August 4, 2010

Chairman and Members of the CDM Executive Board
Mr. Clifford Mahlung
Chairman
UNFCCC Secretariat
Martin-Luther-King-Strasse 8
D 53153 Bonn
Germany

Dear Mr Mahlung,

Honorable Members of the CDM Executive Board,

On behalf of the Brazilian Association of Carbon Market Companies (ABEMC) I would like to submit to the call on the draft "Consolidated methodology for electricity and heat generation from biomass residues" unsolicited letter related to ACM0006 sent to the CDM-EB on August 2009 (see annex). Although not fully related to the draft methodology we still consider the information in the letter relevant to the call.

Thanking in advance for your kind attention we remain available for any further clarification.

Yours sincerely,

Adelino Ricardo J. Esparta
e-mail: ricardo.esparta@eqao.com.br

Rua Padre Joao Manoel 222
01411-000 Sao Paulo, Brazil
Phone: +55 (11) 3063-9068
www.eqao.com.br

ABEMC - Associação Brasileira das Empresas do Mercado de Carbono

Rua Gomes de Carvalho, n. 1.069, cj. 91
São Paulo, Brazil | Postal code: 04547-004

Phone: +55 (11) 3032-0182
Email: abemc@abemc.com
Web: www.abemc.com

São Paulo, 12 August 2009

CDM Executive Board
UNFCCC Secretariat
Martin Luther King Strasse 8
53175 Bonn
Germany

Cc: Mr. José Domingos G. Miguez (Brazilian NDA)
Mr. Hugh Sealy (EB member representing GRULAC)

Ref.: ACM0006 review and biomass projects in Brazil

Dear CDM Executive Board Members,

The Associação Brasileira das Empresas do Mercado de Carbono - ABEMC (Brazilian Association of Carbon Market Companies) was established in late 2008, having as mission to promote and develop the Carbon market, both the regulated by the UNFCCC and the Voluntary, over the Brazilian territory.

ABEMC is a civil, nation-wide, non-profit civil association. It gathers companies established in Brazil as well as abroad with activities in the local Carbon market. We interact with the governmental sector, with NGOs, the University and other civil entities, mainly through the promotion and sponsorship of studies and debates concerning the relevant themes related to this market. ABEMC also represents the viewpoints and the interests of its members in this field.

ABEMC has as founder members the leading companies of the Brazilian Carbon market, as well as several investment participants in GHG emissions reduction projects, while renowned professionals and personalities of this market are parts in our Directive Body.

Under these circumstances, our members would like to respectfully hereby state the following points, related to the ACM006.

Considering that:

- It is a Brazilian governmental policy to increase the renewable biomass share in energy generation taking into account incentives from the Clean Development Mechanism[1];
- The Brazilian private initiative recognizes that the CDM has the potential to be a fundamental factor in the decision making process to proceed with biomass-to-energy project activities;

[1] Plano Nacional de Agroenergia2006-2011 (2ª edição revisada). Ministério da Agricultura, Pecuário e Abastecimento, Brasília, DF (2006).

- Brazil has an important contribution, in volume and quality as well, to be brought to the GHG global emissions reduction process, through local biomass-to-energy CDM project activities;
- The first proposed new methodology for the CDM was submitted by a Brazilian biomass-to-energy project activity and its submission led to the approved methodology AM0015, which puts us in a world leading position, regarding that matter;
- Under AM0015, applicable from 22-Sep-2004 through 28-Nov-2005 (432 days), twenty eight Brazilian project activities started validation and twenty four (85%) were registered (see project list in Annex 1);
- Under ACM0006, which consolidated AM0015 and other biomass-related methodologies, valid since 30-Sep-2005 (almost 1,500 days – or over 3 times more time than AM0015), forty three Brazilian biomass to energy project activities started validation and in June 2009 only one (2.2%) have been registered and two (4.4%) rejected (see project list in Annex 1);
- Since ACM0006 was approved, various requests for clarifications, deviations and reviews were submitted (most of them not approved), indicating that the methodology often leads to uncertainty and it is not applicable to specifics from Brazilian real individual projects, resulting is increasing validation and registration difficulties and delays;

We consider reasonable to state that AM0015 was suited for Brazilian biomass to energy projects, but unfortunately its characteristics did not pass on to ACM0006. Hence, in our opinion ACM0006 should be reviewed and substantially simplified to allow Brazilian biomass-to-energy projects to consider the incentive of the CDM in their development.

In view of that, we urge the Board to review ACM0006 as soon as possible taking into account the Brazilian biomass-to-energy market conditions and regulatory environment.

We remain at your disposal in the case of any information or data you may require.

