



# VERIFICATION REPORT CEP CARBON EMISSIONS PARTNERS S.A.

VERIFICATION OF THE  
REDUCTION OF METHANE EMISSIONS ON THE GAS  
EQUIPMENT OF GAS DISTRIBUTION POINTS AND ON  
THE GAS ARMATURE, FLANGED, THREADED JOINTS  
OF GAS DISTRIBUTION PIPELINES OF PJSC  
“LUBNYGAZ”

SECOND PERIODIC  
FOR THE PERIOD OF 01/01/2008 – 30/06/2012

REPORT No. UKRAINE-VER/0634/2012

REVISION No. 01

BUREAU VERITAS CERTIFICATION



VERIFICATION REPORT

Date of first issue: 08/08/2012	Organizational unit: Bureau Veritas Certification Holding SAS
Client: CEP Carbon Emissions Partners S.A.	Client ref.: Fabian Knodel

**Summary:**  
 Bureau Veritas Certification has made the 2nd periodic verification for the period of 01/01/2008-30/06/2012 of the "Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC "Lubnygaz" project of CEP Carbon Emissions Partners S.A. located in the territory of Lubny city and territories adjoining the city, Ukraine, and applying JI specific approach, on the basis of UNFCCC criteria for the JI, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria (but for the crediting period) refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

The verification scope is defined as a periodic independent review and ex post determination by the Accredited Entity of the monitored reductions in GHG emissions during defined verification period, and consisted of the following three phases: i) desk review of the monitoring report against project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final verification report and opinion. The overall verification, from Contract Review to Verification Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

The first output of the verification process is a list of Clarification, Corrective Actions Requests, Forward Actions Requests (CR, CAR and FAR), presented in Appendix A.

In summary, Bureau Veritas Certification confirms that the project is implemented as planned and described in approved project design documents. Installed equipment being essential for generating emission reduction runs reliably and is calibrated appropriately. The monitoring system is in place and the project is generating GHG emission reductions. The GHG emission reduction is calculated accurately and without material errors, omissions, or misstatements, and the ERUs issued totalize 474 774 tonnes of CO<sub>2</sub> equivalent for the monitoring period from 01/01/2008 to 30/06/2012.

Our opinion relates to the project's GHG emissions and resulting GHG emission reductions reported and related to the approved project baseline and monitoring, and its associated documents.

Report No.: UKRAINE-ver/0634/2012	Subject Group: JI
Project title: Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC "Lubnygaz"	
Work carried out by: Oleg Skoblyk – Team Leader, Climate Change Lead Verifier Volodymyr Kulish – Team Member, Climate Change Verifier	
Work reviewed by: Ivan Sokolov - Internal Technical Reviewer Oleksandr Kuzmenko – Technical Specialist	
Work approved by: Ivan Sokolov – Climate Change Operational Manager	
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## 1 INTRODUCTION

CEP Carbon Emissions Partners S.A. has commissioned Bureau Veritas Certification to verify the emissions reductions of its JI project “Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz” (hereafter called “the project”) in the territory of Lubny city and the territories adjoining the city, Ukraine.

This report summarizes the findings of the verification of the project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

The verification covers the period from January 1, 2008 to June 30, 2012.

### 1.1 Objective

Verification is the periodic independent review and ex post determination by the Accredited Independent Entity of the monitored reductions in GHG emissions during defined verification period.

The objective of verification can be divided in Initial Verification and Periodic Verification.

UNFCCC criteria refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

### 1.2 Scope

The verification scope is defined as an independent and objective review of the project design document, the project’s baseline study, monitoring plan and monitoring report, and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations.

The verification is not meant to provide any consulting towards the Client. However, stated requests for clarifications, corrective and/or forward actions may provide input for improvement of the project monitoring towards reductions in the GHG emissions.

### 1.3 Verification Team

The verification team consists of the following personnel:

Oleg Skoblyk

Bureau Veritas Certification Team Leader, Climate Change Lead Verifier

Volodymyr Kulish

Bureau Veritas Certification Team Member, Climate Change Verifier



This verification report was reviewed by:

Ivan Sokolov  
Bureau Veritas Certification Internal Technical Reviewer

Oleksandr Kuzmenko  
Bureau Veritas Certification Technical Specialist.

## 2 METHODOLOGY

The overall verification, from Contract Review to Verification Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

In order to ensure transparency, a verification protocol was customized for the project, according to the version 01 of the Joint Implementation Determination and Verification Manual, issued by the Joint Implementation Supervisory Committee at its 19 meeting on 04/12/2009. The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from verifying the identified criteria. The verification protocol serves the following purposes:

- It organizes, details and clarifies the requirements a JI project is expected to meet;
- It ensures a transparent verification process where the verifier will document how a particular requirement has been verified and the result of the verification.

The completed verification protocol is enclosed in Appendix A to this report.

### 2.1 Review of Documents

The Monitoring Report (MR) submitted by CEP Carbon Emissions Partners S.A. and additional background documents related to the project design and baseline, i.e. country Law, Project Design Document (PDD), Approved CDM methodology, Determination Report of the project issued by Bureau Veritas Certification Holding SAS, No. UKRAINE-det/0540/2012 dated 10/07/2012, Guidance on criteria for baseline setting and monitoring, Host party criteria, Kyoto Protocol, Clarifications on Verification Requirements to be Checked by an Accredited Independent Entity were reviewed.

