Voluntary Carbon Standard
Nascente Ceramic Project Description

19 November 2007

Date of the VCS PD: May 11th,2009

Contents

1 Description of Project: 3
1.1 Project title 3
1.2 Type/Category of the project 3
1.3 Estimated amount of emission reductions over the crediting period including project size: 3
1.4 A brief description of the project: 4
1.5 Project location including geographic and physical information allowing the unique identification and delineation of the specific extent of the project: 4
1.6 Duration of the project activity/crediting period: 5
1.7 Conditions prior to project initiation: 5
1.8 A description of how the project will achieve GHG emission reductions and/or removal enhancements: 6
1.9 Project technologies, products, services and the expected level of activity: 6
1.10 Compliance with relevant local laws and regulations related to the project: 8
1.11 Identification of risks that may substantially affect the project's GHG emission reductions or removal enhancements: 9
1.12 Demonstration to confirm that the project was not implemented to create GHG emissions primarily for the purpose of its subsequent removal or destruction. 9
1.13 Demonstration that the project has not created another form of environmental credit (for example renewable energy certificates). . 9
1.14 Project rejected under other GHG programs (if applicable): .. 10
1.15 Project proponents roles and responsibilities, including contact information of the project proponent, other project participants: 10
1.16 Any information relevant for the eligibility of the project and quantification of emission reductions or removal enhancements, including legislative, technical, economic, sectoral, social, environmental, geographic, site-specific and temporal information.): 11
1.17 List of commercially sensitive information (if applicable): . 11
2 VCS Methodology: 12
2.1 Title and reference of the VCS methodology applied to the project activity and explanation of methodology choices: 12
2.2 Justification of the choice of the methodology and why it is applicable to the project activity: 12
2.3 Identifying GHG sources, sinks and reservoirs for the baseline scenario and for the project: 13
2.4Description of how the baseline scenario is identified and description of the identified baseline scenario: 14

2.5 Description of how the emissions of GHG by source in baseline scenario are reduced below those that would have occurred in the absence of the project activity (assessment and demonstration of additionality): 16
3 Monitoring: 27
3.1 Title and reference of the VCS methodology (which includes the monitoring requirements) applied to the project activity and explanation of methodology choices: 27
3.2 Monitoring, including estimation, modelling, measurement or calculation approaches: 27
3.3 Data and parameters monitored / Selecting relevant GHG sources, sinks and reservoirs for monitoring or estimating GHG emissions and removals: 29
3.4 Description of the monitoring plan 33
4 GHG Emission Reductions: 35
4.1 Explanation of methodological choice: 35
4.2 Quantifying GHG emissions and/or removals for the baseline scenario: 41
4.3 Quantifying GHG emissions and/or removals for the project: ... 42
4.4 Quantifying GHG emission reductions and removal enhancements for the GHG project: 42
5 Environmental Impact: 43
6 Stakeholders comments: 44
7 Schedule: 45
8 Ownership: 46
8.1 Proof of Title: 46
8.2 Projects that reduce GHG emissions from activities that participate in an emissions trading program (if applicable): 46

1 Description of Project:

1.1 Project title

Nascente Ceramic Fuel Switching Project

Version 04

VCS PD completed on May 11th, 2009.

1.2 Type/Category of the project

The voluntary project activity, although being applied at the voluntary market, encloses the following category of the simplified modalities and procedures, which is described in appendix B, for small scale type I CDM project activities.

- **Category AMS-I.E: Switch from Non – Renewable Biomass for Thermal Application by the User** – Version 01 from February 01 of 2008 onwards.
- This is not a grouped project.

This category comprises small thermal appliances that displace the use of non-renewable biomass by introducing new renewable energy end-user technologies.

1.3 Estimated amount of emission reductions over the crediting period including project size:

The amount of emission reductions are greater than 5,000 tons of CO_2 equivalent and less than 1,000,000 tons of CO_2 equivalent, thus classifying as a *"project"* under the VCS 2007.1 size groups (micro project, project, mega project).

Table 1. Emission reductions estimate during the crediting period

Year	Emission Reductions (tCO_2e)
2007	9,040
2008	9,040
2009	9,040
2010	9,040
2011	9,040
2012	9,040
2013	9,040
2014	9,040
2015	9,040
2016	9,040
Total Emission Reductions (tCO_2e)	**90,400**
Number of years of the crediting period	10
Annual average of estimated emissions reductions for the 10 years of crediting period (tCO_2e)	9,040

1.4 A brief description of the project:

The purpose of this project activity is to utilize renewable biomass available in the region for thermal energy generation. The project activity will indirectly help in reducing the Brazilian deforestation rates, Brazil's main source of greenhouse gas emissions.

The project activity consists of a fuel-switch at *Nascente* Ceramic, which produces structural ceramic devices like bricks, for the local market of *Panorama* and its surroundings in the state of *São Paulo*.

The firewood used in the ceramic was supplied by the state of *Mato Grosso do Sul* which is located in the mid-eastern region of Brazil.

The project activity consists in utilizing sawdust and sugar cane bagasse to feed the kilns of the ceramic, replacing the use of wood from areas with non sustainable forest management, which does not have any kind of contribution to the level of biodiversity enrichment. The ceramic company can also use elephant grass and peanut shell, due to harvest reason or lack of those renewable biomasses.

The fuel switch was only feasible when considering the income derived from the commercialization of the carbon credits, since it was unattractive due to the high investments on the adaptation of machineries to the new biomass, and other barriers.

Nascente ceramic would consume an average quantity of 6,405 tons of wood per year to feed the kilns and maintain a temperature of 900°C for 36 hours to produce around 625,000 ceramic devices per month.

By diverging significantly from the identified baseline scenario, the ceramic will generate thermal energy while promoting the conservation of the *Cerrado* biome with the implementation of this project activity.

1.5 Project location including geographic and physical information allowing the unique identification and delineation of the specific extent of the project:

The ceramic is located in the Municipality of *Panorama* in the state of *São Paulo,* which is indicated in Figure 01. The project site has the postal address:

- *Nascente* Ceramic

Avenida Rodion Podolsky, 309 – Centro - CEP: 17980-000

Panorama, São Paulo – Brasil

Ceramic's Coordinates: *21° 21' 55.26"S 51° 51' 50.20"W*

Figure 1. Geographic location of the city of the project activity

1.6 Duration of the project activity/crediting period:

- Project start date[1]: 1st February 2006
- Crediting period start date[2]: 1st January 2007
- Date of terminating the project[3]: 31st December 2016
- VCS project crediting period: 10 years, twice renewable

1.7 Conditions prior to project initiation:

The use of native wood from areas without reforestation activities is a common practice in the ceramic industries. Although firewood has been used for many decades as fuel in Brazil, it is impossible to define a start date on which this kind of non-renewable biomass began to be applied. Firewood used to be the most employed source of primary energy until de decade of 1970, when the petroleum started to supply the majority of Brazilian´s energy needs[4]. Moreover the Brazilian´s Energy and Mine Ministry has been monitoring every energetic sectors of Brazil since 1970, and firewood appears over the years monitored as a significant source of thermal energy for ceramic sector[5].

According to *Seye* (2003)[6], in Brazil, the red ceramic devices are produced through an inefficient and traditional process using wood without forest

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[1] *Date on which the project began reducing or removing GHG emissions, i.e. when the project proponent began employing renewable biomass.*

[2] *The date on which the first monitoring period commences, i.e. when the ceramic company completed the fuel switch.*

[3] *Date on which the project completes 10 years after the date of initiating project activities*

[4] *Brito, J.O."Energetic use of Wood". Available at: http://www.scielo.br/scielo.php?pid=S0103-40142007000100015&script=sci_arttext&tlng=ES. Visited on May 11th, 2009.*

[5] *Energy Research Company. National Energy Balance - energy consumption per sector. Available at: https://ben.epe.gov.br/BEN2007_Capitulo3.aspx. Visited on May 11th, 2009.*

[6] *Seye, Omar. Análise de ciclo de vida aplicada ao processo produtivo de cerâmica estrutural tendo como insumo energético capim elefante (Pennisetum Purpureum Schaum) /*

management to generate thermal energy. In this industry segment the use of wood represents about 98% of the total fuel employed stimulating the increase in Brazilian deforestation and desertification rates. It happens because wood without forest management is widely offered at low prices.

The baseline identified for this project activity is the utilization of a total of 6,405 tons of native wood per year to provide thermal energy to the ceramic' s kilns. On the other hand, the project activity focuses on the use of sawdust and sugar cane bagasse as renewable biomasses for thermal energy supply.

1.8 A description of how the project will achieve GHG emission reductions and/or removal enhancements:

The emission reductions will be achieved by displacing the use of from areas with no sustainable forest management to provide thermal energy in the ceramic company. Therefore, the emissions launched during the combustion of wood were not compensated by the replanting. An opposite scenario occurs with the biomass employed in this project activity, which has carbon neutral cycle.

1.9 Project technologies, products, services and the expected level of activity:

Nascente ceramic utilized two "Round kilns[7]" in 2007 and built another kiln of the same type, which started working in the beginning of 2008. This type of kiln is commonly employed in Brazil to burn bricks. The construction of a third kiln does not imply, necessarily, in a significant raise in the production rates. Actually, the main intention of the entrepreneur is to improve the other kiln's situation, which were overloaded with ceramic devices, and could not afford that amount of production.

Without the project activity, *Nascente* Ceramic would consume 534 tons of native wood to obtain a temperature of 900°C in the top part and 650°C in the bottom part for 36 hours, with a monthly production of 625,000 ceramic pieces with approximately 25 burning cycles. The burning cycle comprises 6 hours to load the kiln with ceramic devices, 36 hours to warming and burning together, 12 hours to cooling, 6 hours to download and approximately 30 minutes to clean. These values may change since the ceramic will seek a more efficient process.

Omar Seye.-- Campinas, SP: [s.n.], 2003. Available at: http://libdigi.unicamp.br/document/?code=vtls000411276. Visited on May 11th, 2009.

[2] The "Round Kilns" are intermittent kilns with a round shape and lateral furnaces. Its internal diameter is about 9 meters.

Table 2. Technical parameters of "*Round*" kiln.

Technical Parameter	*Round*
Consumption of firewood[8] (ton of wood per thousand of devices)	0.854
Features	*Intermittent with rectangular shape and lateral furnaces*
Maximum Temperature	900°C
Average Production per burning cycle	25,000
Average supposed capacity of each kiln (MW)	1.39
Hours of burning	36

Currently, using sawdust and sugar cane bagasse, *Nascente* Ceramic produces the same quantity of ceramic devices but employs approximately 300 tons per month of sawdust and 20 tons per month of sugar cane bagasse. The purpose is to employ approximately 94% of sawdust and 6% of sugar cane bagasse, as can be observed in table 3.

Table 3. Scenario at *Nascente* Ceramic

***Nascente* Ceramic**	
Actual production (devices per month)	625,000
Sawdust Consumption (tons/month)	300
Sugar Cane Bagasse Consumption (tons/month)	20
Total Biomass Consumption (tons/month)	320

The main biomass providers are listed in table 4, which does not exclude the possibility of buying biomass from others:

Table 4. Main Biomass Providers

Biomass	Provider	Location
Sawdust	*Indústria e Comércio De Madeiras Aline Ltda*	*Água Clara – MS*
	Helen Ind. E Com. De Madeiras LTDA	*Água Clara – MS*
Sugar Cane Bagasse	*Alta Paulista Ind e Comercio LTDA*	*Junqueirópolis – SP*

In case of lack of sawdust or sugar cane bagasse the project proponent can alternatively use peanut shells and elephant grass.

The state of São Paulo is the biggest producer of peanut[9] in Brazil. Peanut shells may be utilized in small amounts, mainly during its two harvest periods that go from: January to February and through June.

[8] *Measured by the project proponent.*

Ceramic owner showed also interest in elephant grass. Currently, elephant grass has been acquiring national importance as biomass to generate thermal energy due to its high productiveness and easy adaptation in almost all climate and soil Brazilian conditions[10].