Best regards,

Flavio Rufino Gazani
Presidente

Annex 1 – Project activities in Brazil using AM0015 and ACM006 (data retrieved on 19.June.2009).

Project Title	Host Country	Methodologies	Period for Comments	status on July 2009
Barralcool Bagasse Cogeneration Project (BBCP)	Brazil	AM0015	18 Dec 04 - 18 Jan 05	
Moema Bagasse Cogeneration Project (MBCP)	Brazil	AM0015	27 Dec 04 - 27 Jan 05	registered
Santa Elisa Bagasse Cogeneration Project (SEBCP)	Brazil	AM0015	27 Dec 04 - 27 Jan 05	registered
Vale do Rosário Bagasse Cogeneration (VRBC)	Brazil	AM0015	27 Dec 04 - 27 Jan 05	registered
Jalles Machado Bagasse Cogeneration Project (JMBCP)	Brazil	AM0015	31 Jan 05 - 03 Mar 05	registered
Santa Cândida Bagasse Cogeneration Project (SCBCP)	Brazil	AM0015	31 Jan 05 - 03 Mar 05	registered
Alta Mogiana Bagasse Cogeneration Project (AMBCP)	Brazil	AM0015	06 Feb 05 - 09 Mar 05	registered
Lucélia Bagasse Cogeneration Project (LBCP)	Brazil	AM0015	13 Feb 05 - 16 Mar 05	registered
Cerradinho Bagasse Cogeneration Project (CBCP)	Brazil	AM0015	17 Feb 05 - 20 Mar 05	registered
Nova América Bagasse Cogeneration Project (NABCP)	Brazil	AM0015	17 Feb 05 - 20 Mar 05	registered
Iturama Bagasse Cogeneration Project (IBCP)	Brazil	AM0015	09 Apr 05 - 10 May 05	registered
Campo Florido Bagasse Cogeneration Project (CFBCP)	Brazil	AM0015	11 Apr 05 - 12 May 05	registered
Cruz Alta Bagasse Cogeneration Project (CABCP)	Brazil	AM0015	11 Apr 05 - 12 May 05	registered
Colombo Bagasse Cogeneration Project (CBCP)	Brazil	AM0015	11 Apr 05 - 12 May 05	registered
Termoelétrica Santa Adélia Cogeneration Project (“TSACP”)	Brazil	AM0015	30 Apr 05 - 31 May 05	registered
Central Energética do Rio Pardo cogeneration project (“CERPA”).	Brazil	AM0015	01 May 05 - 01 Jun 05	registered
Zillo Lorenzetti Bagasse Cogeneration Project (ZLBCP)	Brazil	AM0015	01 May 05 - 01 Jun 05	registered
Bioenergia Cogeradora S.A (“Bioenergia”)	Brazil	AM0015	03 May 05 - 03 Jun 05	registered
Coinbra-Cresciumal Bagasse Cogeneration Project (CCBCP)	Brazil	AM0015	26 Jul 05 - 25 Aug 05	registered
Equipav Bagasse Cogeneration Project (EBCP)	Brazil	AM0015	27 Jul 05 - 26 Aug 05	registered
Alto Alegre Bagasse Cogeneration Project (AABCP).	Brazil	AM0015	12 Aug 05 - 11 Sep 05	registered
Coruripe Bagasse Cogeneration Project (CBCP)	Brazil	AM0015	16 Aug 05 - 15 Sep 05	registered
Serra Bagasse Cogeneration Project (SBCP)	Brazil	AM0015	23 Aug 05 - 22 Sep 05	registered
Southeast Caeté Mills Bagasse Cogeneration Project (SECMBCP)	Brazil	AM0015	02 Sep 05 - 02 Oct 05	registered
Northeast Caeté Mills Bagasse Cogeneration Project (NECMBCP)	Brazil	AM0015	08 Sep 05 - 08 Oct 05	
Nardini Bagasse Cogeneration Project (NBCP)	Brazil	AM0015	20 Sep 05 - 20 Oct 05	
Usina Itamarati cogeneration project	Brazil	AM0015	04 Oct 05 - 03 Nov 05	registered
Goiasa Bagasse Cogeneration Project (GBCP)	Brazil	AM0015	26 Oct 05 - 25 Nov 05	

