the quantity of energy generated and exported to the grid. Then, the information is sent back to Caeté – Volta Grande plant via email (/5a/) with the quantity of the energy verified by CCEE.

There are two reports:

- CEMIG Report: generated from data collected by energy meter calibrated with high precision, transmitted by “internet”.

- Internal Report: presents data on a daily basis with all information about the mill, including energy generated (data for corroboration). Accumulative data is also presented in the internal report (/5b/)

The monitoring system for energy generation follows National Standards (ONS and CCEE).

### *3.3 Remaining Issues, CAR's, FAR's from Previous Validation or Verification*

Not applicable.

### *3.4 Project Implementation*

Project was implemented and equipment installed as described in the registered PDD;

The infrastructure is still the same compared to the previous verification.

#### 3.4.1 Delta plant:

**Boilers**:

AZC-30-6GB-PSE, 90t/h steam, 300°C, 21bar, serial number 058/1989.

AZC-43-8GB-PSE, 130t/h steam, 307°C, 21bar, serial number 063/1995.

VS 500, 150t/h steam, 410°C, 42bar, serial number 5150/2.

**Generators:**

Toshiba, 16750kvA, serial number 0010491000, 04/2001.

Toshiba, 18750kvA, serial number 0210021000, 09/2002.

**Turbines:**

TM 15000, 15000KW, 42bar, 420°C, serial number 11-13055.

H3/800S, 14400KW, 42bar, 410°C, serial number 410220.

**Meters:**

ELO 2180, serial number 90003926, calibrated on 17/10/2007 (LACTEC certificate – /10a/) and 29/01/2006 (ELO certificate – /10b/)

ELO 2180, serial number 90003927 calibrated on 17/10/2007 (LACTEC certificate – / 9a/) and 29/01/2006 (ELO certificate – /9b/).

#### 3.4.2 Volta Grande plant:

**Boilers:**

V2/5-F-2000, 130t/h steam, 300°C, 21bar, serial number 801373.

VS-500, 120t/h steam, 405°C, 42bar, serial number V5 5120/2.

**Generators**:

Toshiba TABL, 18750kvA, serial number 0210031011, 09/2002.

Siemens 1FJ1907-4HC 20-Z, 10000kvA, serial number D96641001101, 20/02/2003.

**Turbines:**

TMC-25000A, 15800KW, 65bar, 500°C, serial number 40315.

TM 8000, 9400KW, 42bar, 425°C.

**Meters:**

ELO 2180, serial number 90004516, calibrated on 06/09/2006 (ELO certificate – /7a/) and 17/10/2007 (LACTEC certificate – /7b/).

ELO 2180, serial number 90004321, calibrated on 16/06/2006 (ELO certificate – /8a/) and 18/10/2007 (LACTEC certificate – /8b/).

The calibration periodicity (every two years) follows the procedure of the ONS (Operador Nacional do Sistema Elétrico / Electric System National Operator – /11/).

The periodicity for calibration of the energy is established by ONS (Operador Nacional do Sistema Elétrico / Electric System National Operator) in other words complies with Brazilian Regulation. The error band is < 0.2%.

### *3.5 Completeness of Monitoring*

The reporting procedures reflect the content of the monitoring plan. The monitoring mechanism is effective and reliable.

### *3.6 Accuracy of Emission Reduction Calculations*

Two CARs were raised regarding emission factor and consequently, CERs calculation. The response to CARs was satisfactory and these were closed. The details of the reported and the verified values for all parameters are listed in section 4.

### *3.7 Quality of Evidence to Determine Emission Reductions*

Critical parameters used for the determination of the Emission Reductions are discussed in section 3.2 above. All the data recorded is in compliance with the monitoring report.

### *3.8 Management System and Quality Assurance*

The companies involved in the project have quality assurance system implemented; therefore we can affirm that the management system of the CDM project is in place; with the responsibilities properly identified and in place.

In order to verify data quality, the Companies involves in the project works in accordance with a quality assurance procedure, which establishes the operational and management structure implemented.

### *3.9 Data from External Sources*

**CO2 Emission factor of the grid:** the emission factor is calculated from data provided by external sources. For this calculation, it is needed to obtain the CO2 Operating Margin Emission factor of the grid and the CO2 Build Margin of the grid (both calculated using data provided by ONS – Brazilian Electricity System Manager).