Due to the project activity, a set of adaptations were necessary, such as alterations to the kilns entrances to embed their mechanic burners which had to be acquired (Figure 2), as well as the construction of a shed where the biomass has to be stored. The shed protects the biomass against rain, maintaining the ideal level of biomass humidity required to provide an efficient burning. Such procedures will ensure that an optimal functioning of the ceramic continues under the new biomass logistic.

Figure 2. Mechanic Burner injecting sawdust at *Nascente* Ceramic

1.10 Compliance with relevant local laws and regulations related to the project:

This project is in accordance to the CONAMA[11] Resolution, no. 237/97 which establishes that clay extraction activities and ceramic production must be supported by specific licenses, such as operational license, clay extraction license, environmental licenses and the permission of the CETESB[12] which must run under the valid time.

However, *Nascente* Ceramic does not need clay extraction license since it receives clay from CESP[13] as compensation due to the inundation of many clay exploration areas caused by the construction of the "*Engenheiro Sérgio Mota*" hydroelectric power station.

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[9] *EMPRAPA – Cultivo de Amendoim. Available from: http://sistemasdeproducao.cnptia.embrapa.br/FontesHTML/Amendoim/CultivodoAmendoim/importancia.html . Visited on May 11th, 2009.*

[10] *EMBRAPA, Intrução Técninca para o Produtor de Leite- Formação e utilização de pastagemd e capim elefante. Available from: www.cnpgl.embrapa.br/nova/informacoes/pastprod/textos/17Instrucao.pdf>. Visited on May 11th, 2009.*

[11] *CONAMA – National Environmental Council- created in 1981 by Law 6.938/81, is the Brazilians' department responsible for deliberation and consultation of the whole national environmental policy and it is chaired by the Minister of Environment. It is responsible for the establishment of standards and criteria relating to licensing of potentially polluting companies. More information is available at http://www.mma.gov.br/port/conama/estr.cfm. Visited on May 11th, 2009.*

[12] *CETESB – Technology Environmental Sanitation Company- is the São Paulo State government agency responsible for the control, surveillance, monitoring and license of potentially polluting companies. More information is available at: <http://www.cetesb.sp.gov.br/>. Visited on May 11th, 2009.*

[13] *CESP – São Paulo Energy Company – is the producer of energy in the State of São Paulo. More information about CESP and "Engenheiro Sérgio Mota" hydroelectric power station are available at:< http://www.cesp.com.br/>. Visited on May 11th, 2009.*

1.11 Identification of risks that may substantially affect the project's GHG emission reductions or removal enhancements:

- Price of the renewable biomasses

The thermal energy generation through the combustion of biomasses is an innovation in the ceramic industry. The future demand of this alternative fuel e.g. by other consumers is not easy to foresee. There is currently a great amount of these types of biomasses available locally, however, it is possible that the demand and the prices would increase as well. If this scenario occurs, the carbon credit income will make the continue use of renewable biomasses feasible.

- Availability of the renewable biomasses

The current great amount of the biomasses available locally was already described herein, however if a non foreseeable reason affect the availability of the biomasses, the ceramic owner will seek to other types of renewable biomasses, such as elephant grass, peanut shell and sugar cane bagasse.

- Closing of the ceramic business

If the ceramic company closes, it may substantially affect the project's GHG emission reductions, once other ceramic would probably supply the products consuming native wood which is the common practice of the region. However, there are currently good perspectives in the ceramic market and the organized administration verified at *Nascente* Ceramic avoid this possibility in the short term.

- Difficulty related to the abrupt change

As affirmed before, the ceramic company used wood in its kilns for many years, the sudden change demanded a lot of effort from each employee in the ceramic; the main challenges are the reconfiguration of the internal logistic and the employees' resistance to the new situation.

1.12 Demonstration to confirm that the project was not implemented to create GHG emissions primarily for the purpose of its subsequent removal or destruction.

The historical of *Nascente's* activities using wood as fuel clearly confirms that the project was not implemented to create GHG emissions for the purpose of its subsequent removal or destruction.

Nascente Ceramic used to feed the kilns with native wood to generate thermal energy in order to cook ceramic devices since the beginning of its operation.

1.13 Demonstration that the project has not created another form of environmental credit (for example renewable energy certificates).

The project is not creating any other form of environmental credit under any specific program.

Social Carbon Methodology is being applied only as a Sustainability tool in association with VCS 2007.1 Standard.

1.14 Project rejected under other GHG programs (if applicable):

This project was not rejected under any formal GHG reduction or removal program. The project report was produced to make the project public and available to voluntary measures or other opportunities of the carbon market.

1.15 Project proponents roles and responsibilities, including contact information of the project proponent, other project participants:

Project Proponent

The project proponents contributed to the current report by assigning the following roles and responsibilities to two members of its team:

Mr. *Angelo Aparecido Vitta*, Director and owner: Information of the ceramic, detailed information on process and production lines, environmental challenges, technological challenges, research and development history, and ceramic devices market challenges.

Mrs. *Angelina Moreira Delmore Vitta*, monitoring responsible: General data and information on inputs and outputs of the ceramic, detailed information on the acquisition of renewable biomasses and how this data is kept by the controller's office.

Other information on the project's proponent:

Address:

Avenida Rodion Podolsky, 309 – Centro – CEP: 17980-000

Panorama –São Paulo

Ceramic phone number: +55 (18) 38712003

Project Developer

Carbono Social Serviços Ambientais: Project participant, project idealizer and responsible for preparing VCS PD and Social Carbon Report.

The assessor directly involved is:

Thales Andrés Carra, Technical Analysts: Project Design Document writer, direct contact between *Social Carbon Company* and the ceramic, and are responsible for collecting the necessary information.

Coordinated by:

Flávia Yumi Takeuchi, Technical Coordinator and *Rafael Ribeiro Borgheresi*, Technical Analyst.

Other information on the project's developer's contact:

Phone number: +55 (11) 2649 0036

Address:

R. Borges Lagoa, 1065 – Conj. 144 – Vila Clementino

CEP: 04038 032, São Paulo – SP, Brasil

Web site: http://www.socialcarbon.com

Email: thales@socialcarbon.com

flavia@socialcarbon.com

rafael@socialcarbon.com

1.16 Any information relevant for the eligibility of the project and quantification of emission reductions or removal enhancements, including legislative, technical, economic, sectoral, social, environmental, geographic, site-specific and temporal information.):

The project is eligible according to:

- Legislative: the project attends all legal requirements;
- Technical: alterations/adaptations required are technically feasible;
- Economic: carbon credits will make the project feasible;
- Sectoral: incentive of good practices to the sector;
- Social: social carbon methodology will be applied which will improve long term sustainability. The culture of burning wood as fuel will be slowly mitigated;
- Environmental: the project attends all legal requirements and no environmental impacts are predicted;
- Geographic /site specific: the plant can be uniquely geographically identified with no barriers regarding logistic;
- Temporal information: the project will not double count the GHG emissions during the ten years renewable of the crediting period.

However there is no information relevant for its eligibility which is not already described in this VCS PD.

1.17 List of commercially sensitive information (if applicable):

None of the information exposed to the validator was withheld from the public version of the report.

2 VCS Methodology:

2.1 Title and reference of the VCS methodology applied to the project activity and explanation of methodology choices:

- ***Category AMS-I.E: Switch from Non-Renewable Biomass for Thermal Applications by the User –*** *Version 01 from February 01 of 2008 onwards.*

The amount of non-renewable biomass (B_y) will be determined according to the option "b" of the applied methodology once option "a" is designed for really small appliances like household stoves and does not fit for the kind of projects in question.

The project's emissions from the combustion of native wood are accounted in the same way as fossil fuel combustion, once it is not renewable and emits CO_2.

2.2 Justification of the choice of the methodology and why it is applicable to the project activity:

The methodology applied is Category AMS-I.E: Switch from Non-Renewable Biomass for Thermal Applications by the User – Version 01 from February 01 of 2008 onwards which is applicable for project activities that avoid greenhouse gas emissions by using renewable biomass in order to generate thermal energy.

This category comprises small thermal appliances that displace the use of non-renewable biomass by introducing new renewable energy end-user technologies. The end-user technology in the case of this project can be established as the project proponent, who utilizes the thermal energy generated by the new renewable energy technology.

There are no similar registered small-scale CDM project activities in the region of *Presidente Prudente* once Social Carbon Company made a research and did not find any registered small-scale CDM Project activity in the region. The sources of registered small-scale CDM project activity consulted were the United Nations Framework Convention on Climate Change (UNFCCC) [14] and Brazilian's Technology and Science Ministry[15]. Therefore, the proposed project activity is not saving the non-renewable biomass accounted by the other registered project activities.

The utilization of firewood from area without any kind of management can not be considered a renewable source of biomass, since it involves a decrease of carbon pools and increases the carbon emissions to the atmosphere, turning green house effect even worse. Moreover, the native wood provided from areas without a reforestation management plan does not fit any of the options of UNFCCC definition of renewable biomass in Annex 18, EB 23.

Furthermore, firewood has been used for many decades as fuel in Brazil[16]. Although, it is impossible to define a start date on which this kind of non-renewable biomass began to be applied, there are many documents to prove that wood has been used for thermal energy generation before 1989 as requested in the applied methodology. Firewood used to be the most employed source of primary energy until de decade of 1970, when the petroleum started to supply

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[14] *CDM activities registered by CDM Executive board are Available at:< http://cdm.unfccc.int/Projects/registered.html>. visited on May 11th, 2009.*

[15] *Brazilian´s Technology and Science Ministry is responsible for registry and approval of all CDM activities within Brazilian boundaries. CDM activities submitted to the Brazilian Inter-Ministerial Commission of CDM Activities are available at: http://www.mct.gov.br/index.php/content/view/47952.html. Visited on May 11th, 2009.*

[16] *Source: Uhlig, A. Lenha e carvão vegetal no Brasil: balance oferta-demanda e métodos para estimação de consumo, tese de doutorado, Universidade de São Paulo, São paulo, 2008. 156 p. Available at: http://www.teses.usp.br/teses/disponiveis/86/86131/tde-14052008-113901/ >. Visited on December 12th, 2008*

the majority of Brazilian's energy needs[17]. Moreover the Brazilian's Energy and Mine Ministry has been monitoring every energetic sectors of Brazil since 1970, and firewood appears over the years monitored as a significant source of thermal energy for ceramic sector[18]. Especially in the ceramic sector, the use of firewood is visible non-renewable and unsustainable, involving negative environmental impacts associated[19].

This way, it can be concluded that non-renewable biomass has been used since 31 December 1989.

The biomasses utilized in the project, sawdust and sugar cane bagasse, are common residue in the region generated.

Sawdust, wood chips, peanut shells and sugar cane bagasse are all industries residues coming from large scale reforestation or agroindustrial projects, so it is considered renewable according to option V of methodology definition of renewable biomass: "The biomass is the non-fossil fraction of an industrial or municipal waste".

The elephant grass is considered renewable according to option III, as soon as it fits all the assumptions below:

"The biomass is non-woody biomass and originates from croplands and/or grasslands where:

(a) The land area remains cropland and/or grasslands or is reverted to forest; and

(b) Sustainable management practices are undertaken on these land areas to ensure in particular that the level of carbon stocks on these land areas does not systematically decrease over time (carbon stocks may temporarily decrease due to harvesting); and

(c) Any national or regional forestry, agriculture and nature conservation regulations are complied with."

Moreover, the project activity will annually generate less than 45 MWThermal.

2.3 Identifying GHG sources, sinks and reservoirs for the baseline scenario and for the project:

According to the applied methodology, the project boundaries for the project are the physical, geographical areas of the use of biomass or the renewable energy, thus, the ceramic limits.

In the baseline scenario, there is use of non-renewable biomass to burn ceramic devices in the ceramic's kilns. This practice is responsible to discharge in the atmosphere the carbon that was stored inside of the wood (well-known by a carbon sink).

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[17] *Brito, J.O."Energetic use of Wood". Available at: http://www.scielo.br/scielo.php?pid=S0103-40142007000100015&script=sci_arttext&tlng=ES. visited on May 11th, 2009.*

[18] *National Energy Balance- energy consuption per sector. Available at:* http://www.mme.gov.br/download.do?attachmentId=16555&download. Visited on May 11th, 2009.