The verification findings presented in this report relate to the Monitoring Report for the period of 01/01/2008 – 30/06/2012, version 01 dated 28/07/2012 and version 02 dated 06/08/2012, and project as described in the determined PDD.



## 2.2 Follow-up Interviews

On 07/08/2012 Bureau Veritas Certification performed (on-site) interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of PJSC “Lubnygaz” and CEP Carbon Emissions Partners S.A. were interviewed (see References). The main topics of the interviews are summarized in Table 1.

**Table 1 Interview topics**

Interviewed organization	Interview topics
PJSC “Lubnygaz”	<ul style="list-style-type: none"> <li>➤ Organizational structure</li> <li>➤ Responsibilities and authorities</li> <li>➤ Training of personnel</li> <li>➤ Quality management procedures and technologies</li> <li>➤ Operation of equipment (logging)</li> <li>➤ Metering equipment control</li> <li>➤ Record keeping system, database</li> </ul>
Consultant: CEP Carbon Emissions Partners S.A.	<ul style="list-style-type: none"> <li>➤ Baseline methodology</li> <li>➤ Monitoring plan</li> <li>➤ Monitoring report</li> <li>➤ Deviations from the PDD</li> </ul>

## 2.3 Resolution of Clarification, Corrective and Forward Action Requests

The objective of this phase of the verification is to raise the requests for corrective actions and clarification and any other outstanding issues that needed to be clarified for Bureau Veritas Certification positive conclusion on the GHG emission reduction calculation.

If the Verification Team, in assessing the monitoring report and supporting documents, identifies issues that need to be corrected, clarified or improved with regard to the monitoring requirements, it should raise these issues and inform the project participants of these issues in the form of:

- (a) Corrective action request (CAR), requesting the project participants to correct a mistake that is not in accordance with the monitoring plan;
- (b) Clarification request (CL), requesting the project participants to provide additional information for the Verification Team to assess compliance with the monitoring plan;
- (c) Forward action request (FAR), informing the project participants of an issue, relating to the monitoring that needs to be reviewed during the next verification period.



The Verification Team will make an objective assessment as to whether the actions taken by the project participants, if any, satisfactorily resolve the issues raised, if any, and should conclude its findings of the verification.

To guarantee the transparency of the verification process, the concerns raised are documented in more detail in the verification protocol in Appendix A.

### **3 VERIFICATION CONCLUSIONS**

In the following sections, the conclusions of the verification are stated.

The findings from the desk review of the original monitoring documents and the findings from interviews during the follow up visit are described in the Verification Protocol in Appendix A.

The Clarification, Corrective and Forward Action Requests are stated, where applicable, in the following sections and are further documented in the Verification Protocol in Appendix A. The verification of the Project resulted in 8 Corrective Action Requests, and 3 Clarification Requests.

The number between brackets at the end of each section corresponds to the DVM paragraph.

#### **3.1 Remaining issues and FARs from previous verifications**

There are not any remaining issues and FARs from previous verifications.

#### **3.2 Project approval by Parties involved (90-91)**

The project obtained approval by the Host party (Ukraine) - Letter of Approval No. 2093/23/7 issued by the State Environmental Investment Agency of Ukraine dated 03/08/2012, and written project approval by the party – buyer of the emission reduction units (Switzerland) - Letter of Approval No. J294-0485 issued by the Federal Office for the Environment of Switzerland (FOEN) dated 20/07/2012.

The abovementioned written approvals are unconditional.

The identified areas of concern as to the project approval by the parties involved, project participants' responses and BVC's conclusions are described in Appendix A to this report (refer to CAR 01).

#### **3.3 Project implementation (92-93)**

PJSC “Lubnygaz” is an enterprise that provides transportation and supply of natural gas in Lubny city, villages and territories adherent to the city. The company supplies natural gas to industrial enterprises (126), public-service facilities (475), consumers and population (66 744 apartments and individual accommodation units).



The structure of existing tariffs for gas transportation regulated by the state does not take into account the amortization and investment needs of gas distribution enterprises. This leads to a lack of financing for repair works and modernization of gas networks, purchase of proper technological equipment and components, and, as a result, contributes to the increase of methane leaks at PJSC “Lubnygaz” facilities.

The project activities consist in the reduction of methane leaks that occur as a result of faulty sealing of GDN components of PJSC «Lubnygaz» (gas equipment of GDPs (CGDPs) and gas fittings of gas pipelines).

Within the framework of the JI project in order to repair methane leaks at gas equipment and gas fittings two types of repairs are applied:

1. Complete replacement of old gas equipment and gas fittings with new units.
2. Replacement of sealing elements with the use of modern sealing materials, changing the common practice of maintenance and repair on the basis of paronite packing and gaskets made of cotton fibers with fatty treatment and asbestic and graphite filler.

The existing practice of maintenance and repair on the basis of paronite packing and gaskets made of cotton fibers with fatty treatment and asbestic and graphite filler does not give a long-lasting effect of methane leak reduction.

As a result of JI project activities, in addition to methane leak reductions, technical losses of natural gas decreased, a contribution was made to the improvement of environmental situation, and the risk of accidents and explosions was reduced.

