

Evidence about the consideration of carbon credits

Project Activity (1479): “USJ Açúcar e Álcool S/A – Usina São Francisco Cogeneration Project.”

According to the “*Specific guidelines for completing the Project Design Document (CDM-PDD)*” the starting date of a CDM project activity is the date on which the implementation or construction or real action of a project activity begins.

The starting date of “USJ Açúcar e Álcool S/A – Usina São Francisco Cogeneration Project.” CDM Project Activity, as stated in section C.1 of the PDD, is June 27th, 2005, which represents the date in which Usina São Francisco received the approval of ANEEL to be an Independent Power Producer.

By that time, the company had already considered the possibility of developing the CDM project and the possible benefits of it. As an evidence, a formal commercial proposal from Eenergy, a recognized CDM Project developer, signed on May 17th, 2005, is attached.

Please see below the initial excerpt of the proposal, that explicitly shows its connection with the proposed project activity.

“As required, we present a revision of the proposal of consultancy and evaluation on carbon credits. This proposal covers the development of the Project Design Document (PDD), advisory during the Validation process, advisory for the emission of the Letter of Approval by the Brazilian Government, advisory during the Registry process, as well as in the commercialization of the Carbon Credits, maintenance of the Project. Also, advisory in the periodic verification processes and, consequently, Certification of the credits under the United Nations during the expected life time of the project. Considering the above mentioned stages, we present our proposal for Usina São João and Usina Quirinópolis which is a part of Usina São João Group. The detailed description of our services is attached to this letter.”

It is also worth mentioning that during the validation visit in the beginning of 2006, the construction of the mill was under its initial stages. Carbon credits were discussed nearly one year before the construction of the plant. Hence, it can be said that they were considered during the implementation of the project activity.