

Brazil Offers World Over 700,000 Carbon Credits from Sanitary Landfills

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The São Paulo municipal government will be holding its second carbon credit auction for the sale of CERs (Certified Emission Reductions) on September 25. A total amount of 713,000 CERs will be auctioned in a single lot under the terms of the Clean Development Mechanism - 454.343 CERs from the Bandeirantes landfill Energy Project and 258.657 CERs from the São João landfill Energy Project.

The Internet-based auction (www.bmf.com.br/leilaocarbono) will be at 8:30 a.m. (Brasília time) or (11:30 UCT). The minimum bid price will be disclosed on September 24, one day before the auction, and will be available at 10 am (Brasília time) on the website of the Brazilian Stock, Mercantile & Futures Exchange (BM&FBOVESPA), the world's third largest exchange group.

The financial settlement will be mediated by the BM&F Settlement Bank. The collateral of 400,000 euros (US\$ 586,000) must be pledged by all bidders by no later than five business days before the auction date.

The Bank of Brazil will confirm the letters of credit to be issued by the banks listed in the Notice. Standby letters of credit must be submitted as collateral to the Bank of Brazil, London branch, in the city of London, United Kingdom.

The Bandeirantes landfill is located in the northern section of the city of São Paulo on an area of 150 hectares with a waste storage capacity of 35 million metric tons. In 2003, it was the first landfill of its kind to install a thermoelectric plant generating 170 thousand MW/h per annum.

Established in 1992, the São João landfill is located in the eastern section of the city of São Paulo on an area of 80 hectares. It receives 7 thousand tons of waste per day, and its thermoelectric plant production of 200 thousand MW/h per annum is equal to the annual energy consumption of a city of 400 thousand inhabitants.

Both of these landfills have installed systems to capture the gases produced by the decomposition of the urban waste they store. These gases, principally carbon dioxide and methane responsible for the greenhouse effect, are being used to produce electric energy.

Residents who live around the Bandeirantes landfill, in the Perus neighborhood, have complained that they have not seen the money from the first auction being used to improve conditions in the area as it was promised by the authorities. In September of last year, Dutch FortisBank paid 34 million Brazilian reais (US\$ 21 million) for 808,450 carbon credits.

Service

Auction can be accessed here: <http://www.bmf.com.br/portal/pages/MBRE/negociacao.asp>.