According to the PDD version 03 the project boundary includes leak spots caused by seal failure of GDP (CGDP) equipment, gas fittings, flanged and threaded connections of PJSC “Lubnygaz” gas distribution networks. The project boundary includes GDPs (CGDPs) (284 units) and gas fittings (1163 units). During the current monitoring period gas equipment of 72 GDPs (CGDPs) and 338 gas fitting units were repaired (replaced) in the framework of the project. PJSC “Lubnygaz” completed repair of all equipment units at GDPs (CGDPs) and gas fittings included in the project boundary. The number of repaired (replaced) GDP (CGDP) gas equipment units and repaired (replaced) gas fittings of gas distribution pipelines under the project is provided in Table 2 of this report.



**Table 2 Status of the project implementation**

Period	Number of GDPs (CGDPs) where gas equipment was repaired (replaced)	The number of repaired (replaced) gas fittings of GDNs
2008	56	283
2009	3	19
2010	4	6
2011	8	30
January 2012 – June 2012	-	-
<b>TOTAL</b>	<b>72</b>	<b>338</b>

Project activities includes:

- Implementation of Purposeful Examination and Technical Maintenance (PETM) of GDN components (gas equipment of GDPs (CGDPs) and gas fittings);
- Detection of methane leaks: leak monitoring system at all GDN components (gas equipment of GDPs (CGDPs), gas fittings) that are included in the project boundary including repaired methane leaks (elements of GDN repaired as part of the project activity);
- Repair of all leaks detected: repair of leaking GDN components within the project boundary varies from replacement of sealing elements by using new and modern materials to replacement of gas equipment units and gas fittings with new and modern ones.

Project activities of the current monitoring period (January 01, 2008 – June 30, 2012) also involve Purposeful Examination and Technical Maintenance (PETM) of all GDP (CGDP) gas equipment and gas fittings that were repaired (replaced) in addition to scheduled repairs in the whole JI project life.

According to the Monitoring Plan provided in the PDD Version 03, current repairs of gas equipment are carried out once a year, and maintenance is performed once per half-year.

Results of measurements of methane leaks at repaired (replaced) GDP (CGDP) equipment and gas fittings of PJSC “Lubnygaz” gas pipelines do not exceed the leaks that would have occurred in the absence of the project.

The project was in operation for the entire monitoring period – from 01/01/2008 to 30/06/2012.



### **3.4 Compliance of the monitoring plan with the monitoring methodology (94-98)**

The monitoring occurred in accordance with the monitoring plan included in the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website.

For calculating the emission reductions key factors, such as sequence number of GDN component, Global Warming Potential of methane, number of activity (replacement/repair) at GDN component after the presence of APLNG was determined at such component, average mass fraction of methane in the natural gas, natural gas leak factor from GDN component in CLS, natural gas leak factor that corresponds to APLNG for GDN component, time of operation of GDN component under pressure from the beginning of monitoring period “y” to implementation of project activities (repair / replacement) that resulted in the repair of APLNG at such component, time of operation of GDN component under pressure from the moment of implementation of project activities (repair / replacement) that resulted in the repair of APLNG at such component to the end of the monitoring period “y”, experience in implementing activities provided by the project, current practice that exists in this field in Ukraine, financial costs and background, legislation, influencing the baseline emissions and the activity level of the project and the emissions as well as risks associated with the project were taken into account, as appropriate.

Data sources used for calculating emission reductions, such as metering equipment - DOZOR-S-P gas analyzer, information provided by equipment producers, data of the enterprise, “Methodology for calculation of greenhouse gas emission reductions achieved by above-standard natural gas leak repair at the gas distribution networks” (registration number UkrNTI 0112U00A816 dated 2012) and IPCC are clearly identified, reliable and transparent.

Emission factors, including default emission factors, are selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice.

The calculation of emission reductions is based on conservative assumptions and the most plausible scenarios in a transparent manner. The monitoring periods per component of the project are clearly specified in the monitoring report and do not overlap with those for which verifications were already deemed final in the past.

The identified areas of concern as to the compliance of the monitoring plan with the monitoring methodology, project participants’ responses and



BVC's conclusions are described in Appendix A to this report (refer to CAR 02, CAR 03, CAR 04, CL 01).

### **3.5 Revision of monitoring plan (99-100)**

Not applicable.

### **3.6 Data management (101)**

The data and their sources, provided in the monitoring report, are clearly identified, reliable and transparent.

The implementation of data collection procedures is in accordance with the monitoring plan provided in the PDD, including the quality control and quality assurance procedures.

The function of the monitoring equipment, including its calibration status, is in order.

According to the current Law "On metrology and metrological activity", all metering equipment in Ukraine shall meet the specified requirements of relevant standards and is subject to periodic verification. Calibration of metering equipment is carried out in accordance with the national standards.

Equipment that requires calibration and is used in the monitoring of methane leaks:

- DOZOR-S-P gas analyzer; Intercalibration period is 1 year.;
- "D-59N-100-6 1.0 kPa" manometer; Intercalibration period is 1 year;
- Thermometer of TL-4 type; Intercalibration period is 2 years;
- Stopwatch of "SOS pr-2b-2"; Intercalibration period is 2 years;
- BAMM-1 barometer aneroid; Intercalibration period is 2 years.

As a result of verification (calibration) a certificate confirming the technical serviceability of an equipment unit is issued.

The evidence and records used for the monitoring are maintained in a traceable manner.

