

São Paulo, 13 October 2006.

UNFCCC Secretariat
Martin Luther King Straße 8
D- 53153 Bonn
Germany

Attention: CDM Executive Board

Reference: Response to the request for review, Project 0530 - “Araputanga Centrais Elétricas S. A. - Arapucel Small Hydroelectric Power Plants Project”

Dear members of the CDM Executive Board,

On behalf of the project participants, I refer to the requests for review concerning the request for registration of the “Araputanga Centrais Elétricas S. A. - Arapucel Small Hydroelectric Power Plants Project” (Ref. 0530) and would like to provide initial comments to the *reasons for request* raised.

Reason for request

1. *The methodology is not properly applied – the following information on electricity generation calculations is missing:*

1.1. *The PDD does not include electricity generation calculation.*

Initial comments

It is not clear what exactly is meant with “electricity generation calculation”. With respect to estimation of future electricity generation, please refer to annex 1 of the present letter.

Reason for request

1.2. *The PDD even does not include data of the electricity generation of the project (this is the first time I face such situation).*

Initial comments

The electricity generation delivered into the grid by the project activity is indeed not explicitly included in the PDD. However, it shall be mentioned that the electricity generation of the project is a monitored variable/data and it will be exhaustively presented in the monitoring reports. The numbers used in the PDD are presented in annex 1 for the sake of transparency.

Reason for request

1.3. *It is not clear how many turbines are in each project.*

Initial comments

At full operation the facilities will have:

- PCH Alto Jaurú, 2 turbines.
- PCH Indiavaí, 4 turbines.
- PCH Ombreiras, 2 turbines.

The information above is included in the PDD version submitted to the request for registration.

Reason for request

The DOE failed to calculate the emissions reduction potential. Emission reduction potential is a function of the renewable energy electricity export, but this parameter is not calculated in the PDD and as the result, not checked by the DOE.

Initial comments

A spreadsheet with estimation of emission reductions according to ACM0002, which included information about electricity generation of the project, was supplied to the DOE (as mentioned in the validation report, item 3.4.3, page 15). The worksheet containing the information about the electricity generation is reproduced in annex 1.

Reason for request

2. *Economic evaluations do not include information that will allow to follow the calculations, and the DOE did not check it.*

Initial comments

The economic evaluation is summarized in tables 4, 5 and 6 of the PDD. Spreadsheets with the complete economic evaluations (mentioned in the PDD, item B.3, page 23) were supplied to the DOE, which made several inquiries about the data contained in the spreadsheets.

With the above comments the project participants believe to have properly addressed the concerns raised by the requests for review. Nevertheless we remain available for any additional information request needed. Thank you very much.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Ricardo J. Esparta".

A. Ricardo J. Esparta

Ecoinvest Carbon

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c.c.: Jaime Monteiro Brennand (Brennand Energia)

ANNEX 1 – Arapucel Project's electricity generation

Project	Arapucel			
Power plant	Alto Jauru	Indiavaí	Ombreiras	Total
Net installed capacity (MW)	20.0	28.0	26.0	
Capacity factor (%)	0.9	0.72	0.74	
Calendar year	Generated electricity (MWh)			
2002	45,092	0	0	45,092
2003	166,522	67,054	0	233,576
2004	167,326	176,602	0	343,928
2005	157,680	176,602	39,312	373,594
2006	157,680	176,602	168,542	502,824
2007	157,680	176,602	168,542	502,824
2008	157,680	176,602	168,542	502,824
2009	157,680	176,602	168,542	502,824

Estimation of future electricity generation is done using the assumed capacity factor and 8760 hours per year.

Note that the numbers above refer to calendar year and not to CDM project's year, as the project starting date is 01/09/2002. In the calculation of the project's emission reductions in year 2009, it shall be considered that the end of the first crediting period is 31/08/2009 (243 days operation in 2009 instead of 365). This situation is properly reflected in tables 3 and table 9 of the PDD.