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12/05/2006



Consortium inaugurates Capim Branco I and II hydroelectric plants in the Triângulo Mineiro region

On December 5, the Capim Branco Energy Consortium (the "CCBE") inaugurated its Capim Branco Energy Complex, with an installed capacity of 450 megawatts (MW). The Complex is located by the Araguari River, in the tri-city area of Indianópolis, Araguari and Uberlândia, in the Triângulo Mineiro region, and is comprised by the Capim Branco I and Capim Branco II plants, with an estimated investment of approximately BRL 1 billion.

The project generated approximately 7.8 thousand direct and indirect jobs during the construction phase and was created by a joint-venture agreement executed by Companhia Vale do Rio Doce (CVRD), Companhia Energética de Minas Gerais (Cemig), Votorantim Metais and Suzano Papel e Celulose. The construction works for Capim Branco I and Capim Branco II began in September 2003 and March 2004, respectively. Each plant relies on three groups of hydro generators, taking advantage of the 58 m high waterfalls (CBI) and the 46 m waterfalls (CB II).

The addition of up to 450 MW to the National Energy System will contribute to a higher energy output to the Interconnected System (the "SIN") and will bring other benefits, including an improvement in the voltage control in the Southeastern transmission system and an increased reliability to the SIN in the region.

Environment

Capim Branco is considered the hydroelectric project with the least environmental impact in the State of Minas Gerais, due to its location around a deep canyon with engineering solutions that ensured the highest generation capacity with the least flooded area.

As an environmental trade-off, the Pau Furado State Park is being created in the Capim Branco I plant area, the first Forest state park in the Triângulo Mineiro, with 2.500 hectares or approximately 25 square km. A total of 79 environmental programs are being implemented in the Capim Branco Energy Complex.

The consortium members

Companhia Vale do Rio Doce (CVRD) is a global mining player with key investments in the power sector. Last year CVRD accounted for the equivalent of 4.4 per cent (16.9 TWh) of the total energy consumed in Brazil. Hydroelectric plants such as Igarapava, Port Estrela, Funil, Candonga and Aimorés accounted for 9 per cent of the company's total energy consumption.

With the start-up of the Capim Branco Energy Complex plants, Cemig will rely on an energy generating complex for a total of 57 plants. The complex includes 52 hydroelectric plants, four thermoelectric plants and one wind-power plant. This year to date Cemig inaugurated two hydroelectric plants, i.e., the Aimorés Plant (in a joint-venture with CVRD) and the Irapé Plant (in a joint-venture with the Minas Gerais state government). These two hydroelectric plants in addition to the Capim Branco I and II plants will lead to a total increase in the state generation complex of 1.140 MW. The Cemig interest

in the project represents an addition of approximately 10 per cent of the company's rated generation capacity, to a total of 6,567 MW.

Suzano Papel e Celulose is one of the largest vertically integrated eucalyptus pulp and paper producers in Latin America, with a production capacity of 1.1 million tons of pulp and 820 thousand tons of paper, with revenues of USD 1 billion. Suzano Papel e Celulose manufactures a wide range of paper and pulp products for both the domestic and international markets; it is the indirect owner of 50 per cent of the Ripasa S/A Celulose e Papel stock, a producer of pulp, P&W papers, special papers, paper board and cardboards. Ripasa sales reached BRL 1.4 billion with a volume of 646 thousand tons in 2005, with four manufacturing units in São Paulo, and 86.4 thousand hectares of forestry areas.

Votorantim Metais operates in markets such as zinc, nickel and long steels, with manufacturing units in the states of São Paulo, Rio de Janeiro, Minas Gerais, Goiás and in Lima, Peru. The company has approximately 7 thousand employees and recorded net revenues of BRL 3.522 billions in 2005.

In the energy generation sector, the goal of Votorantim Metais is to reach a degree of self-sufficiency of 60 per cent. The company owns two plants (Sobragi e Picada) and has a stake in projects such as Igarapava, Capim Branco I, Capim Branco II and Campos Novos, the latter still under construction.

Consórcio Capim Branco de Energy (The Capim Branco Energy Consortium)

Vale do Rio Doce - 48.4211 per cent

Cemig Capim Branco Energy - 21.0526 per cent

Comercial e Agrícola Paineiras (Suzano Papel e Celulose) - 17.8947 per cent

Votorantim Metais - 12.6316 per cent

Rate power

Capim Branco I - 240 megawatts

Capim Branco I - 210 megawatts

More information



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