Coordination of activities of all departments and services of PJSC "Lubnygaz" relating to the JI project implementation is carried out by the Working Team that was created by the Order of PJSC "Lubnygaz" management No. 1/2005 dated 04/01/2005. New Working Team composition is approved according to Order No. 76-V of PJSC "Lubnygaz" chairman of the management board as of 21/03/2012. The structure of the Working Team is shown in Figure 1.



**Figure 1 Structure of the Working Team**

Anatolii Ovchynnikov - Working Team Leader shall determine the plan of JI project activities and the amount of resources required;

Andrii Boichuk - Working Team Engineer is responsible for organization of monitoring measurements and repair of leaks at GDP (CGDP) and gas distribution network equipment;

Vitalii Ovdiienko - Working Team Technologist is responsible for collection of all information and conduction of all necessary calculations under the monitoring plan;

Andrii Troshev - Working Team Metrologist shall ensure the availability of calibrated metering devices in the process of JI project implementation.

All necessary data concerning GHG emission reduction monitoring is archived in paper and/or electronic form and kept till the end of the crediting period and for two years after the latest transaction with emission reduction units.

The Monitoring Report version 02 provides sufficient information on duties assigned, responsibility and authorities concerning implementation and undertaking of monitoring procedures, including data management. The verification team confirms the efficiency of the existing management and operational systems and considers them appropriate for reliable project monitoring.

The identified areas of concern as to data management, project participants' responses and BVC's conclusions are described in Appendix A to this report (refer to CAR 05, CAR 06, CAR 07, CAR 08, CL 02, CL 03).



### **3.7 Verification regarding programmes of activities (102-110)**

Not applicable.

## **4 VERIFICATION OPINION**

Bureau Veritas Certification has performed the 2nd periodic verification of the “Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz” Project for the period from January 1, 2008 to June 30, 2012, which applies JI specific approach. The verification was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

The verification consisted of the following three phases: i) desk review of the monitoring report against the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final verification report and opinion.

The management of CEP Carbon Emissions Partners S.A. is responsible for the preparation of the GHG emissions data and the reported GHG emissions reductions of the project on the basis set out within the project Monitoring Plan indicated in the final PDD version 03. The development and maintenance of records and reporting procedures in accordance with that plan, including the calculation and determination of GHG emission reductions from the project, is the responsibility of the management of the project.

Bureau Veritas Certification verified the Project Monitoring Report version 02 for the reporting period of 01/01/2008 - 30/06/2012 as indicated below. Bureau Veritas Certification confirms that the project is implemented as planned and described in approved project design documents. Installed equipment being essential for generating emission reduction runs reliably and is calibrated appropriately. The monitoring system is in place and the project is generating GHG emission reductions.

Emission reductions achieved by the project for the period from 01/01/2008 to 30/06/2012 do not differ significantly from the amount predicted for the same period in the determined PDD. Emission reductions predicted in the determined PDD version 03 and actual emission reductions stated in the MR version 02 are provided in Table 3 of this report.

**Table 3 Emission reductions predicted in the determined PDD version 03 and actual emission reductions stated in the MR version 02**



Period	Estimated GHG emission reductions stated in the determined PDD, t CO <sub>2e</sub>	Actual GHG emission reductions stated in the Monitoring report, t CO <sub>2e</sub>
2008	109 077	96959
2009	109 077	102 787
2010	109 077	108 371
2011	109 077	110 659
01/01/2012-30/06/2012	54 539	55 998
<b>Total</b>	<b>490 847</b>	<b>474 774</b>

The difference is explained by the fact that at the time of PDD writing it was impossible to obtain accurate data necessary for calculation of GHG emission reductions for the current monitoring period. To calculate the GHG emission reductions for the current monitoring period all the necessary information was given and this provided an opportunity to accurately determine the amount of emissions in the baseline and project scenarios. The quantity of emission reductions for the period from 01/01/2012 to 30/06/2012 that was provided in the determined PDD was identified by dividing the total annual amount of emission reductions stated in the PDD by 12 (12 months) and multiplying by 6 (6 months).

Bureau Veritas Certification can confirm that the GHG emission reduction is accurately calculated and is free of material errors, omissions, or misstatements. Our opinion relates to the project's GHG emissions and resulting GHG emissions reductions reported and related to the approved project baseline and monitoring, and its associated documents. Based on the information we have seen and evaluated, we confirm, with a reasonable level of assurance, the following statement:

Reporting period: From 01/01/2008 to 30/06/2012

In the period from 01/01/2008 to 31/12/2008

Baseline emissions	:	122 187	tonnes of CO <sub>2</sub> equivalent.
Project emissions	:	25 228	tonnes of CO <sub>2</sub> equivalent.
Emission Reductions	:	96 959	tonnes of CO <sub>2</sub> equivalent.

In the period from 01/01/2009 to 31/12/2009

Baseline emissions	:	132 648	tonnes of CO <sub>2</sub> equivalent.
Project emissions	:	29 861	tonnes of CO <sub>2</sub> equivalent.
Emission Reductions	:	102 787	tonnes of CO <sub>2</sub> equivalent.

In the period from 01/01/2010 to 31/12/2010

Baseline emissions	:	134 665	tonnes of CO <sub>2</sub> equivalent.
Project emissions	:	26 294	tonnes of CO <sub>2</sub> equivalent.
Emission Reductions	:	108 371	tonnes of CO <sub>2</sub> equivalent.



