

SECTION A. Description of project activity

A.1. Purpose and general description of project activity

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8 de Agosto (the Project) is a run-of-river hydro power plant located at the river Aucantagua which is a tributary to the Monzón River. The Project is located in the Monzón district, Huamalíe province, Huánuco department. The Project shall be implemented by the special purpose company named Generación Andina S.A.C. which is owned by Polaris Energy Perú Corp.

The purpose of the Project is to generate electricity using renewable energy sources to be supplied to Peru's National Interconnected Electric Grid (hereafter referred to as the SEIN). The reduction of the baseline emissions results from the displacement of electricity generated by the power plants that form part of the Peruvian electricity system SEIN, which include fossil-fuel based power plants emitting CO₂. The Project's total installed generating capacity is 20.576 MW, with an expected annual net electricity generation of 159,442 MWh. It is expected that the Project will be commissioned 31/12/2014.

As per the applicable methodology, the project activity is the installation of a new grid-connected renewable power plant/unit, the baseline scenario is electricity delivered to the grid by the project activity would have otherwise been generated by the operation of grid-connected power plants and by the addition of new generation sources, as reflected in the combined margin. The emission sources and gases included are none for the project activity (as per the applicable methodology) and CO₂ emissions from the current fuel mix in the grid in the baseline.

The Project's design flow is given with 18 cubic meters per second (m³/sec). The intake will be located at the Aucantagua river. The water shall be led through a 3,040 meter long channel and afterwards through a 894 meter long tunnel. The penstock of 240 meter will carry the water to the powerhouse. The net head is given with 128 meter. The powerhouse shall host two Francis turbines. The water shall be discharged to the Monzón River.

The Project start date is estimated to be the 28/02/2013 in accordance with the current working schedule of the project developers. At this date it is estimated to reach financial closing of the Project. The initial investment analysis is conducted as of 30/09/2011, when a power purchase agreement (PPA) has been signed as part of the renewable energies (RER) auction conducted in Peru. The contract signature required the issuance of a performance bond with 100,000 USD/MW.

The Project is expected to displace 735,931 tons of carbon dioxide equivalents (tCO₂e) in the first 7 years lasting crediting period, generating an equivalent amount of Certified Emission Reductions (CERs).

The spatial extent of the project boundary is the SEIN. The generated electricity will be supplied to the SEIN through a 58.67 km transmission line at a 138 kV level to the Tingo Maria substation.

The Project will contribute to sustainable development by:

- a) Creating a source of renewable energy in a sustainable way;
- b) Helping the SEIN to reduce the utilization of thermal power plants for power

generation, thus displacing expensive thermal generation, while at the same time reducing GHG emissions;

- c) Employing local labor in construction and plant management.
- d) Supporting local development (see section E.3)
- e) Adding revenue to Peru's fiscal accounts through the payment of taxes; and
- f) Helping Peru improve its hydrocarbon trade balance through reduction of oil imports in electricity generation.

A.2. Location of project activity

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The Project is a run-of-river hydro power plant located at the river Aucantagua which is a tributary to the Monzón River. The Project is located in the Monzón district, Huamalíe province, Huánuco department. The project is approximately 70 km away from the city of Tingo María and 1.8 km away from the village of Maravillas.

The Project's geographic coordinates for the powerhouse are given as follows:¹

	Longitude	Latitude	(meters above sea level-masl).
Powerhouse	-76.355736	-9.294698	1,045.00

The location of the Project can be seen in the figure below:

¹ The coordinates are approved in the Directorial Resolution Nr. 0142-2011-ANA-DARH granted by the Peruvian Water Authority on 16/09/2011. Thereby the coordinates are given in WGS 84 UTM and are 8972282 N; 351095 E originally.