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## CDM – Executive Board

Small scale hydropower run-of-river plants such as CristalSHP provide local distributed generation, in contrast with the business as usual large hydropower and natural gas fired plants built in the last 5 years, and these small scale projects provide site benefits including:

- Increased reliability with shorter and less extensive outages;
- Lower reserve margin requirements;
- Improved power quality;
- Reduced lines losses;
- Reactive power control;
- Mitigation of transmission and distribution congestion; and
- Increased system capacity with reduced T&D investment.

A strong indication that CristalSHP contributes to the country's sustainable development goals is that the project is in accordance with the April 2002 law # 10,438 of Proinfa (Programa de Incentivo as Fontes Alternativas de Energia Elétrica). Proinfa is a Brazilian federal program that gives incentive to alternative sources of electricity (wind energy, biomass cogeneration, and hydropower plants with less than 30 MW). Among other factors, this initiative goal is to increase the renewable energy source share in the Brazilian electricity profile in order to contribute to a greater environmental sustainability through giving these renewable energy sources better economic advantages. The Brazilian government has committed a large monetary fund in order to develop this plan. Although CristalSHP is eligible for Proinfa, it had not applied to a Power Purchase Agreement (PPA) through Proinfa, and therefore, does not have access to the benefits of the program