Project Title	Host Country	Methodologies			Reductions	Period for Comments		status on July 2009
Giasa S/A - Giasa II Cogeneration Project	Brazil	ACM0006 v. 1			5,500	28-Jan-06	27-Feb-06	
USJ Açúcar e Álcool S/A - Usina São Francisco Cogeneration Project	Brazil	ACM0006 v. 1			34,437	08-Feb-06	10-Mar-06	rejected
Goiasa Bagasse Cogeneration Project (GBCP)	Brazil	ACM0002 v. 4	ACM0006 v. 1		32,726	11-Feb-06	13-Mar-06	
Santa Terezinha – Tapejara Cogeneration Project	Brazil	ACM0006 v. 1			38,222	11-Feb-06	13-Mar-06	registered
Nardini Bagasse Cogeneration Project (NBCP)	Brazil	ACM0006 v. 1			7,995	28-Feb-06	30-Mar-06	
Ruette Bagasse Cogeneration Project (RBCP)	Brazil	ACM0002 v. 4	ACM0006 v. 1		28,479	04-Mar-06	03-Apr-06	
Maracaí Bagasse Cogeneration Project	Brazil	ACM0002 v. 5	ACM0006 v. 2		43,250	11-Mar-06	10-Apr-06	
Água Bonita Bagasse Cogeneration Project	Brazil	ACM0002 v. 5	ACM0006 v. 2		20,276	16-Mar-06	4-Jan-07	
Mandu Bagasse Cogeneration Project	Brazil	ACM0006 v. 2			23,584	24-Mar-06	23-Apr-06	
Usina Petribu Renew able Generation w ith Sugarcane Bagasse	Brazil	ACM0006 v. 2			10,906	12-Apr-06	12-May-06	
Pioneiros Bagasse Cogeneration Project	Brazil	ACM0006 v. 2			38,839	03-May-06	02-Jun-06	
NOBRECEL Biomass energy project	Brazil	ACM0006 v. 2			41,292	06-May-06	05-Jun-06	
Cargill Uberlandia Biomass Residues Fuel Sw itch Project	Brazil	ACM0006 v. 3			121,064	28-Aug-06	26-Sep-06	
Barrálcool Bagasse Cogeneration Project	Brazil	ACM0006 v. 3			9,243	23-Sep-06	22-Oct-06	
"Usina Interlagos Cogeneration Project"	Brazil	ACM0002 v. 6	ACM0006 v. 3		55,240	6-Dec-06	4-Jan-07	
LDCommodities recycling of sugarcane bagasse	Brazil	ACM0002 v. 6	ACM0006 v. 4	AM0036 v. 1	96,367	13-Mar-07	11-Apr-07	
CEDA – Companhia Energética CEDA cogeneration plant	Brazil	ACM0006 v. 6			69,061	24-Aug-07	22-Sep-07	
Santa Cruz S.A. – Açúcar e Álcool – Cogeneration Project	Brazil	ACM0002 v. 6	ACM0006 v. 6		54,356	04-Sep-07	03-Oct-07	rejected
Mandu Bagasse Cogeneration Project	Brazil	ACM0002 v. 6	ACM0006 v. 6		25,932	19-Sep-07	18-Oct-07	2nd GSP
Guarapuava Econergia Biomass Project	Brazil	ACM0006 v. 6			62,045	21-Sep-07	20-Oct-07	
Goiasa Bagasse Cogeneration Project (GBCP)	Brazil	ACM0002 v. 6	ACM0006 v. 6		28,334	31-Oct-07	29-Nov-07	2nd GSP
"Usina Interlagos Cogeneration Project"	Brazil	ACM0006 v. 6			55,576	6-Nov-07	4-Jan-07	2nd GSP
Ferrari Cogeneration Project	Brazil	ACM0006 v. 6			55,845	01-Feb-08	01-Mar-08	
PITAA Cogeneration Project.	Brazil	ACM0006 v. 6			10,151	27-Mar-08	25-Apr-08	
AGRENCO Cogeneration Plants	Brazil	ACM0006 v. 6			82,698	18-Apr-08	4-Jan-07	
Colorado Bagasse Cogeneration Project (CBCP)	Brazil	ACM0002 v. 7	ACM0006 v. 6		59,991	26-Apr-08	25-May-08	
Quatá Cogeneration Project – a Zilor Project Activity	Brazil	ACM0006 v. 6			30,856	05-Sep-08	04-Oct-08	
Costa Pinto Bagasse Cogeneration Project (CPBCP)	Brazil	ACM0006 v. 6			35,239	12-Sep-08	11-Oct-08	
Rafard Bagasse Cogeneration Project (RBCP)	Brazil	ACM0006 v. 6			24,808	12-Sep-08	11-Oct-08	
Santo Inácio biomass residue cogeneration project	Brazil	ACM0006 v. 6			34,458	16-Oct-08	14-Nov-08	
Boa Vista Bagasse Cogeneration Project (BVBCP)	Brazil	ACM0006 v. 6			52,423	17-Oct-08	15-Nov-08	
STCP Paranacity	Brazil	ACM0006 v. 6			20,694	06-Nov-08	05-Dec-08	
Alto Alegre Energy Efficiency Project	Brazil	ACM0006 v. 6			10,404	12-Nov-08	4-Jan-07	
Carneirinho Cogeneration Project (Carneirinho Agroindustrial S.A.)	Brazil	ACM0006 v. 6			29,602	17-Dec-08	15-Jan-09	
Coruripe Energy (Coruripe Energética S/A)	Brazil	ACM0006 v. 6			23,665	17-Dec-08	15-Jan-09	
Angélica Cogeneration Project	Brazil	ACM0006 v. 6			42,511	23-Dec-08	4-Jan-07	
Bahia Pulp – Renew able Energy in Pulp Mill	Brazil	ACM0006 v. 6			76,106	16-Jan-09	14-Feb-09	
LWARCEL / GREEN DOMUS – Co-generating System - LP	Brazil	ACM0006 v. 6			32,073	16-Jan-09	14-Feb-09	
Rio Pardo Cogeneration Project	Brazil	ACM0006 v. 7			41,137	07-Mar-09	05-Apr-09	
COSAN - GASA Biomass Residue Cogeneration Project (CGBRCP)	Brazil	ACM0006 v. 7			46,513	28-Mar-09	26-Apr-09	
Da Mata Cogeneration Project	Brazil	ACM0006 v. 8			35,430	22-Apr-09	21-May-09	
Sao Fernando Biomass Cogeneration Project	Brazil	ACM0006 v. 8			61,082	24-Apr-09	23-May-09	
COSAN - Bonfim Biomass Residue Cogeneration Project	Brazil	ACM0006 v. 8			61,830	13-May-09	11-Jun-09	
Cerradinho - Potirendaba Bagasse Cogenaration Project (CPBCP)	Brazil	ACM0002 v. 9	ACM0006 v. 8		31,755	15-May-09	13-Jun-09	
Lagoa da Prata cogeneration project	Brazil	ACM0006 v. 8			13,091	05-Jun-09	04-Jul-09	
LDC cogeneration project at Rio Brilhante Mill	Brazil	ACM0006 v. 8			58,496	17-Jun-09	16-Jul-09	