[19] *Source: Uhlig, A. Lenha e carvão vegetal no Brasil: balance oferta-demanda e métodos para estimação de consumo, tese de doutorado, Universidade de São Paulo, São paulo, 2008. 156 p. Available at: http://www.teses.usp.br/teses/disponiveis/86/86131/tde-14052008-113901/ >. Visited on December, 12th 2008*

Table 5. Gases included in the project boundary and brief explanation.

	Gas	Source	Included?	Justification/ Explanation
Baseline	CO_2	Emission from the combustion of non-renewable biomasses	Yes	The major source of emissions in the baseline
	CH_4	-	No	Deforestation rates will probably decay. Excluded for simplification. This is conservative.
	N_20	-	No	Possibly emissions from wood burning will be excluded for simplification. This is conservative.
Project Activity	CO_2	-	No	Excluded for simplification. This emission source is assumed to be very small.
	CH_4	-	No	Excluded for simplification. This emission source is assumed to be very small.
	N_20	-	No	Excluded for simplification. This emission source is assumed to be very small.

2.4 Description of how the baseline scenario is identified and description of the identified baseline scenario:

Observing table 6, a probable baseline scenario would be the use of Natural Gas. However, there is no distribution/gas pipe in the region[20], excluding this possibility.

The most probably scenario in the absence of native wood would be the use of fuel oil, which is not viable considering its higher prices when compared with non-renewable biomass. Even tough, fuel oil presents a higher Net Calorific Value when compared with non-renewable firewood; the costs with Fuel Oil are higher because of its expensive prices. Fuel Oil presents an average price of 0,895R$/Kg and the firewood used to present an average price of 33.32 R$/ton in the baseline scenario. These values lead us to conclude that the price of oil fuel around 0.000090587R$/Kcal[21] as long as the price of this kind of wood is around 0.0000075R$/Kcal[22] utilizing the Net Calorific Value of both fuels. Therefore, the cost with the employment of oil fuel is higher than the utilization of firewood. Besides, the fuel oil requires more technology to be inserted. The conclusion is that use of fuel oil is not attractive, at all.

[20] *GAS BRASILIANO CGB. Available at : http://www.gasbrasiliano.com.br/institucional/concessao_sp.asp>; Visited on May 11th, 2009.*

[21] *According to data values and facts from "Estudo Comparativo da Queima de Óleo BPF e de Lenha em Caldeiras". Available at: http://www.abcm.org.br/xi_creem/resumos/TE/CRE04-TE01.pdf. Visited on May 11th, 2009.*

[22] *According to the values of native wood paid in Nascente Ceramic before the project activity (19 BRL per m^3) . The values of NCV and density utilized are the same utilized in monitoring parameters (NCV=0.0186 TJ/tons /Ton and Density=0,5702 Tones/m3).*

Table 6. Distribution of fuel employed on the ceramic sector in Brazil.

BRAZILIAN ENERGY BALANCE 2008 - CERAMIC SECTOR EVALUATION Unit: 10^3 Tone of oil equivalent			
FUEL	**2005**	**2006**	**2007**
Natural Gas	831	901	960
Charcoal	70	42	33
Wood	1,710	1,762	1,885
Other recuperations	36	32	35
Diesel Oil	9	8	7
Fuel Oil	268	285	313
Liquified Petroleum Gas	148	151	153
Others from Petroleum	71	76	170
Piped gas	0	0	0
Electricity	270	276	284
Others non specified	0	0	0
TOTAL	**3,412**	**3,533**	**3,841**

(Brazilian Energy Balance, Available at: <http://www.mme.gov.br/download.do?attachmentId=16555&download>). Visited on May 11th, 2009.

The baseline is identified as the amount of non-renewable wood displaced with the fuel switch. The overall characteristics of the ceramic production are used to obtain the real amount of non-renewable biomass used in the baseline scenario.

This way, the identified baseline for this project activity nowadays would employ 534 tons of native wood per month, the fuel most commonly employed in Brazilian ceramic industries, to provide thermal energy to the ceramic's kilns and obtain an approximate temperature of 900°C, in order to produce 625,000 ceramic devices per month. The wood consumption of the kiln is around 0.854 tons of wood per thousand of blocks produced which is in accordance for a "*round*" kiln, which efficiency is between 0.57 and 0.85 tons per thousand of pieces[23].

Table 7. General description of *Nascente* Ceramic

Production at baseline (devices per year)	7,500,000
Non-renewable wood consumption at baseline (tons per year)	6,405
Actual production (devices per year)	7,500,000
Non-renewable wood consumption without the project activity (tons per year)	6,405

[23] *Source: TAPIA, R. E. C. et al.* ***Manual para a indústria de cerâmica vermelha.*** *Rio de Janeiro: SEBRAE/RJ, 2005. (Série Uso Eficiente de Energia).*

2.5 Description of how the emissions of GHG by source in baseline scenario are reduced below those that would have occurred in the absence of the project activity (assessment and demonstration of additionality):

The methodology applied is Category AMS-I.E: Switch from Non – Renewable Biomass for Thermal Applications by the User – Version 01 from February 01 of 2008 onwards which is applicable for project activities that avoid greenhouse gas emissions by using renewable biomass in order to generate thermal energy.

Furthermore, the project activity will annually generate less than 45 MWthermal.

To demonstrate that the project is additional it will be used the test 1 of section 5.8 of the Voluntary Carbon Standard - Specification for the project-level quantification, monitoring and reporting as well as validation and verification of greenhouse gas emission reductions or removals.

The production during the baseline scenario could increase, since there is a large offer of non-renewable biomass. After the fuel switch the production of blocks raised due to the increase of market demand. The high devastation rate of *Cerrado* biome makes available large amounts of wood. If no action will be taken to stop this deforestation, as the project activity, this biome should disappear until 2030[24]. Therefore, wood would be enough to ensure the increase in Ceramics production.

Of the 207 millions of hectares of this biome, which covers 61% of the State of *Mato Grosso do Sul*[25], 32% still remain in this State[26]. Considering that each hectare provides at least 0.6 m^3 of wood[27] and that the mean rate of deforestation is 3 millions/ha/year, around 39.74 millions of m^3 is available, which is much more than the amount that would be employed in the project activity[28] period.

Test 1 – The project test

Step 1: Regulatory Surplus

The project is not mandated by any enforced law, statute or other regulatory framework in Federal, State and Municipal levels in the survey performed.

Step 2: Implementation Barriers

The project faces distinct barriers compared with barriers faced by alternative projects.

- ***Technological Barrier***

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[24] *HOJE. Cerrado pode desaparecer até 2030. Available at: <http://www.cenargen.embrapa.br/cenargenda/noticias2006/hojenoticia100606.pdf>. Visited on May 11th, 2009.*

[25] *According to IBGE, the State of Mato Grosso do Sul has 35,712,496 hectares. Source. http://www.ibge.gov.br/estadosat/perfil.php?sigla=ms. Visited on May 11th, 2009.*

[26] PROBIO, *PROJETO DE CONSERVAÇÃO E UTILIZAÇÃO SUSTENTÁVEL DA DIVERSIDADE BIOLÓGICA BRASILEIRA. Mapeamento de cobertura vegetal do bioma Cerrado. Ministério do Meio Ambiente. Brasília/DF, 2007.*

[27] *Setor Florestal Brasileiro – Mapeamento. Available at:<http://www.tropicalflora.com.br/upload/tropicalflora/pt/setor_florestal_brasil.pdf> . Visited on May 11th, 2009.*

[28] *CONSERVAÇÃO INTERNACIONAL. Estimativas de perda da área do Cerrado brasileiro Available at: http://www.conservation.org.br/arquivos/RelatDesmatamCerrado.pdf. Visited on May 11th, 2009.*

As affirmed before, the use of wood from areas without sustainable forest management is a traditional and well-known process, and as a result of the sudden change, a lot of effort from each employee in the ceramic was necessary. The main technological barriers were the non-availability of human knowledge to operate and maintain the new technology, the internal and external logistic modification and the employee's resistance to the new technology.

Before the project activity, the process was noticeably different: native wood was delivered in the plant; it was inserted in the kilns by the employees and it was not necessary any machine experience or logistic modification in order to attend the project's needs, e.g. the new biomass must be stored in cover site and needs to be dried in order to achieve a better burn efficiency.

The operators did not have knowledge of the ideal amount of renewable biomass that was necessary to achieve the temperature of about 900°C for its ceramic devices cooking, to acquire the final product with same quality and to maintain the optimal process as they did when using native wood. As a consequence of this barrier, there were variations in the color of the final ceramic devices, affecting the quality of the products; cracks on the ceramic devices; the explosion of some of them and cracks along the kilns; adding a significant amount of insecurity in production process.

The employees must be careful not to fill the devices with large amounts of biomass, which can clog the mechanic burner and consequently, cause disorder in the burning process and that was one of the causes of the production losses throughout the adaptation period. So, the mechanic burner's feeding has to be done gradually, demanding even more time and labor from the employees.

As a result of the fuel switch, some training courses from SEBRAE[29] were required for the staffs in order to clarify new measures linked to the machinery, sustaining the quality of the final product.

Furthermore, there was lack of infrastructure to utilize the new technology. The region of *Presidente Prudente* is well known for not being updated with new technologies in the Ceramic sector and very resistant to changes or improvements to its work process and general practices. This way, a set of adaptations were necessary, such as adjustments in the kiln entrances to embed mechanic burners and the construction of a shed to store and to dry biomasses and consequently improve their burning efficiency.

Moreover, the use of new biomasses represented a high risk to the project proponent once, although, there is currently a great amount of these types of biomasses available locally, it is possible the unavailability of the biomasses. It may happen because thermal energy generation through the combustion of renewable biomasses is an innovation in ceramic industry and their future demand (e.g. by other consumers) is not easy to foresee.

This means that *Nascente* Ceramic had to find the best procedure to handle with the new technology, i.e. the new biomass, logistic and machines.

All these changes were made counting on this project approval in order to the ceramic become able to receive the biomass to be used. *Nascente* Ceramic, with this project activity, intends to develop its burning process and its machineries in order to reduce losses, thus increasing both the system efficiency as the production. of pieces with high quality.

The ceramic sector is very resistant to changes and improvements in its work process. The modifications required for the fuel switch are an innovation in the region and represent a first step in the sector to revert this situation. This way, it will also stimulate regional development.

[29] Sebrae, the Brazilian Service of Support for Micro and Small Enterprises, offers supporting to the opening and the expansion of small business.

- ***Financial barrier***

With the project implementation, the ceramic company had to withstand higher costs rather than if it had continued employing native wood as fuel. The most important additional costs are related to biomass transportation, once the non-renewable biomass was delivered by lumberjacks and renewable biomass must be identified, loaded and transported by the ceramic, increasing the costs with drivers, loading, diesel and truck maintenance.

Furthermore, there are spending with electrical energy and with the equipment maintenance, so the mechanic burners can operate. Besides, due to the implementation of the project activity, the ceramic had to purchase mechanic burners to automatically inject the biomass with air inside the kilns, once when using wood, the fuel was manually inserted by operators in the kilns, a procedure which is unfeasible when employing sawdust and sugar cane bagasse. The project proponent also acquired thermocouples and constructed a shed to dry and stock the new biomass.

When the new production techniques have been introduced in the ceramic plant, there was an adaptation period and a testing period. For the adaptation of the kilns a still period of a burning cycle for each kiln had to be considered. Also the testing period of approximately three months, required in order to identify the correct burning curve, lead to waste of considerable amount of biomass (average 25%) in each burning cycle. All this resulted in prejudice for the company financial profit and loss balance.

Due to all the above mentioned reasons the ceramic industry had to deal with higher production costs. That made the ceramic responsible think about stopping the fuel switching project.

The demonstrations of the main costs after and before the project activity can be checked in the table 8.

