

Cristalino – Reference 05 - English

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Header: Lumina Energia – Sua consultoria em energia

São Paulo, May 13th, 2004

Cristalino Energia Ltda
Att: Mr. Antonio Marcos Iastrenski
Director

Dear Sir:

We thank you for asking Lumina Energia a proposal for the work we have been carrying out in the carbon credit development sector.

We present the following indicative proposal for the development of the Certified Emissions Reductions to Cristalino Small Hydroelectric Power Plant under the view of the Kyoto Protocol and its developments.

We clarify that, in the current development stage of the SHP project referred to, it only shall be possible to develop the project as a consultancy, as many costs are involved in the risk modality, which we cannot run into before a definition is set up by you on the project implementation time.

We remain at your disposal for any further clarifications as necessary.

Finally, we would like to express our pride in presenting this indicative proposal for the provision of our specialized, professional services.

Best Regards,

(Signature)
Sergio Augusto Weigert Ennes
Lumina Engenharia e Consultoria Ltda

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PROPOSAL FOR THE DEVELOPMENT OF
Certified Emissions Reductions – CERs for
Cristalino Energia Ltda.

May 2004

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5. Time and work to be developed

5.1. CDM Steps and Description of the Services

The main steps for the development of CERs:

Stages	Work to perform	Time
Stage 1	PDD development	3 months
Stage 2	Assessment by the Designated Operational Entity (Validator) (DOE)	2-4 months
Stage 3	Submittal of the PDD to public comments on the UNFCCC's website (CDM)	1 month
Stage 4	Approval by the Brazilian DNA (CIMGC)	Time to be defined Approx. 5 months
Stage 5	Registration	Time to be defined

5.2. Work and obligations of CRISTALINO ENERGIA

The work and obligations of CRISTALINO ENERGIA for the development of the CDM project are the following:

- Introduce a coordinator for the CDM project, to coordinate the entire CRISTALINO ENERGIA CDM project with LUMINA ENERGIA, providing all necessary information or other information as necessary.
- Set up a public audience with local stakeholders to discuss the project if necessary.
- Review and approval of the PDD developed by LUMINA ENERGIA.
- Preparation and follow-up of the DOE – Validator – visit to the project site along with LUMINA ENERGIA, in order to meet the DOE request for documents for project validation.
- Endeavor all efforts with LUMINA ENERGIA to obtain the Approval Letter from the Brazilian Government.

6. Commercial Proposal

LUMINA ENERGIA proposes to receive as remuneration for the CRISTALINO ENERGIA project:

- R\$ 80,000.00 (eighty thousand reais)

The costs of Validation, Registration with the EB CDM and travel shall be paid by CRISTALINO ENERGIA.

Work to be developed by LUMINA ENERGIA:

- Elaboration and development of the PDD;
- Selection and management of the Validator;
- Follow-up of the publication on the UNFCCC website; analysis and answering to comments and remarks about the project;
- Answer to the questions made by the DOE, as well as guidance on the presentation of the documents requested by the DOE.
- Elaboration of all necessary documents for conducting the project approbation request with the Brazilian Government; and
- Conduction of the project, along with the Validator, to be registered with the UNFCCC.

The commercial details of this proposal shall be object of a specific contract to be entered into by the Parties, which shall be sent after its formal acceptance.

Additionally, CRISTALINO ENERGIA may confer LUMINA ENERGIA an option to negotiate the CDM-approved Certifications, with costs to be negotiated.

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