During the verification, CAR 1 was raised to address that according to section E of the PDD, emission factor was calculated ex ante. Monitoring report version 1 presents ex post emission factor. To close out CAR 1, monitoring report was revised and presents the emission factor approved in the validation process (/1/). It was calculated ex-ante (0.2677 tCO2e/MWh). This value is correctly applied in the calculation of emission reductions.

## 4. Calculation of Emission Reductions

| Parameter | Reported Value | Verified Value |
|---|---|---|
| Electricity supplied to the grid in 2007 (EGy) –Delta plant | 64,190.329 MWh | 64,190.329 MWh |
| Electricity supplied to the grid in 2007 (EGy)- Volta Grande plant | 160,663.190 MWh | 160,663.190 MWh |
| Emission factor (EF) - (ex ante) | 0.2798 tCO2/MWh | 0.2677 tCO2/MWh |
| Total of emission reduction | 62,914.015 tCO2e | 60,193.287 tCO2e |

ERy = EGy*EF

$ER_{2007}$= 224,853.519 * 0.2677= **60,193 tCO2e**

The calculation of emission reductions is found to be correct.

## 5. Recommendations for Changes in the Monitoring Plan

Not applicable.

## 6. Overview of Results

**Assessment Against the Provisions of Decision 17/CP.7:**

Is the project documentation in accordance with the requirements of the registered PDD and relevant provision of decision 17/CP.7, EB decisions and guidance and the COP/MOP?

*Yes. The results of the compliance assessment are recorded in the verification checklist which is used as an internal report only.*

Have on-site inspections been performed that may comprise, inter alia, a review of performance records, interviews with project participants and local stakeholders, collection of measurements, observations of established practices and testing of the accuracy of monitoring equipment?

*Yes. Geisa Principe (trainee Lead Assessor) visited the sites and undertook interviews, collected data, audited the implementation of procedures, checked calibration certificates and checked data, inter alia.*

*The results of the site visits are recorded in the verification checklist which is used as an internal report only.*

*The evidences have been checked and collected. The revised monitoring report is attached with this verification report.*

Has data from additional sources been used? If yes, please detail the source and significance.

*CO2 Emission factor of the S-SE-CO Brazilian Grid (EF). It was calculated using official data provided by ONS – Brazilian Electricity System manager (the parameters used for calculation are CO2 Operating Margin Emission factor of the grid, CO2 Build Margin of the grid and Lambda - Fraction of time during which low cost/must-run sources are on the margin.). The emission factor was calculated ex ante and its value is presented in the registered PDD (0.2677 tCO2e/MWh).*

Please review the monitoring results and verify that the monitoring methodologies for the estimation of reductions in anthropogenic emissions by sources have been applied correctly and their documentation is complete and transparent.

*Yes. The monitoring methodology has been correctly applied and the monitoring report and supporting references are complete and transparent.*

Have any recommendations for changes to the monitoring methodology for any future crediting period been issued to the project participant?

*No.*

Determine the reductions in anthropogenic emissions by sources of greenhouse gases that would not have occurred in the absence of the CDM project activity, based on the data and information using calculation procedures consistent with those contained in the registered project design document and the monitoring plan.

*The data used in anthropogenic emission reduction calculation is consistent with those contained in the registered PDD and monitoring plan. 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 (/13/) (See NIR 3 above).*

Identify and inform the project participants of any concerns related to the conformity of the actual project activity and its operation with the registered project design document. Project participants shall address the concerns and supply relevant additional information.

*No such non conformity of the actual project activity and its operation with the registered project design document has been observed.*

Post monitoring report on UNFCCC website

*Yes, the monitoring report is available at ref. 0206 on UNFCCC website*

*http://cdm.unfccc.int/Projects/DB/TUEV-SUED1135286602.53/view*

## 7. Verification and Certification Statement

SGS United Kingdom Ltd has been contracted by Usina Caeté S/A to perform the verification of the emission reductions reported for the CDM project Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP), UNFCCC reference number 0206 in the period 01/01/2007 to 31/12/2007.