Table 8 Main Costs before and after the project activity

Scenario	Non-renewable biomass	Renewable biomass	
	Native Firewood	Sawdust	Sugar Cane Bagasse
Variable costs			
Monthly consumption of the fuel (tons/month)	534	300	20
Price of biomass (BRL per ton)	33,32	10.00	1.00
Total acquisition biomass cost (BRL per month)	17,793.76	3,000.00	20.00
Costs of fuel transportation(BRL per month)	-	15,850.00	
Costs of transportation maintenance (BRL per month)	-	1,542.52	
Truck Drivers (BRL per month)	-	933.48	
Energy Costs due to mechanic burners (BRL per month)	-	2,744.65	
New Labors (BRL per month)	-	1,486.62	
Total variable cost per month (BRL per month)	**17,793.76**	**25,577.27**	

Investment	
Costs with equipment acquisition (including freight) (BRL)	48,082.00
Loss of revenues - period for adaptation of the kiln for biomass (BRL)	15,000.00
Waste of products in the testing period (3 months) (BRL)	18,750.00
New biomass storage shed (BRL)	10,500.00
Costs with the reconstruction of the kilns entrances (BRL)	4,800.00
Waste of Biomass in the testing period (BRL)	2,265.00
Total Invested	**99,397.00**

- ***Institutional barrier***

Since the kilns were adapted to burn the new biomass, and there was a lack of qualified work force to manage these new equipments, it was necessary to submit some workers to training and capacitating courses from SEBRAE.

The new biomass presented a larger volume changing the established logistic system of the ceramic.

These arrangements require the ceramic employees to have or get specific expertise and knowledge where such experience is lacking. Because of this, promoting the new arrangement involves a significant institutional barrier.

Risks of the project

The project activity implementation presented a risk to the project proponent, once the use of a new type of fuel and its machines added a significant amount of insecurity to the production process, while the use of native firewood is a traditional and well-known process. Furthermore, the ceramic can overgrow a period in which there is possibility that there is lack of biomass, representing another risk period.

It must be re-emphasized that there is no direct subsidy or support from the government for this project, and without the income from the commercialization of the carbon credits, the fuel switch at *Nascente* Ceramic would not be feasible or attractive to the project proponent.

Barrier due to the price of the biomass

The thermal energy generation through the combustion of renewable biomasses such as sawdust and sugar cane bagasse are innovation in the ceramic industry. The future demand of these alternative fuels e.g. by other consumers is not easy to foresee. Although there is currently a great amount of this type of biomass available locally, there is a possibility that the prices would increase as well, especially between harvests periods, when the problem with biomass disposal is mitigated. If the price of the biomass increases, the ceramic can not re-pass it, once the ceramic would not have competitive prices in relation to others which did not made the fuel switch.

Step 3: Common Practice

According to the GHG Protocol for Project Accounting, common practice analysis shall be carried out following:

1. Define the product or service provided by the project activity.

The product of the project activity is ceramic blocks.

2. Identify possible types of baseline candidates.

Observing table 9, the common fuels employed in the ceramic sector and therefore, the baseline candidates are: natural gas, charcoal, wood, other recuperations, diesel oil, fuel oil, liquefied petroleum gas, others from petroleum, piped gas, electricity and others non-specified. Other possible baseline candidate would be the use of renewable biomass without the carbon credits support.

Table 9. Distribution of fuel employed on the ceramic sector in Brazil in percentage.

BRAZILIAN ENERGY BALANCE 2008 - CERAMIC SECTOR EVALUATION			
FUEL	**2005**	**2006**	**2007**
Natural Gas	24%	26%	25%
Charcoal	2%	1%	1%
Wood	50%	50%	49%
Other recuperations	1%	1%	1%
Diesel Oil	0%	0%	0%
Fuel Oil	8%	8%	8%
Liquified Petroleum Gas	4%	4%	4%
Others from Petroleum	2%	2%	4%
Piped gas	0%	0%	0%
Electricity	8%	8%	7%
Others non specified	0%	0%	0%

(Brazilian Energy Balance, Available at: <http://www.mme.gov.br/download.do?attachmentId=16555&download>). Visited on May 11th, 2009.

3. Define and justify the geographic area and the temporal range used to identify baseline candidates.

Brazil was identified as the geographic area of the baseline candidates because Energy Research Company[30] from Mines and Energy Ministry of Brazil is the most representative and reliable source of information about the ceramic sector and its fuel employed. Furthermore, there was no local data regarding to the ceramic sector and its energy source in the State of *São Paulo*. Therefore, data from table above were provided by a reliable source and it was considered 3 years of its historical data, including the most recent available data and the period when *Nascente* Ceramic did its fuel switch.

4. Define and justify any other criteria used to identify baseline candidates.

The other types of criteria used to identify baseline candidates were the common practice, the costs of fuel and the local availability of technology and fuel.

The criteria common practice was used to identify baseline candidates because if a kind of fuel has already been employed with success in the ceramic sector it is an obvious baseline candidate.

Besides, the fuel cost was criteria once if a kind of fuel has high costs it will discourage the scenario of investing in this type of fuel, for example.

Equally important, the local availability of technology and fuel were pieces of criteria because the lack of technology and fuel in the region excludes them as baseline candidates. An example may be the lack of natural gas distribution in some regions.

There are legal requirements constraints regarding the use of non-renewable biomass as exposed in Decree N.5,975 of November 30th,2006. However, it is not enforced namely due to the lack of control[31]. The consumption of non-renewable

[30] *Energy Research Company is a national entity which intended to provide services and researches to subsidize the energy sector planning, in areas as electric Power; oil, natural gas and their derivatives; coal; wood; renewable energy sources and energy efficiency; among others.*

[31] *Corte e poda de árvores pelo Dnit na BR-158 é considerado crime ambiental, Jornal Grande CPA, Available at: http://www.grandecpa.com.br/?p=noticia&id_noticia=129. Visited on May 11th, 2009. And Desmatamento avança sobre reservas de Cerrado, Eco &*

biomass by ceramic industry was related by several authors (NERI, 2003[32]; ALBUQUERQUE et al, 2006[33]; BRASIL, 2001[34]; VIANA, 2006[35]; CARDOSO, 2008[36]). This is also observed in other industries as in the production of steel (BRASIL, 2005[37]), which has a much better structure and internal organization when compared with ceramic industries that are generally small and familiar enterprises. BRASIL (2001) suggests that it is important to stimulate the miner sector, especially who are respecting the environment. The incomes from carbon credits can be this incentive which would contribute to avoid the consumption of non-renewable biomass illegally. Therefore laws and regulations will not be considered as criteria to excluded baseline candidates and to constraint the geographical area and temporal range of the final list of the baseline candidates.

The project activity implementation without the carbon credits incomes is a criteria once there was biomass availability.

5. Identify a final list of baseline candidates.

Table 9 provides the percentage of the level of penetration of each fuel employed in the ceramic sector during the average of the three last years available (2005, 2006 and 2007). Baseline candidates are the use of:

a) **Wood:** The fuel most employed, which would be the scenario of highest GHG emissions, once its emission factor is the highest according to IPCC 2006[38].

b) **Natural gas:** The Brazilian Energy Balance results showed significant percentage of natural gas consumption especially due to the production of ceramic tiles (used to finish floor or wall). Furthermore, in the case of structural ceramic, the use of natural gas is restricted by the absence of

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Ação: Ecologia e Responsabilidade. Available at: http://www.ecoeacao.com.br/index2.php?option=com_content&do_pdf=1&id=5617. Visited on May 11th, 2009.

Jornal da Ciência, Amazônia e cerrado - interrogações, artigo de Washington Novaes. Available at: http://www.ecoeacao.com.br/index2.php?option=com_content&do_pdf=1&id=5617. Visited on May 11th, 2009.

*[32] NERI, J.T. Energia Limpa, Sustentável ou de Subsistência? **Cerâmica Industrial**, Rio Grande do Norte;V,8, n.1,35 -6,2003.*

*[33] ALBUQUERQUE, J.L.B. et al. Águia-cinzenta (Harpyhaliaetus coronatus) e o Gavião-real-falso (Morphnus guianensis) em Santa Catarina e Rio Grande do Sul: prioridades e desafios para sua conservação. **Revista Brasileira de Ornitologia**, v.14, n.4, p. 411 – 415, dez. 2006.*

*[34] BRASIL. Ministério de Ciências e Tecnologias. **Levantamento da Situação e das Carências Tecnológicas dos Minerais Industriais Brasileiros:** com enfoque na mineração de: Argila para cerâmica, Barita, Bentonita, Caulim para carga, Talco / Agalmatolito e Vermiculita. Brasília, 2001. Available at: < http://www.cgee.org.br/prospeccao/doc_arq/prod/registro/pdf/regdoc710.pdf> . Visited on May 11th, 2009.*

*[35] VIANNA, F.M.A. **Participação Pública em Programas Ambientais: Um Estudo em Área Suscetível a Desertificação no Estado do Rio Grande do Norte**. 2006, 109f. Dissertação (Mestrado em Engenharia de Produção) – Universidade Federal do Rio Grande do Norte, Natal, 2006. Available at: <http://www.pep.ufrn.br/publicacoes.php?enviou=1>. Visited on May 11th 2009.*

*[36] CARDOSO, C.F.R. **Panorama do Setor Florestal: o que tem sido feito na esfera do Governo Federal**., Rio de Janeiro, 03 Set. 2008. Report presented in 1º SEMINÁRIO DE MADEIRA ENERGÉTICA, 2008.*

*[37] BRASIL. **Diagnóstico do Setor Siderúrgico nos Estados do Pará e do Maranhão**. Brasília: Ministério do Meio Ambiente, 2005. 76 p.*

[38] Source: IPCC 2006 Guidelines for National Greenhouse Gas Inventories. Source: http://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf. Page 2.18. Visited on May 11th, 2009.

pipes, its high costs[39] and the lack of availability[40]. The risk of lack of offering and higher costs when compared with other fuels discourages the scenario of investing in this type of fuel even in local with piped gas. The distribution of gas is preferentially performed to thermal power plants, increasing the risk of blackout of natural gas.

c) **Fuel oil:** This fuel is more expensive than wood, however it can be a more probable of substitute of wood than natural gas. The risks involving natural gas distribution are so considerable that PETROBRÁS[41] was offering subsidy to the consumption of fuel oil in spite of natural gas in the State of *São Paulo*. However, in the baseline scenario, the use of fuel oil is not feasible due to the high costs associated to atomization system required to its burn, which demands frequent maintenance[42].

d) **Renewable biomass:** despite the high biomass availability, the main problems concerning the use of renewable biomass are related to the high investments, technological and institutional barrier, mainly the risk of changing for a biomass not consolidated as fuel for ceramic industries.[43]

6. Identify baseline candidates that are representative of common practice (for the project-specific baseline procedure).

In Brazil, the red ceramic devices are produced through an inefficient and traditional process using wood without forest management to generate thermal energy technologies[44]*. In this industry segment the use of wood represents about 98% of the total fuel employed stimulating the increase in Brazilian deforestation and desertification rates. It happens because wood without forest management is offered with lower prices than wood from areas with forest management* [45] .Furthermore, using non-renewable wood is a simple procedure and well known by the kiln operators.

The native forest without any kind of sustainable management has always been a source of firewood in the ceramic sector[46], which seemed inexhaustible, due to the amount generated in the expansion of the agriculture frontier bringing forward environmental impacts, with regard to the degradation of soil, change in the regime of rainfall and consequent desertification.