In the period from 01/01/2011 to 31/12/2011

Baseline emissions	:	136 949	tonnes of CO <sub>2</sub> equivalent.
Project emissions	:	26 290	tonnes of CO <sub>2</sub> equivalent.
Emission Reductions	:	110 659	tonnes of CO <sub>2</sub> equivalent.

In the period from 01/01/2012 to 30/06/2012

Baseline emissions	:	69 110	tonnes of CO <sub>2</sub> equivalent.
Project emissions	:	13 112	tonnes of CO <sub>2</sub> equivalent.
Emission Reductions	:	55 998	tonnes of CO <sub>2</sub> equivalent.

Total in the period from 01/01/2008 to 30/06/2012

Baseline emissions	:	595 559	tonnes of CO <sub>2</sub> equivalent.
Project emissions	:	120 785	tonnes of CO <sub>2</sub> equivalent.
Emission Reductions	:	474 774	tonnes of CO <sub>2</sub> equivalent.



## 5 REFERENCES

### Category 1 Documents:

Documents provided by the project participants that relate directly to the GHG components of the project.

/1/	The PDD of the JI project “Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz”, version 03, as of 22/06/2012
/2/	Monitoring Report of the JI project “Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz” for the period of 01/01/2008-30/06/2012, version 01, as of 28/07/2012
/3/	Monitoring Report of the JI project “Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz” for the period of 01/01/2008-30/06/2012, version 02, as of 06/08/2012
/4/	Annex A Supporting document 1. Calculation of greenhouse gas emission reductions at gas equipment of gas distribution points (cabinet-type gas distribution points) and gas fittings, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz” for the period from 01/01/2008 to 30/06/2012
/5/	Monitoring Report of the JI project “Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz” for the period of 01/03/2005-31/12/2007, version 02, as of 10/08/2012
/6/	Annex A Supporting document 1. Calculation of greenhouse gas emission reductions at gas equipment of gas distribution points (cabinet-type gas distribution points) and gas fittings, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz” for the period from 01/03/2005 to 31/12/2007
/7/	Determination Report of the JI project “Reduction of methane emissions on the gas equipment of gas distribution points and on the gas armature, flanged, threaded joints of gas distribution pipelines of PJSC “Lubnygaz”, issued by Bureau Veritas Certification Holding SAS, No. UKRAINE-det/0540/2012 dated 10/07/2012
/8/	Letter of Approval No. 2093/23/7 issued by the State





	Environmental Investment Agency of Ukraine as of 03/08/2012
/9/	Letter of Approval No. J294-0485 issued by the Federal Office for the Environment (FOEN) of Switzerland dated 20/07/2012.
/10/	Methodology for calculation of greenhouse gas emission reductions achieved by above-standard natural gas leak repair at gas distribution networks" that was developed by the Institute of Gas of the National Academy of Sciences of Ukraine (registration number UkrNTI 0112U00A816 dated 2012)

### Category 2 Documents:

Background documents related to the design and/or methodologies employed in the design or other reference documents.

/1/	Calibration certificate of the working measuring instrument No. 80205/50 dated 3/04/2012 (Dozor-S-P gas indicator and analyzer)
/2/	Calibration certificate of the working measuring instrument No. 80205/51 dated 3/04/2012 (Dozor-S-P gas indicator and analyzer)
/3/	Calibration certificate of the working measuring instrument No. 80205/53 dated 23/02/2012 (Dozor-S-P gas indicator and analyzer)
/4/	Passport of Dozor-S-P No. 4021
/5/	Calibration certificate of the working measuring instrument No. 82107/34 dated 17/06/2012 (Gas analyzer FP 11.2)
/6/	Calibration certificate of the working measuring instrument No. 82171/12 dated 15/05/2009 (Gas analyzer FP 11.2)
/7/	Calibration certificate of the working measuring instrument No. 82107/34 dated 17/06/2012 (Gas analyzer FP 11.2)
/8/	Calibration certificate of the working measuring instrument No. 82745/32 dated 18/05/2008 (Gas analyzer FP 11.2)
/9/	Passport of Gas analyzer FP 11.2
/10/	Passport of gas pressure regulator, Series RB 4000 Actaris Metering System
/11/	Passport of gas pressure regulator with low outlet pressure, combined RDNK
/12/	Technical Data Sheet for cabinet gas control point CGCP-N-02-RDNK-1000, serial number 130
/13/	Photo of CGDP (Actaris) in Lubny city and adjacent areas
/14/	Photo of gas fittings in CGDP in Lubny city and adjacent areas
/15/	Photo of RDNK in CGDP in Lubny city and adjacent areas
/16/	List of measuring instruments (report) that are in operation and subject to calibration in 2012
/17/	Photos of measuring works
/18/	Photos of natural gas leak repair works at GDN components
/19/	Passport of the gas filter (MADASFM-FMC-FGM)
/20/	Passport of the ball valve KZShS 41 nzh PS
/21/	Passport of shut-off steel ball valve of 11s42p model, manufactured by OJSC "Olbyrzych"
/22/	Passport of manometers DM 05, vacuum gauges DV 05, manovacuummeters