The verification is based on the validated and registered project design document and the monitoring report for this project. Verification is performed in accordance with section I of Decision 3/CMP.1, and relevant decisions of the CDM EB and CoP/MoP. The scope of this engagement covers the verification and certification of greenhouse gas emission reductions generated by the above project during the above mentioned period, as reported in 3rd Monitoring Report: Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP), 21/10/2008, version 3.

The management of the Usina Caeté S/A – Unidade Delta and Unidade Volta Grande is responsible for the preparation of the GHG emissions data and the reported GHG emissions reductions on the basis set out within the project Monitoring Report version 3, 21/10/2008. Calculation and determination of GHG emission reductions from the project is the responsibility of the management of the Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP). The development and maintenance of records and reporting procedures are in accordance with the monitoring report.

It is our responsibility to express an independent GHG verification opinion on the GHG emissions and on the calculation of GHG emission reductions from the project for the period 01/01/2007 to 31/12/2007 based on the reported emission reductions in the Monitoring Report version 3 dated 21/10/2008 for the same period.

Based on an understanding of the risks associated with reporting GHG emissions data and the controls in place to mitigate these, SGS planned and performed our work to obtain the information and explanations that we considered necessary to provide sufficient evidence for us to give reasonable assurance that this reported amount of GHG emission reductions for the period is fairly stated.

SGS confirms that the project is implemented as described in the validated and registered project design documents. Based on the information we have seen and evaluated, we confirm the following:

| | |
|---|---|
| Project Title: | Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP) |
| UNFCCC Reference Number: | 0206 |
| Registered and Approved PDD used for Verification: | Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP), version 2B, 07/12/2005 |
| Methodology used for Verification: | AM0015 version 1, 22 September 2004 |
| Applicable Period: | 01/01/2007 to 31/12/2007 |
| Total GHG Emission Reductions Verified: | 60,193 tCO2e |

**Signed on behalf of the Verification Body by Authorized Signatory**

Signature: 

Name: Siddharth Yadav

Date: 27th January 2009

## 8. Document References

/1/ Project Document Design - Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP), version 2B – 7 December 2005. Registered on 03/03/2006
/2/ AM0015: Bagasse-based cogeneration connected to an electricity grid (version 01, 22/09/2004).
/3/ 3rd Monitoring report – Southeast Caeté Mills Bagasse Cogeneration (SECMBCP), version 1 – 11 March 2008, version 2 – 11/05/2008
/4a/ Delta Plant: CPFL report (sales of receipt)
/4b/ Delta Plant: internal report (Gestal)
/5a/ Volta Grande Plant: CEMIG report (sales of receipt)
/5b/ Volta Grande Plant: internal report
/6a/ Delta Plant - Operation license, nº 420, issued on 10 October 2006 by Fundação Estadual do Meio Ambiente ( Environmental Agency) – valid 10/10/2010
/6b/ Volta Grande Plant – Operation license, nº 402 and 403, issued on 10 October 2006 by Fundação Estadual do Meio Ambiente – valid 10/10/2010
/7a/ Volta Grande plant: calibration certificate, meter ELO 2180, serial number 90004516, calibrated by ELO on 06/09/2006
/7b/ Volta Grande plant: calibration certificate, meter ELO 2180, serial number 90004516, calibrated by LACTEC on 17/10/2007
/8a/ Volta Grande plant: calibration certificate, meter ELO 2180, serial number 90004321, calibrated by ELO on 16/06/2006
/8b/ Volta Grande plant: calibration certificate, meter ELO 2180, serial number 90004321, calibrated by LACTEC on 18/10/2007
/9a/ Delta Plant: calibration certificate, meter ELO 2180, serial number 90003927 calibrated by LACTEC on 17/10/2007
/9b/ Delta Plant: calibration certificate, meter ELO 2180, serial number 90003927 calibrated by ELO on 29/01/2006
/10a/ Delta Plant: calibration certificate, meter ELO 2180, serial number 90003926, calibrated by LACTEC on 17/10/2007
/10b/ Delta Plant: calibration certificate, meter ELO 2180, serial number 90003926, calibrated by ELO on 29/01/2006
/11/ ONS Procedure
/12/ NR GQ 00 (Archiving data procedure)
/13/ Email from Caeté with data about crop season, agricultural area and sugar cane crushed (Spreadsheet)
/14/ SECMBCP 3rd Monitoring Report (v.3) 2008.10.21 FES- CERs spreadsheet

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