The ceramic industry sector has practically not evolved compared to the past, mainly due to the simplified techniques of manufacture. Moreover, the major equipments (chiefly kilns) of the production process were not improved significantly. Most of these companies still use non-renewable wood in their kilns and the drying process occurs naturally, without the utilization of

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[39] *UNICAMP. Percalços do gás natural na indústria Available at: http://www.dep.fem.unicamp.br/boletim/BE31/artigo.htm. Visited on May 11th, 2009.*

[40] *GAS BRASILIANO GBD. Available at : http://www.gasbrasiliano.com.br/institucional/concessao_sp.asp . Visited on May 11th, 2009..*

[41] *PETROBRÁS performs in oil and oil byproduct exploration, production, refining, marketing, and transportation, both in Brazil and abroad. More information available at: http://www2.petrobras.com.br/ingles/ads/ads_Petrobras.html. Visited on May 11th, 2009.*

[42] CTGAS. *Available at: http://www.ctgas.com.br/template04.asp?parametro=155. Visited on March 9th, 2009.*

[43] *The use of renewable biomass was not included in table 8 which shows the fuel most employed in the ceramic sector according to Brazilian Energy Balance.*

[44] *ABREU, Y. V.; GUERRA, S. M. G. Indústria de Cerâmica no Brasil e o Meio Ambiente. Chile: IV Congreso Nacional de Energía, 2000. Available at: <http://www.nuca.ie.ufrj.br/bgn/bv/abreu2.htm>. Visited on May 11th, 2009.*

[45] *Seye, Omar. Análise de ciclo de vida aplicada ao processo produtivo de cerâmica estrutural tendo como insumo energético capim elefante (Pennisetum Purpureum Schaum) / Omar Seye.-- Campinas, SP: [s.n.], 2003. Available at: http://libdigi.unicamp.br/document/?code=vtls000411276. Visited on May 11th, 2009.*

[46] *Uhlig, A. Lenha e carvão vegetal no Brasil: balance oferta-demanda e métodos para estimação de consumo, tese de doutorado, Universidade de São Paulo, São paulo, 2008. 156 p. Available at: http://www.teses.usp.br/teses/disponiveis/86/86131/tde-14052008-113901/ >. Visited on May, 11th 2009*

energy. On the other hand, the influence of the market by improvements in this sector is very insignificant[47].

Thus, the common practice is the use of wood and its non-renewable fraction, which is the fuel most employed and with less risk associated.

The acquiring of new equipment and the overall costs of the fuel switch represented a risk to the project proponent since the baseline practice was already established and well-known by the laborers. The operators did not have the knowledge of the ideal amount of renewable biomass that is necessary to use in order to achieve the temperature of about 900°C to cook its ceramic pieces, to acquire the final product with the same quality and to maintain the optimal process as they did when using the wood. As a result of the fuel switch, an extensive training course was required for the staff in order to clarify new measures linked to the machinery in order to sustain the quality of the final product.

Therefore, the project activity is not a common practice.

Impact of project approval

Brazil is the third major contributor[48] to the carbon dioxide emissions in the year of 2002, as is shown at table 10. Contemporary studies generally place Brazil in the fourth position in the ranking that emits more GHGs.

Table 10. Estimate GHG emissions proceeding from energy (fossil fuel and non-renewable biomass – based in Marland et al. 2003), deforestation and modifications in the use of the soil (based in UNFCCC, 2005, and FAQ, 2003).

Ranking	Country	Fossil fuel emissions (MtC) 2002	Emissions due deforestation and modifications in the use of soil (MtC) 2002	Total emissions (MtC) 2002
1	United States of America	1,891	-188	1,703
2	China	762	-160	601
3	Brazil	84	347	431
4	Rússia	392	-12	380
5	Japan	363	0	363
6	Índia	363	0	363
7	Germany	277	4	281
8	Canadá	199	-6	194
9	Indonésia	74	117	190
10	England	173	1	174

Therefore, Brazil occupies a top position between the emitters of carbon dioxide mainly because of its high deforestation rates. In this way, the state of *São Paulo* where the project activity takes place, seeks to control deforestation in areas with no sustainable forest management through the application of different actions. The creation of the Sector Board of Biofuels in 2004 was an important initiative to stimulate the use of renewable biomass instead of non-renewable biomasses such as fossil fuels and wood from areas without sustainable forest management in various types of industries.

The *Cerrado* biome is the second largest Brazilian biome located in the central portion of Brazil which can be observed in table 11. The flora and fauna of this biome is extremely rich once it shares frontiers with the main Brazilian biomes to its north with Amazonian, to the northeast with *Caatinga*,

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[47] *PAULETTI, M. C. Modelo para Introdução de Nova Tecnologia em Agrupamentos de Micro e Pequenas Empresas: Estudo de Caso das indústrias de Cerâmica Vermelha no Vale do Rio Tijucas. 2001. Available at: <http://biblioteca.universia.net/html_bura/ficha/params/id/597230.html>. Visited on May 11th, 2009.*

[48] *Goldemberg, J.. Moreira J. R.* ***Política Energética no Brasil****. Estudos Avançados 19 (55), 2005. Available at: <http://www.scielo.br/pdf/ea/v19n55/14.pdf>. Visited on May 11th, 2009.*

to the southwest with *Pantanal* and to the southeast with *Mata Atlântica*. In spite of the size and importance of this biome, the *Cerrado* is one of the most endangered habitats. The original biome had over 2 million km² of native vegetation. Now 20% is left and the growing of grazing practice and site preparation is intensifying deforestation rates[49]

Table 11. Brazilian biomes in decreasing order of importance.

Brazilian Biomes	Approximate Area (km²)	Area of the biome / Total Brazilian Area
Amazonian biome	4,196,943	49.29
Cerrado biome	2,036,448	23.92
Mata Atlântica biome	1,110,182	13.04
Caatinga biome	844,453	9.92
Pampa biome	176,496	2.07
Pantanal biome	150,355	1.76
Total Brazilian Area	**8,514,877**	**100**

(Source: IBGE – Brazilian Institute of Geography and Statistic[50])

Another relevant issue is how fast deforestation occurs in the *Cerrado* biome, representing 1.5% or 3 million ha/ year. It is equivalent to 2.6 soccer fields /minute[51].

A study performed by the non-governmental institution, Conservation International of Brazil, indicates that by 2030 the *Cerrado* biome will disappear maybe even sooner since the areas that are earmarked for official protection are also being destroyed. From a total of 204 million acres of the original biome, 57% has been completely destroyed, as shown in figure 3 and figure 4. The main areas that are being most affected by the alarming *Cerrado* deforestation are the states of *Mato Gross do Sul*, *Goiás*, *Mato Grosso*, *Triângulo Mineiro* and the western portion of *Bahia*. These concerning deforestation rates are due to the expansion of the agricultural frontier, unregulated burnings and due to the disorderly growth of the urban zones[52].

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[49] *Brazilian International Conservation. Available at: <http://www.conservation.org.br/onde/cerrado>. Visited on May 11th, 2009.*

[50] IBGE. IBGE lança o Mapa de Biomas do Brasil e o Mapa de Vegetação do Brasil, em comemoração ao Dia Mundial da Biodiversidade. Available at: <http://www.ibge.gov.br/home/presidencia/noticias/noticia_visualiza.php?id_noticia=169&id_pagina=1>. Visited on May 11th, 2009.

[51] *Conservation Intenational of Brazil.* ***Estimativas de perda da área do Cerrado brasileiro****. Available at: <http://www.conservacao.org/noticias/noticia.php?id=31>. Visited on May 11th, 2009.*

[52] *AmbienteBrasil. Study performed by a partnership between Conservation International of Brazil and the Oréades NGO situated in Mineiros (GO).Available at:http://www.cenargen.embrapa.br/cenargenda/noticias2006/atrativos130606.pdf. Visited on May 11th, 2009.*

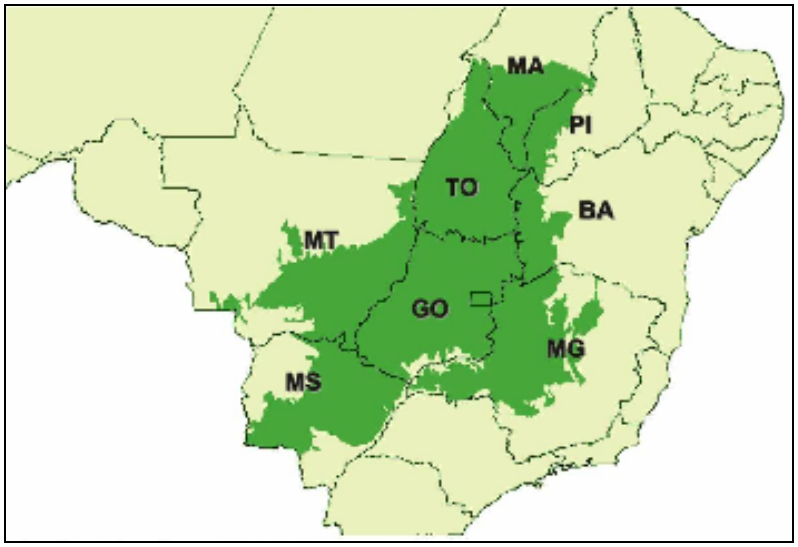

Figure 3. Original vegetation of the *Cerrado* biome.

(Source: *Conservação Internacional Brasil*[53]).

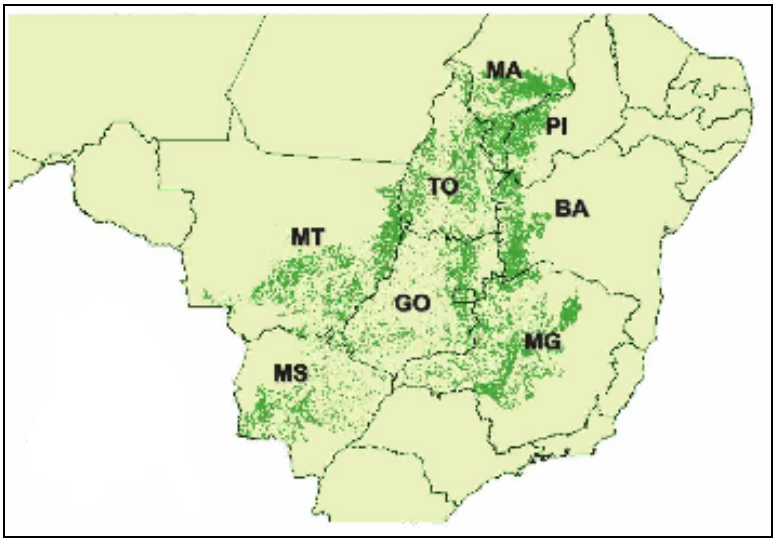

Figure 4. Remaining vegetation of the *Cerrado* biome in the year 2002

(Source: *Conservação Internacional Brasil*)

Therefore it can be concluded that measures should be taken to preserve these biomes and the project activity represents an example that can be followed by other activities.

[53] *Conservação Internacional Brasil. Available at: http://www.conservation.org.br/arquivos/Mapa%20desmat%20Cerrado.jpg. Visited on May 11th, 2009.*

3 Monitoring:

3.1 Title and reference of the VCS methodology (which includes the monitoring requirements) applied to the project activity and explanation of methodology choices:

- ***Category AMS-I.E: Switch from Non – Renewable Biomass for Thermal Applications by the User –*** *Version 01 from February 01 of 2008 onwards.*

This category comprises small thermal appliances that displace the use of non-renewable biomass by introducing new renewable energy end-user technologies. The project's emissions from the combustion of native wood are accounted in the same way as fossil fuel combustion, once it is not renewable and emits CO_2.

The project activity will generate less than the limits of 45 MWthermal for Type I small scale project activities.

3.2 Monitoring, including estimation, modelling, measurement or calculation approaches:

The monitoring will be done with the aim of determining the most approximate quantity of non-renewable wood that, in the absence of the project, would be used in the Ceramic's facilities and, consequently, the amount of GHG that would be emitted in tons of CO_2e.

Table 12. Data reported in monitoring estimation.