Annex 2 –

1) According to document F-CDM-AM-Clar_Resp_ver 01.1 - AM_CLA_0120, issued in November/2008, the approved methodology ACM0006 contains an inconsistency for requiring the use of the combined tool if project activities, eligible under the methodology, do not have all potential alternative baseline scenarios as available options to project participants.

The mentioned document states that the methodology would be reviewed in "the next meeting of the panel". There has been no review of this methodology, regarding this issue, so far.

The document suggests that project participants might request the registration of projects supported by a request for deviation[2]. Since DOEs are giving different orientations on how to deal with the issue (including a position of no acceptance to issue a request for deviation), and at least one DOE is refusing to validate new projects before the new version of the methodology is released, we ask the EB to as soon as possible review the methodology, so that no more delays affect projects under this methodology.

2) Some scenarios in ACM0006 require the definition of a reference plant, which is a plant that would be used in the absence of the project activity. For scenarios 4 and 18, for instance, which are in theory applicable scenarios for project activities in Brazil, "this reference plant would have a lower efficiency of electricity generation than the project plant (e.g. by using a low-pressure boiler instead of a high-pressure boiler)."

This definition seems to give a margin for subjective interpretation. Just as an example, one project in Brazil, was rejected, because, among other reasons, the EB considered that the *"Reference plants had not been demonstrated to have been conservatively selected as required by the methodology"*.

This is what ACM0006 recommends: "*Consider commonly installed new biomass residue fired power plants that are common practice for new plants in the respective industry sector in the country or region. Choose the efficiency in a conservative manner, i.e. choose a higher efficiency within a plausible range of efficiencies that are reached by new plants in the relevant sector, document relevant sources of information (relevant studies, measurements and/or expert judgments) in the CDMPDD and justify the choice*".

There is a need to clarify subjective terms such as "*conservatively*" in order to avoid different interpretations from project developers, DOEs, and EB. In this case, the project developer and the DOE interpretation of conservativeness, thoroughly explained in the request for review and review process, was not the same as EB's. We believe that after rejecting the project the EB should have clearly substantiated what would be considered "conservative" allowing a better understanding of the rationale behind the decision and helping users to avoid misinterpretations of the guidance.

[2] In other words, project developers have to choose between waiting indefinitely for the review of the methodology or incurring in the costs of a request for deviation.