	DA 05
/23/	Passport of the spring valve of PSK Du 50 type
/24/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located at P. Osypenko street in Lubny city) dated 27/06/2008
/25/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located at P. Slynka street in Lubny city) dated 27/06/2008
/26/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located in Berezotocha village of Lubnytskyi district) dated 28/11/2008
/27/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located at Prykordonnykiv street in Lubny city) dated 16/06/2009
/28/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located in Makivtsi village of Lubnytskyi district) dated 17/06/2009
/29/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located in Tarasivka village of Orzhynskyi district) dated 18/06/2009
/30/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located in Tymky village of Orzhynskyi district) dated 23/12/2009
/31/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located in N. Martynovychi village Pyriatynskyi district) dated 24/12/2009
/32/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located in N. Maliutentsi village of Pyriatynskyi district) dated 22/12/2009
/33/	Delivery and acceptance certificate of repaired, reconstructed and modernized facilities (reconstruction of CGDP located in at Kononivska street in Lubny city) dated 02/12/2009
/34/	Verification certificate of the working standard (manometer) dated 29/03/2011
/35/	Verification certificate of the working standard (standard deformation manometer No. 4517) dated 05/04/2012
/36/	Verification certificate of the working standard (standard deformation manometer No. 80051) dated 05/04/2012
/37/	List of measuring instruments (report) that are in operation and subject to calibration in 2012
/38/	Photos of measuring works
/39/	Photos of installed / repaired equipment (GDN components)

#### Persons interviewed:

List persons interviewed during the verification or persons that contributed with other information that are not included in the documents listed above.



	<b>Name</b>	<b>Organization</b>	<b>Position</b>
/1/	Ovchynnikov A.A.	PJSC "Lubnygaz"	Chief Engineer
/2/	Ovdiienko V.M.	PJSC "Lubnygaz"	Engineer of production and operational department
/3/	Boichuk A.M.	PJSC "Lubnygaz"	Head of production and operational department
/4/	Troshev A.M.	PJSC "Lubnygaz"	Chief metrologist
/5/	Prokhach D.O.	"CEP" LLC	Consultant of CEP Carbon Emissions Partners S.A.



## VERIFICATION REPORT

**APPENDIX A: COMPANY PROJECT VERIFICATION PROTOCOL  
BUREAU VERITAS CERTIFICATION HOLDING SAS**
**JI PROJECT VERIFICATION PROTOCOL**
**Check list for verification, according to the JOINT IMPLEMENTATION DETERMINATION AND VERIFICATION MANUAL (Version 01)**

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
<b>Project approvals by Parties involved</b>				
90	Has the NFPs of at least one Party involved, other than the host Party, issued a written project approval when submitting the first verification report to the secretariat for publication in accordance with paragraph 38 of the JI guidelines, at the latest?	The project has been approved by both parties. The Letters of Approval were presented to the verification team. <b>CAR 01.</b> Please, state the number of the Letters of Approval in Section A.2. of the MR.	<b>CAR 01</b>	OK
91	Are all the written project approvals by Parties involved unconditional?	Yes, all the written project approvals by Parties involved are unconditional.	OK	OK
<b>Project implementation</b>				
92	Has the project been implemented in accordance with the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website?	Yes, the project has been implemented in accordance with the PDD, which is listed on the UNFCCC JI website. According to the PDD version 03 the project boundary includes leak spots caused by seal failure of GDP (CGDP) equipment, gas fittings, flanged and threaded connections of PJSC "Lubnygaz" gas distribution networks. The project boundary includes GDPs (CGDPs) (284 units) and gas fittings (1163 units). During the current monitoring period gas equipment of 72 GDPs (CGDPs) and 338 gas fitting units were	OK	OK



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		<p>repaired (replaced) in the framework of the project. PJSC "Lubnygaz" completed repair of all equipment units at GDPs (CGDPs) and gas fittings included in the project boundary.</p> <p>Project activities of the current monitoring period (January 01, 2008 – June 30, 2012) also involve Purposeful Examination and Technical Maintenance (PETM) of all GDP (CGDP) gas equipment and gas fittings that were repaired (replaced) in addition to scheduled repairs in the whole JI project life.</p> <p>According to the Monitoring Plan provided in the PDD Version 03, current repairs of gas equipment are carried out once a year, and maintenance is performed once per half-year.</p>		
93	What is the status of operation of the project during the monitoring period?	The Project has been operational for the whole monitoring period, which is 01/01/2008-30/06/2012.	OK	OK
<b>Compliance with monitoring plan</b>				
94	Did the monitoring occur in accordance with the monitoring plan included in the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website?	<p>Yes, the monitoring was carried out in accordance with the monitoring plan included in the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website.</p> <p><b>CAR 02.</b> An incorrect monitoring period was stated when a reference was made to the Supporting document in Section A.6. of the MR.</p> <p><b>CAR 03.</b> Please, delete irrelevant information relating to the quantity of repaired/replaced equipment units in 2005-2007 in Section A.6 of the MR.</p>	<p><b>CAR 02</b></p> <p><b>CAR 03</b></p>	<p>OK</p> <p>OK</p>
95 (a)	For calculating the emission reductions or	For calculating the emission reductions key factors,	<b>CL 01</b>	OK