Parameters	Description	Units	Origin	Frequency
$Q_{renbiomass}$	Amount of renewable biomass	ton	Measured by the project proponent	Monthly
Origin of Renewable Biomass	Renewable origin of the biomass	Not applicable	Controlled by the project proponent	Annually
PR_y	Production of ceramic pieces	Units	Controlled by the project proponent.	Monthly
Renewable Biomass Surplus	Amount of renewable biomass available	ton or m^3	Monitored by articles and database.	Annually
Leakage of Non-Renewable Biomass	Leakage resulted from the non-renewable biomasses	tCO_2e	Monitored by articles and database.	Annually
$EF_{projected\ fossil\ fuel}$	CO_2 Emission factor of residual fuel oil	tCO_2/TJ	IPCC 2006 Guidelines for National Greenhouse Gas Inventories. Source: http://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf. Page 2.18. Table 2.3. Visited on May 11th, 2009.	Not monitored
$NCV_{biomass}$	Net Calorific Value of non-renewable biomass	TJ/ton of Wood	Bibliography	Not monitored
$\rho_{biomass}$	Specific gravity of non-renewable biomass	ton/ m^3	Bibliography	Not monitored
$f_{NRB,y}$	Fraction of biomass (wood) used in the absence of the project activity in year y can be established as non-renewable biomass using survey methods	Percentage	Bibliography and data from project proponent	Anually
BF_y	Consumption of non-renewable biomass per thousand of ceramic devices produced per year	tons/ thousand of ceramic devices	Data from project proponent	Function of PRy

In the monitoring plan, the amount of non-renewable biomass (B_y) will be determined using the option 'b' of the applied methodology, i.e. it

will be calculated from the thermal energy generated in the project activity as:

$$B_y = \frac{HG_{p,y}}{\eta_{old} \times NCV_{biomass}}$$

The responsible to monitor data provided in table 12 will be Mrs. *Angelina Moreira Delmore Vitta.* Internal audit will guarantee data quality.

3.3 Data and parameters monitored / Selecting relevant GHG sources, sinks and reservoirs for monitoring or estimating GHG emissions and removals:

Monitored Parameters

Data / Parameter:	$Q_{renbiomass}$
Data unit:	tonnes per month
Description:	Amount of renewable biomass employed
Source of data to be used:	Measured by the project proponent
Value of data	The project proponent will preferentially employ sawdust and sugar cane bagasse in its burning process, as can be verified in the table below. **Biomass** | **Sawdust** | **Sugar Cane Bagasse** $Q_{renbiomass}$ | 300 | 20
Description of measurement methods and procedures to be applied:	The amount of renewable biomass will be monitored in accordance to the weight described in the receipts or invoices from the providers. It will be utilized the Specific Gravity in order to convert from m^3 to ton. The datum to be applied is: **Biomass** | **Sawdust/wood chips** | **Sugar Cane Bagasse** **Specific gravity (tons/m^3)** | 0.35 | 0.15 Source: Sugar Cane Bagasse http://www.nuca.ie.ufrj.br/infosucro/biblioteca/bim_Ribeiro_ExcedenteAcucar.pps. Visited on May 11th, 2009. Sawdust Tractebel Energia S.A, 2006 – Available at: http://hdl.handle.net/1884/10294. Visited on May 11th, 2009.
QA/QC procedures to be applied:	The ceramic has spreadsheets of the quantity of biomass acquired. It will be rechecked according to the receipts of purchase.
Any comment:	

Data / Parameter:	**PRy**
Data unit:	Unity of ceramic devices per month
Description:	Production of ceramic devices
Source of data to be used:	Controlled by the project proponent.
Value of data	Approximately 625,000
Description of measurement methods and procedures to be applied:	The amount was acquired by counting the total production of one year. The measurement will be done by an internal control sheet monitored by the project proponent, which will be fed daily. The production is a representative sample to ensure that all appliances are still in operation
QA/QC procedures to be applied:	The ceramic has an internal control of the quantity of pieces produced. It will be rechecked according to the biomass employed and the kiln consumption of renewable biomass.
Any comment:	

Data / Parameter:	**Origin of Renewable Biomass**
Data unit:	Not applicable
Description:	Renewable origin of the biomass
Source of data to be used:	Controlled by the project proponent
Value of data	Renewable biomass
Description of measurement methods and procedures to be applied:	This information will be given by the biomasses providers. The guarantee of acquiring sawdust/wood chips from renewable wood will be achieved by invoices from the providers, as well as the sawdust and wood chips will be tracked until their afforestation origin. As stated in the section 2.2, the biomasses (Elephant grass, Peanut shells, Sugar Cane bagasse and sawdust) are considered renewable as fulfilling the options described in the methodology applied.
QA/QC procedures to be applied :	The biomass will be considered as renewable if it is according to the definition given by the methodology applied. Furthermore, documents proving the origin of renewable biomass from forested resources will be provided.
Any comment:	Data will be kept for two years after the end of the crediting period or the last issuance of carbon credits for this project activity, whichever occurs later.

Data / Parameter:	**Leakage of non-renewable biomass**
Data unit:	tCO_2e
Description:	Leakage resulted from the non-renewable biomass
Source of data to be used:	Monitored
Value of data	0
Description of measurement methods and procedures to be applied:	The three sources of leakages predicted in methodology applied will be monitored. Scientific articles, official statistical data, regional and national surveys will be provided in order to ensure that there is no leakage from non-renewable biomass (or to estimate the leakage).
QA/QC procedures to be applied :	Data available regarding the ceramic industry fuel consumption will be employed to monitor the leakage.
Any comment:	Data will be kept for two years after the end of the crediting period or the last issuance of carbon credits for this project activity, whichever occurs later.

<table>
<tr><td>Data / Parameter:</td><td>Renewable biomass surplus</td></tr>
<tr><td>Data unit:</td><td>ton or m³</td></tr>
<tr><td>Description:</td><td>Amount of renewable biomass available</td></tr>
<tr><td>Source of data to be used:</td><td>Monitored</td></tr>
<tr><td>Value of data</td><td>
<table>
<tr><th>Harvest</th><th>04/05</th><th>05/06</th><th>06/07</th><th>07/08</th></tr>
<tr><td>Peanut shells (in thousand of tons)</td><td></td><td></td><td>62.34</td><td>56.49</td></tr>
<tr><td>Sugar Cane Bagasse (in thousand of tons)</td><td>32,239</td><td>34,127</td><td>36,941</td><td>41,483</td></tr>
<tr><td>Wood residues(SP and MS) (thousand of m³) -</td><td></td><td></td><td></td><td>7,674</td></tr>
</table>
Detailed information in section 4.1 – LEAKAGE.
</td></tr>
<tr><td>Description of measurement methods and procedures to be applied:</td><td>It will be used to calculate the leakage of renewable biomass.
The sources of leakages predicted in methodology applied will be monitored. The measurement of the leakage will be based in national and international articles and databases every monitoring period. These sources will provide information about the biomass availability in the project activity's region.</td></tr>
<tr><td>QA/QC procedures to be applied :</td><td>Data available regarding the ceramic industry fuel consumption will be employed to monitor the leakage.</td></tr>
<tr><td>Any comment:</td><td>Data will be kept for two years after the end of the crediting period or the last issuance of carbon credits for this project activity, whichever occurs later.</td></tr>
</table>

Data / Parameter:	$f_{NRB,y}$
Data unit:	Fraction of biomass or (percentage)
Description:	Fraction of biomass (wood) used in the absence of the project activity in year y.
Source of data used:	Survey methods
Value of applied:	0.9804 or 98.04%
Justification of the choice of data or description of measurement methods and procedures actually applied :	Before the project activity, wood from areas without forest management was offered with low prices and high viability to the ceramics owner. *Thus, the totality of fuel employed in the baseline scenario is from non-renewable origin. However, according to Klink (2005)[54], Cerrado Biome has only 1.9% of its total area with sustainable use. Furthermore, considering that 0.058% of this biome has been saved by other project activities, thus, 98.04% is considered as a fraction of non-renewable biomass.*
QA/QC procedures to be applied :	The monitoring of this parameter will be based in national and international articles and database every monitoring period. The sources will provide information about the sustainable use of *Cerrado* biome. Wood saved from projects with same biome and applied methodology developed by Carbono Social was considered in this fraction. CDM or VCS registered projects will also be included in this fraction if placed in the same region and methodology.
Any comment:	It will be employed in order to estimate the amount of non-renewable biomass.

[54] *KLINK, C. A. ; MACHADO, R. Conservation of the Brazilian Cerrado, Belo Horizonte, v. 1, n. 1, p. 147-155, 2005. Available at: http://faculty.jsd.claremont.edu/emorhardt/159/pdfs/2006/Klink.pdf. Visited on May 11th, 2009.*

Fixed parameters

Data / Parameter:	**$EF_{projected\ fossil\ fuel}$**
Data unit:	tCO_2/TJ
Description:	CO_2 Emission factor of residual fuel oil
Source of data used:	IPCC 2006 Guidelines for National Greenhouse Gas Inventories. Source: http://www.ipcc-nggip.iges.or.jp/public/2006gl/pdf/2_Volume2/V2_2_Ch2_Stationary_Combustion.pdf. Page 2.18. Table 2.3. Visited on May 11th, 2009.
Value applied:	77.4
Justification of the choice of data or description of measurement methods and procedures actually applied :	In the baseline scenario, the probable fossil fuel that would be consumed in the absence of native wood without sustainable forest management would be the heavy oil. This fuel is more expensive than wood, however it can be a more plausible of substitute of wood than natural gas due to risks involving natural gas distribution.
Any comment:	Applicable for stationary combustion in the manufacturing industries and construction. The fossil fuel likely to be used by similar consumers is taken the IPCC default value of residual fossil fuel.

Data / Parameter:	**$NCV_{biomass}$**
Data unit:	TJ/ton
Description:	Net Calorific Value
Source of data used:	Brazilian study carried out with Cerrado wood: Vale, A.T; Brasil, M.A.M; Leão, A.L. Quantificação e caracterização energética da madeira e casca de espécies de Cerrado. Ciência Florestal, Santa Maria; v.12, n.1, p. 71-80; 2002. Available at: http://www.ufsm.br/cienciaflorestal/artigos/v12n1/A8V12N1.pdf. Visited on May 11th, 2009.
Value applied:	0.0186
Justification of the choice of data or description of measurement methods and procedures actually applied :	This value will provide the energy generated by the amount of wood that would be used in the absence of the project.
Any comment:	The species used to calculate the average value are typical trees of *Cerrado* Biome that are usually employed as fuel in the ceramic industries of the region. IPCC default values shall be used only when country or project specific data are not available or difficult to obtain, according to "Guidance on IPCC default values" (Extract of the report of the twenty-fifth meeting of the Executive Board, paragraph 59).

Data / Parameter:	$\rho_{biomass}$
Data unit:	ton/ m^3
Description:	Specific gravity
Source of data used:	Brazilian study carried out with Cerrado wood: Vale, A.T; Brasil, M.A.M; Leão, A.L. Quantificação e caracterização energética da madeira e casca de espécies de Cerrado. Ciência Florestal, Santa Maria; v.12, n.1, p. 71-80; 2002. Available at: http://www.ufsm.br/cienciaflorestal/artigos/v12n1/A8V12N1.pdf. Visited on May 11th, 2009.
Value applied:	0.5702
Justification of the choice of data or description of measurement methods and procedures actually applied :	The amount of wood used in the baseline was measured by volume units, so this data is used to the unity conversion.
Any comment:	The species used to calculate de average value are typical trees of *Cerrado* Biome and usually employed as fuel in the ceramic industries of the region.

Data / Parameter:	BF_y
Data unit:	Tons of wood per thousand of devices
Description:	Consumption of non renewable biomass per thousand of ceramic devices produced in year y
Source of data used:	Historical data from project proponent
Value of data	0.854
Justification of the choice of data or description of measurement methods and procedures actually applied :	The value was acquired through the average consumption and production of ceramic devices during the years when the ceramic company used to consume non-sustainable wood. This value is in accordance with the data acquired in other ceramics that employ the same type of kilns. If nowadays the plant still used native firewood its consumption would be around 534 tons of native firewood (or 963 m^3) per month to produce 625,000 ceramic blocks. The value is employed to calculate the real amount of wood displaced to maintain the ceramic production in the baseline scenario.
Any comment:	*Nascente* Ceramic's kilns are in accordance to the average for a "*round*" kiln, which is between 0.57 and 0.85 tons per thousand of pieces[55].

3.4 Description of the monitoring plan

The party responsible for implementing the monitoring plan will be the owner of *Nascente* Ceramic. The project proponent will also be responsible for developing the forms and registration formats for data collection and further classification. Data monitored will be kept during the crediting period and 2 years after. For this purpose, the authority for the registration, monitoring, measurement and reporting will be Mrs. *Angelina Moreira Delmore Vitta* by *Nascente* Ceramic. All the monitored parameter will be checked annually as requested in the methodology AMS-I.E. - Switch from Non-Renewable Biomass for Thermal Applications by the User – Version 01 from February 01 of 2008 onwards.

[55] *Source: TAPIA, R. E. C. et al.* ***Manual para a indústria de cerâmica vermelha.*** *Rio de Janeiro: SEBRAE/RJ, 2005. (Série Uso Eficiente de Energia).*

The management structure will rely on the local technicians with a periodical operation schedule during the project. The technical team will manage the monitoring, the quality control and quality assessment procedures.

With the carbon credits income, in order to complement the monitoring of the production of ceramic devices, equipments from *Alutal* will monitor each burning cycle of the 3 kilns through graphics of the temperature reached in the kiln versus time.

Social Carbon Company will also implement the sustainability report following the Social Carbon methodology, which was developed by *Instituto Ecológica* and focus in implementing the environmental and social activities within the fuel switching project. Social Carbon follows the Social Carbon Guidelines available at: <http://www.socialcarbon.org/Guidelines/>.

In addition, the Social Carbon Reports will be available at TZ1/Social Carbon Registry (http://www.tz1market.com/socialpublic.php) once the project is registered.

4 GHG Emission Reductions:

4.1 Explanation of methodological choice:

This category comprises small thermal appliances that displace the use of non-renewable biomass by introducing new renewable energy end-user technologies. The project's emissions from the combustion of native wood are accounted in the same way as fossil fuel combustion, once it is not renewable and emits CO_2.

Baseline

$$ER_y = B_y \times f_{NRB,y} \times NCV_{biomass} \times EF_{projected\_fossilfuel} \quad \text{(Equation 01)}$$

Where:

ER_y: Emission reductions during the year y in tCO_2e

B_y: Quantity of biomass that is substituted or displaced in tons

$f_{NRB,y}$: Fraction of non-renewable biomass (wood) used in the absence of the project activity in year y

$NCV_{biomass}$: Net calorific value of non-renewable biomass in TJ/ton

$EF_{projected\ fossil\ fuel}$: Emission factor for the projected fossil fuel consumption in the baseline in tCO_2e/TJ[56].

B_y is determined using the following option:

Calculated from the thermal energy generated in the project activity as:

$$B_y = \frac{HG_{p,y}}{\eta_{old} \times NCV_{biomass}} \quad \text{(Equation 02)}$$

Where:

$HG_{p,y}$: Quantity of thermal energy generated by the renewable energy in the project in year y in TJ.

η_{old} : Efficiency of the system being replaced

$$HG_{p,y} = SGE \times PR_y \quad \text{(Equation 03)}$$

Where:

SGE: Specific energy which has to be generated in the process to produce a certain amount of ceramic devices in TJ/thousand of ceramic device.

PR_y: Amount of product produced in year y in thousand of ceramic devices

$$\eta_{old} = \frac{SGE}{SFE} \quad \text{(Equation 04)}$$

Where:

[56] *The fossil fuel likely to be used by similar consumers is taken the IPCC default value of residual fossil fuel.*

SFE: Specific fuel energy needed for the process to produce a certain amount of ceramic devices in TJ/ thousand of ceramic device

$$SFE = BF_y \times NCV_{biomass} \quad \text{(Equation 05)}$$

Where:

BF_y: Consumption of non-renewable biomass per thousand of ceramic devices produced in year y

Using the Equations 3, 4 and 5 in the Equation 2, it results to:

$$B_y = PR_y \times BF_y \quad \text{(Equation 06)}$$

As shown in the calculations above, the η_{old} is not required to calculate the Emission Reductions, thus it was excluded.

Leakage (LE)

The methodology AMS-I.E.-Switch from Non-Renewable Biomass for Thermal Applications by the User – version 01 from February 01 of 2008 onwards predicts the following possible three sources of leakage:

A) *If the project activity includes substitution of non-renewable biomass by renewable biomass, leakage in the production of renewable biomass must be considered*

The leakage from biomass projects, like the project activity, shall also be estimated according to the "General guidance on leakage in biomass project activities" (attachment C of appendix B) of Indicative Simplified Baseline and Monitoring Methodologies for Selected Small-Scale CDM Project Activity Categories, which identifies different emission sources based on the type of biomass considered (described in the table 13).

Table 13. Sources of leakage according to the type of the biomass.

Biomass Type	Activity/ Source	Shift of pre project activities	Emissions from biomass generation/ cultivation	Competing use of biomass
Biomass from forests	Existing forests	-	-	X
	New forests	X	X	-
Biomass from croplands or grasslands (woody or non-woody)	In the absence of the project the land would be used as a cropland/wetland	X	X	-
	In the absence of the project the land will be abandoned	-	X	-
Biomass residues or waste	Biomass residues or wastes are collected and use.	-	-	X

Observing table 13, the sources of leakage of the present project activity are the competing use of biomass for biomass residues or waste and the emissions from biomass generation/cultivation in case of biomass from cropland.

Elephant grass

In case of using elephant grass it will be cultivated in pasture or degraded areas, in which there is no vegetation to be deforested. Therefore, this practice will not generate competing use of biomass and it will not deforest a vegetated area, therefore the leakage that would be applicable is the emissions from biomass generation/cultivation. Currently, elephant grass has been acquiring national importance as biomass[57] to generate thermal energy due to its high productiveness and easy adaptation in almost all climate and soil Brazilian conditions; it also dismisses the use of fertilizers (NPK)[58]. In case of using this kind of biomass, the ceramic company will cultivate, by itself, elephant grass in abandoned areas, in which there is no vegetation to be deforested. Therefore, this practice will not generate competing use of biomass and it will not deforest a vegetated area, i.e. only the leakage from biomass cultivation will be monitored in case of its use.

Forest Residues (Sawdust/wood chips)

Forest Residues are also a probable fuel to be used for the ceramic devices burning. The production of wood generates a large amount of residues, which can be reused to generate thermal energy. As can be observed in the figure 5, the potential of energy generation in the

[57] Osava M. Energia: Capim elefante, novo campeão em biomassa no Brasil. Available at: *www.mwglobal.org/ipsbrasil.net/nota.php?idnews=3292. Visited on May 11th, 2009.*

[58] *EMBRAPA. Formação e Utilização de Pastagem de Capim-Elefante. Available at: <www.cnpgl.embrapa.br/nova/informacoes/pastprod/textos/17Instrucao.pdf>. Visited on May 11th, 2009.*

state of *São Paulo* is extremely high, which means that there is an enormous availability of this kind of fuel to be employed in the project activity. This way, this biomass does not have potential to generate leakage emissions due to its high availability.

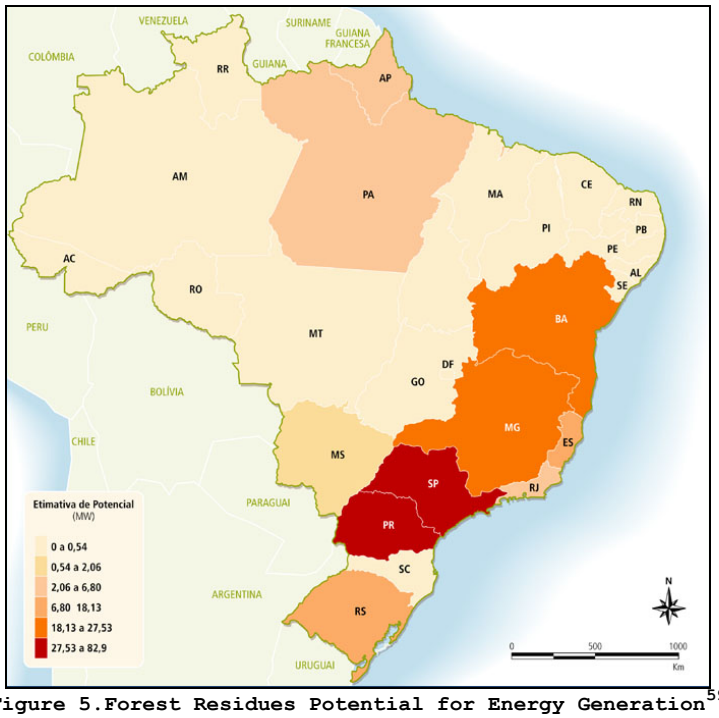

Figure 5.Forest Residues Potential for Energy Generation[59]

According to IBGE 2007, the production of log of wood and firewood in the State of *São Paulo* [60] and *Mato* Grosso do Sul [61] totalizes 34.8 millions of wood which will generate more than 7.5 millions of residues, considering that around 22% of this total will generate sawdust[62].

Table 14. Production of log of wood and firewood

Production / State	*São Paulo*	*Mato Grosso do Sul*	**Residues Generated**
Log of wood (m^3)	25,966,464	1,042,639	5,942,003
Firewood (m^3)	7,407,385	468,143	1,732,616
Total (m^3)	34,884,631		7,676,619

The project activity will employ approximately 3,600 tons or 10,286 m^3 of woodchips/sawdust per year which represent 0.13% of the total of residues generated in both States.

Sugar Cane Bagasse

Sugar Cane Bagasse is another probable biomass to be utilized in the project activity. A study made by *Universidade Estadual de Campinas* and *Universidade de São Paulo* (two of the most respected universities in Brazil) showed that in Brazil there are around three hundred sugar cane plants. Only in the state of São Paulo, there are located more

[59] *Source: CENTRO NACIONAL DE REFERÊNCIA EM BIOMASSA - CENBIO. Panorama do potencial de biomassa no Brasil. Brasília; Dupligráfica, 2003. 80 p.*
[60] *IBGE. Extração vegetal e silvicultura 2007. Available in: http://www.ibge.gov.br/estadosat/temas.php?sigla=sp&tema=extracaovegetal2007. Visited on May 11th, 2009.*
[61] *IBGE. Extração vegetal e silvicultura 2007. Available in: http://www.ibge.gov.br/estadosat/temas.php?sigla=ms&tema=extracaovegetal2007. Visited on May 11th, 2009.*
[62] *BRITO EO. Estimativa da produção de Resíduos na Indústria Brasileira de Serraria e Laminação de Madeira. Rev. da Madeira. v.4. n.26. 1995, pp. 34-39.*

than 40% of this total. Each plant produces around 1.5 million tons of cane yearly[63]. One ton of sugar cane produces about 140 kilograms of sugar cane bagasse and finally 90% of this amount can be used to energy production.[64]

According to the table 15, *Nascente* Ceramic consumption of sugar cane bagasse is approximately 240 tons per year, which represents 0.0006% of the total of sugar cane bagasse produced in the year of 2007. Therefore, this leakage would not be considered.

Table 15. Production of Sugar Cane in the State of *São Paulo*. Text adapted from : http://www.unica.com.br/downloads/estatisticas/processcanabrasil.xls. Visited on May 11th, 2009.

Harvest	04/05	05/06	06/07	07/08
Production of Sugar Cane (tons)	230,280,444	243,767,347	263,870,142	296,313,957
Sugar Cane Bagasse (tons)	32,239,262	34,127,429	36,941,820	41,483,954

Sugar cane bagasse is also employed for cogeneration systems. However figure 6 presents the excess of energy in Brazil from sugar cane bagasse. Please observe that the State of *São Paulo* has the largest surplus of this biomass.