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	enhancements of net removals, were key factors, e.g. those listed in 23 (b) (i)-(vii) above, influencing the baseline emissions or net removals and the activity level of the project and the emissions or removals as well as risks associated with the project taken into account, as appropriate?	such as sequence number of GDN component, Global Warming Potential of methane, number of activity (replacement/repair) at GDN component after the presence of APLNG was determined at such component, average mass fraction of methane in the natural gas, natural gas leak factor from GDN component in CLS, natural gas leak factor that corresponds to APLNG for GDN component, time of operation of GDN component under pressure from the beginning of monitoring period "y" to implementation of project activities (repair / replacement) that resulted in the repair of APLNG at such component, time of operation of GDN component under pressure from the moment of implementation of project activities (repair / replacement) that resulted in the repair of APLNG at such component to the end of the monitoring period "y", experience in implementing activities provided by the project, current practice that exists in this field in Ukraine, financial costs and background, legislation, influencing the baseline emissions and the activity level of the project and the emissions as well as risks associated with the project were taken into account, as appropriate. <b>CL 01.</b> Emission reductions in 2008 and 2009 are not equal to the difference between baseline and project GHG emissions. Please, clarify this discrepancy.		
95 (b)	Are data sources used for calculating emission reductions or enhancements of net	Yes, data sources used for calculating emission reductions or enhancements of net removals are	<b>CAR 04</b>	OK



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	removals clearly identified, reliable and transparent?	clearly identified, reliable and transparent <b>CAR 04.</b> Please, provide a full name of the Methodology, which was used to develop the specific approach, in Section A.5.2. of the MR.		
95 (c)	Are emission factors, including default emission factors, if used for calculating the emission reductions or enhancements of net removals, selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice?	Yes, emission factors, including default emission factors, that are used for calculating the emission reductions or enhancements of net removals, are selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice.	OK	OK
95 (d)	Is the calculation of emission reductions or enhancements of net removals based on conservative assumptions and the most plausible scenarios in a transparent manner?	The calculation of emission reductions is based on conservative assumptions and the most plausible scenarios in a transparent manner.	OK	OK
<b>Applicable to JI SSC projects only</b>				
96	Is the relevant threshold to be classified as JI SSC project not exceeded during the monitoring period on an annual average basis? If the threshold is exceeded, is the maximum emission reduction level estimated in the PDD for the JI SSC project or the bundle for the monitoring period determined?	N/a	N/a	N/a
<b>Applicable to bundled JI SSC projects only</b>				



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
97 (a)	Has the composition of the bundle not changed from that is stated in F-JI-SSCBUNDLE?	N/a	N/a	N/a
97 (b)	If the determination was conducted on the basis of an overall monitoring plan, have the project participants submitted a common monitoring report?	N/a	N/a	N/a
98	If the monitoring is based on a monitoring plan that provides for overlapping monitoring periods, are the monitoring periods per component of the project clearly specified in the monitoring report? Do the monitoring periods not overlap with those for which verifications were already deemed final in the past?	N/a	N/a	N/a
<b>Revision of monitoring plan</b>				
<b>Applicable only if monitoring plan is revised by project participant</b>				
99 (a)	Did the project participants provide an appropriate justification for the proposed revision?	N/a	N/a	N/a
99 (b)	Does the proposed revision improve the accuracy and/or applicability of information collected compared to the original monitoring plan without changing conformity with the relevant rules and regulations for the establishment of monitoring plans?	N/a	N/a	N/a
<b>Data management</b>				
101 (a)	Is the implementation of data collection	<b>CAR 05.</b> Please, provide information on possible	<b>CAR 05</b>	OK





## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	procedures in accordance with the monitoring plan, including the quality control and quality assurance procedures?	emergency situations at the company. <b>CAR 06.</b> Please, provide information relating to storage of project data.	<b>CAR 06</b>	OK
101 (b)	Is the function of the monitoring equipment, including its calibration status, is in order?	Yes, the function of the monitoring equipment, including its calibration status is in order. <b>CAR 07.</b> Please, provide calibration certificates for the equipment used to detect leaks to the verification team.	<b>CAR 07</b>	OK
101 (c)	Are the evidence and records used for the monitoring maintained in a traceable manner?	Yes, the evidence and records used for the monitoring are maintained in a traceable manner. <b>CAR 08.</b> Please, provide information on whether control measures provide for verification of installed equipment.	<b>CAR 08</b>	OK
101 (d)	Is the data collection and management system for the project in accordance with the monitoring plan?	The data collection and management system for the project is in accordance with the monitoring plan. The Verification Team confirms the effectiveness of existing management system and operating system and considers them suitable for reliable monitoring of the project. <b>CL 02.</b> Please, check the numbering of Tables and Figures in the MR. <b>CL 03.</b> Please, explain the abbreviations used in the MR.	<b>CL 02</b> <b>CL 03</b>	OK OK
<b>Verification regarding programs of activities (additional elements for assessment)</b>				
102	Is any JPA that has not been added to the JI PoA not verified?	N/a	N/a	N/a
103	Is the verification based on the monitoring reports of all JPAs to be verified?	N/a	N/a	N/a