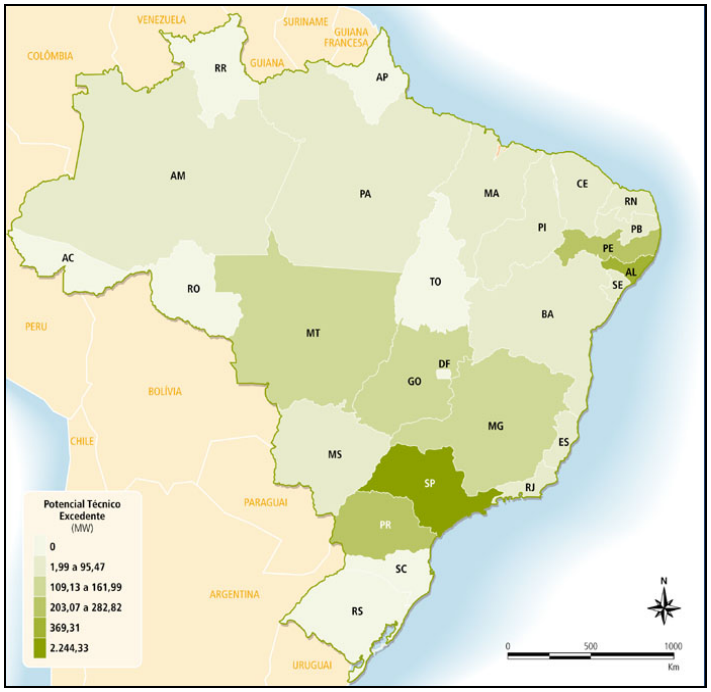

Figure 6. Sugar Cane Residue Potential for Energy Generation[65]

Peanut Shell

Peanut Shell can also be used in the project activity. The state of *São Paulo* is the biggest producer of peanut of Brazil. Table 16 shows

[63] Triangulo Mineiro.com - Universidades unem pesquisas sobre biomassa da cana. Avaliable at: <http://www.triangulomineiro.com/noticia.aspx?catNot=59&id=3097&nomeCatNot=Ci%C3%AAncia> . Visited on May 11th,2009.

[64] CGEE. Geração de energia elétrica a partir de biomassa no Brasil: situação atual, oportunidades e desenvolvimento. Available at: www.cgee.org.br/arquivos/estudo003_02.pdf. Visited on May 11th, 2009.

[65] *Source: CENTRO NACIONAL DE REFERÊNCIA EM BIOMASSA - CENBIO. Panorama do potencial de biomassa no Brasil. Brasília; Dupligráfica, 2003. 80 p.*

the total amount of peanut produced between the years 2005 and 2007 in the state of *São Paulo* and Brazil.

According to IBGE (Geographic and Statistic Brazilian Institute), the shell represents thirty percent of peanut's weight[66].

Table 16. Peanut Production in the state of *São Paulo*. Source: www.iica.org.br/Docs/Publicacoes/PublicacoesAgricolas/Lev03_Safra20062007.pdf. Visited on May 11th, 2009.

Peanut production in *São Paulo* State		
First and Second Harvest		
Harvest	2005/2006	2006/2007
Peanut production (in thousand of tons)	207.8	188.3
Peanut shells (in thousand of tons)	62.34	56.49

Peanut shells may be utilized in small amounts, mainly during its two harvest periods that go from: January to February and through June. The amount of peanut shells produced in the state is much larger than the quantity that would be employed in the project activity. Considering that 250 tons per month of this biomass would be used in the project activity, it represents only 5% of the total available in the harvest of 2006/2007.

There are no data regarding the demand for the biomasses in the State of São Paulo. However, according to Barbosa[67] (2009), it is a common practice in sawmills the generation of methane due to the decay of sawdust in their on site places. Furthermore, according to Albertini[68] (2007), currently, there is a huge availability of residues from agriculture and a low price due to their low. This source also affirms it is estimated that besides the quantity of sugar cane bagasse processed and used to thermal energy generation, there is a sugar cane bagasse surplus of about 12%, which could be utilized to improve the environmental quality as this project activity.

B) *Leakage relating to the non-renewable biomass shall be assessed from ex-post surveys of users and areas from where biomass is sourced.*

The following potential sources of this type of leakage were identified:

- Use/diversion of non-renewable biomass saved under the project activity by non-project households/users who previously used renewable energy sources. If this leakage assessment quantifies an increase in the use of non- renewable biomass used by the non-project households/users attributable to the project activity then baseline is adjusted to account for the quantified leakage.

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[66] *CENBIO. Panorama do Potencial de Biomassa do Brasil. Available at: < http://cenbio.iee.usp.br/download/metodologiabiomassa.pdf >. Visited on May 11th, 2009.*

[67] *Barbosa D. - Do Globo Amazônia, em São Paulo. Available at: http://portalamazonia.globo.com/noticias.php?idN=77689&idLingua=1%20-%2044k. Visited on May 11th, 2009.*

[68] *Albertini S.,Carmo L. F,Prado Filho L. G. Use of sawdust and pulp from cane as adsorbents of cadmium. Ciênc. Tecnol. Aliment., Campinas, 27(1): 113-118, jan.-mar. 2007 115.1. Available at: http://www.scielo.br/pdf/cta/v27n1/19.pdf. Visited on May 11th, 2009.*

- Use of non-renewable biomass saved under the project activity to justify the baseline of other project activities can also be potential source of leakage. If this leakage assessment quantifies a portion of non-renewable biomass saved under the project activity that is used as the baseline of other project activity then baseline is adjusted to account for the quantified leakage.

- Increase in the use of non-renewable biomass outside the project boundary to create non-renewable biomass baselines can also be potential source of leakage. If this leakage assessment quantifies an increase in use of non-renewable biomass outside the project boundary then baseline is adjusted to account for the quantified leakage.

It is expected that the carbon credits incomes will stimulate the use of renewable biomass to other ceramic companies presenting a huge possibility for sustainable development in the region. Therefore, the sources of leakages mentioned above will probably not be applicable as it is predicted the project activity will not displace the use of renewable biomass of a non-project user, due to the likely decrease in the use of non-renewable biomass in the region and there is current great amount of renewable biomasses available locally as described before. The non-renewable biomass employed which would be employed in this project activity will not being saved for other project activity, since other ceramics was already consuming wood from non sustainable forest management (common practice).

It will decrease the using of non-renewable biomass, especially due to the incentive of carbon credits.

Therefore, it can be concluded that this source of leakage, until the date of the project approval, is not considered in this project activity.

C) *If the equipment is transferred from another activity or if the existing equipment is transferred to another activity, leakage is to be considered.*

This leakage is not applicable for this project activity at *Nascente* Ceramic as there is no transference of equipment, in spite of new equipments had to be acquired.

Due to all the explanations described above, the present project activity, until the date of the project approval, does not encompass any type of leakage.

4.2 Quantifying GHG emissions and/or removals for the baseline scenario:

The applied methodology does not predict project emissions; therefore, the baseline emissions are equivalent to emission reductions, which is demonstrated below.

$$ER_y = B_y \times f_{NRB,y} \times NCV_{biomass} \times EF_{projected\_fossilfuel}$$

By,total = 7,500 thousand of ceramic devices per year x 0.854 tons of wood/thousand of ceramic devices= **6,405 tons of wood per year**

ERy, total = 6,405 tons of wood x 0.9804 x 0.0186 TJ/Ton x 77.4 tCO2/TJ = **9,040 tCO_2e**

Table 17. Emission reductions without considering the project emissions and leakage.

Year	Baseline Emissions (tCO_2e)
2007	9,040
2008	9,040
2009	9,040
2010	9,040
2011	9,040
2012	9,040
2013	9,040
2014	9,040
2015	9,040
2016	9,040
Total	**90,400**
Annual Average	9,040

4.3 Quantifying GHG emissions and/or removals for the project:

The applied methodology does not predict project emissions and leakage was considered to be zero.

4.4 Quantifying GHG emission reductions and removal enhancements for the GHG project:

Table 18. Estimation of emission reductions.

Year	Emissions Reductions(tCO2e)
2007	9,040
2008	9,040
2009	9,040
2010	9,040
2011	9,040
2012	9,040
2013	9,040
2014	9,040
2015	9,040
2016	9,040
Total	**90,400**
Annual Average	9,040

5 Environmental Impact:

Table 19. Summary of the environmental impacts

Environmental Factor	Environmental Impact	Classification
Soil	Improvement of soil conditions because of the vegetation conservation	Positive
Air	Production of ash	Negative
Climate	GHG emission reduction	Positive
Water/ hydric resources	Preservation of ground water quality	Positive
Water/ hydric resources	Preservation of the water cycle renewal	Positive
Energy	No more use of a polluting residues as fuel for energy production	Positive
Fauna	Biodiversity preservation	Positive
Flora	Biodiversity preservation	Positive
Economic-social	Increment of job opportunities in the region	Positive

The only negative impact identified is that the project activity will generate ashes due to the burning of the biomass, but this impact will be mitigated by incorporating the ashes into the clay used as thermal insulator in the kilns entrance.

The burning of the new biomasses also emits particulate material and CO_2, as well as when using wood. However, the emission reductions of GHG will improve since they are renewable biomasses.

This way the project does not cause any additional negative impacts as all generated energy is a result of the best and unique exploitation of the natural resources available. On the contrary, the Project will improve the local environmental conditions by establishing proper treatment for the renewable biomasses and also by contributing to the reduction of the deforestation rate.

Environmental Laws related to the plant activities

The Environmental National Policy, *Política Nacional do Meio Ambiente* - PNMA, instituted by the Brazilian Law 6.938/81, establishes that the construction, installation, amplification and operation of any enterprise or activity which may exploit natural resources, and are considered potentially pollutant, or capable of degrading the environment, will be possible only if they obtain a previous environmental permission; according to the Brazilian Constitution of 1988. One of the tools settled by the PNMA, in order to monitor and study the potential impacts generated by these kinds of enterprises, is the Environmental Impact Assessment (EIA).

An EIA was not required due to the project activity.

6 Stakeholders comments:

The main stakeholders considered in this project are the ceramic sector national association and the ceramic company employees. A letter was sent to the stakeholders informing about the project and in the ceramic's facilities the letter was posted on the employees' board, which is a visible place with high circulation of employees. The letter was available during seven days and the comments were expected for a period of seven days after the letter has been posted.

Moreover, having the ceramic sector national association being aware of the project, other local stakeholders will be able to be informed about the proposed project activities, because the ceramic sector national association has great visibility trough different parts of the community, public entities on different levels, like Municipality, State and Federal organizations.

The ceramic sector national association keeps relationships to local developing agencies, like SEBRAE (Brazilian Service to support Micro and Small size companies), SENAI (Brazilian Service to support technically Manufacturing Companies), among others so it will help in the diffusion of project results and best practices.

Till validation time, positive answers were received and outcomes are available and arrived within the validation of the project.

Beside consultation with employees and the INCOESP[69] (Cooperative of the West of São Paulo State), this kind of emission reductions projects have the CCB support. CCB[70] sent a letter supporting the Voluntary Carbon Project in the Red Ceramic Sector, which in their judgment is a very important action to the Civil Construction in Brazil, due to environmental and social benefits as well as quality improvement in their products.

The comments received from CCB and INCOESP support and incentive the project, therefore, there were no actions related to the project activity which should be modified due to the comments received. The comments affirm that the project is high important because it allows the improvement of the ceramic industry and its activities, improving environmental conditions.

[69] INCOESP is a cooperative association that aims the development of *Presidente Prudente* ceramic sector.

[70] *CCB (Brazilian Ceramic Center is a non-profit organization accredited by INMETRO for Quality Management System and Products Certification. More information is available at: < www.ccb.org.br>. Visited on May 11th, 2009.*

7 Schedule:

- Project start date[71]: 1st February 2006
- Crediting period start date[72]: 1st January 2007
- Date of terminating the project: 31st December 2016
- VCS project crediting period: 10 years, twice renewable
- Monitoring and reporting frequency: preferentially from 6 to 12 months, since the beginning of the crediting period.
- Validation Report predicted to 15th February 2009
- First Verification Report predicted to 15th February 2009

[71] *Date on which the project began reducing or removing GHG emissions, i.e. when the project proponent began employing renewable biomass.*

[72] *The date on which the first monitoring period commences, i.e. when the ceramic company completed the fuel switch.*

8 Ownership:

8.1 Proof of Title:

Ceramic's article of incorporation and the contract between *Carbono Social Serviços Ambientais* – project developer – and *Nascente* Ceramic will proof the title, demonstrating the rights to the GHG emissions reductions and the ownership of the project. These proofs of title will be checked by TÜV Nord Cert GmbH and are in power of *Nascente* Ceramic and available to consultation.

8.2 Projects that reduce GHG emissions from activities that participate in an emissions trading program (if applicable):

Not applicable.