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
103	Does the verification ensure the accuracy and conservativeness of the emission reductions or enhancements of removals generated by each JPA?	N/a	N/a	N/a
104	Does the monitoring period not overlap with previous monitoring periods?	N/a	N/a	N/a
105	If the AIE learns of an erroneously included JPA, has the AIE informed the JISC of its findings in writing?	N/a	N/a	N/a
<b>Applicable to sample-based approach only</b>				
106	<p>Does the sampling plan prepared by the AIE:</p> <p>(a) Describe its sample selection, taking into account that:</p> <p>(i) For each verification that uses a sample-based approach, the sample selection shall be sufficiently representative of the JPAs in the JI Project. Such extrapolation to all JPAs identified for that verification is reasonable, taking into account differences among the characteristics of JPAs, such as:</p> <ul style="list-style-type: none"> <li>- The types of JPAs;</li> <li>- The complexity of the applicable technologies and/or measures used;</li> <li>- The geographical location of each JPA;</li> </ul>	N/a	N/a	N/a



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	<ul style="list-style-type: none"> <li>- The amounts of expected emission reductions of the JPAs being verified;</li> <li>- The number of JPAs for which emission reductions are being verified;</li> <li>- The length of monitoring periods of the JPAs being verified; and</li> <li>- The samples selected for prior verifications, if any?</li> </ul>			
107	Is the sampling plan ready for publication through the secretariat along with the verification report and supporting documentation?	N/a	N/a	N/a
108	Has the AIE made site inspections of at least the square root of the number of total JPAs, rounded to the upper whole number? If the AIE makes no site inspections or fewer site inspections than the square root of the number of total JPAs, rounded to the upper whole number, then does the AIE provide a reasonable explanation and justification?	N/a	N/a	N/a
109	Is the sampling plan available for submission to the secretariat for the JISC.s ex ante assessment? (Optional)	N/a	N/a	N/a
110	If the AIE learns of a fraudulently included	N/a	N/a	N/a



VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	JPA, a fraudulently monitored JPA or an inflated number of emission reductions claimed in a JI PoA, has the AIE informed the JISC of the fraud in writing?			



## VERIFICATION REPORT

**TABLE 2 RESOLUTION OF CLARIFICATION AND CORRECTIVE ACTION REQUESTS**

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Verification team conclusion
<b>CAR 01.</b> Please, state the number of the Letters of Approval in Section A.2. of the MR.	90	The project is approved by the State Environmental Investment Agency of Ukraine (Letter of Approval No. 2093/23/7 dated 03/08/2012) and the Federal Office for the Environment of Switzerland (Letter of Approval No. J294-0485 dated 20/07/2012).  The appropriate corrections were made in the MR version 02.	The issue is closed as relevant information was provided.
<b>CAR 02.</b> An incorrect monitoring period was stated when a reference was made to the Supporting document in Section A.6. of the MR.	94	Annex A Supporting document 1. Calculation of greenhouse gas emission reductions at gas equipment of gas distribution points (cabinet-type gas distribution points) and gas fittings, flanged, threaded joints of gas distribution pipelines of PJSC "Lubnygaz" for the period from 01/01/2008 to 30/06/2012 is provided in electronic copy.	The issue is closed as relevant corrections were made.
<b>CAR 03.</b> Please, delete irrelevant information relating to the quantity of repaired/replaced equipment units in 2005-2007 in Section A.6 of the MR.	94	Irrelevant information was deleted.	The issue is closed as relevant corrections were made.



## VERIFICATION REPORT

<b>CAR 04.</b> Please, provide a full name of the Methodology, which was used to develop the specific approach, in Section A.5.2. of the MR.	95 (b)	Methodology for calculation of greenhouse gas emission reductions achieved by above-standard natural gas leak repair at the gas distribution networks" (registration number UkrNTI 0112U00A816 dated 2012) that was developed by the Institute of Gas of the National Academy of Sciences of Ukraine	The issue is closed as relevant information was provided.
<b>CAR 05.</b> Please, provide information on possible emergency situations at the company.	101 (a)	There weren't any emergency situations at PJSC "Lubnygaz" gas distribution networks in the current monitoring period (January 2008 – June 2012).	The issue is closed as relevant information was provided.
<b>CAR 06.</b> Please, provide information relating to storage of project data.	101 (a)	All data and documents relating to the project are stored in paper or electronic form until 31/12/2019 according to the Order No. 76-V issued by PJSC "Lubnygaz" management as of 21/03/2012.	The issue is closed on the basis of the information provided in the MR version 02.
<b>CAR 07.</b> Please, provide calibration certificates for the equipment used to detect leaks to the verification team.	101 (b)	The relevant certificates were provided to the verification team.	The documents were reviewed, the issue is closed.
<b>CAR 08.</b> Please, provide information on whether control measures provide for verification of installed equipment.	101 (c)	Repaired equipment units are regularly checked as a part of a standard monitoring program to make sure they have not become the source of leaks again.	The issue is closed as relevant information was provided.



## VERIFICATION REPORT

<b>CL 01.</b> Emission reductions in 2008 and 2009 are not equal to the difference between baseline and project GHG emissions. Please, clarify this discrepancy.	95(a)	This discrepancy is connected with rounding in the calculation spreadsheet. The mistake is corrected. Refer to the MR version 02.	The clarification is accepted, the issue is closed.
<b>CL 02.</b> Please, check the numbering of Tables and Figures in the MR.	101 (d)	The relevant corrections were made in the MR version 02.	The issue is closed as relevant corrections were made.
<b>CL 03.</b> Please, explain the abbreviations used in the MR.	101 (d)	The abbreviations were explained in the MR version 02.	The issue is closed as relevant clarifications were provided.