



# **VERIFICATION REPORT**

## **CEP CARBON EMISSIONS**

### **PARTNERS S.A.**

## **VERIFICATION OF THE JI**

### **PROJECT**

### **REDUCTION OF GREENHOUSE GASES EMISSIONS**

### **BY GASIFICATION OF VINNITSYA REGION**

Third periodic

for the period 01/01/2012 – 30/06/2012

**REPORT No. UKRAINE-VER/0761/2012**

REVISION No. 02

**BUREAU VERITAS CERTIFICATION**



VERIFICATION REPORT

Date of first issue: 01/10/2012	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 third periodic verification for the period from January 1, 2012 to June 30, 2012 of the "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" project of CEP CARBON EMISSIONS PARTNERS S.A., located in Vinnitsya region, 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 that is 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 without material errors and the emission reductions issued totalize 60 296 tonnes of CO<sub>2</sub> equivalent for the monitoring period from 01/01/2012 to 30/06/2012.

Our opinion relates to the project's GHG emissions and resulting GHG emission reductions reported and

Report No.: UKRAINE-ver/0761/2012	Subject Group: JI
Project title: Reduction of greenhouse gases emissions by gasification of Vinnitsya region	
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 – Operational Manager	
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Bureau Veritas Certification Holding SAS



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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 greenhouse gases emissions by gasification of Vinnitsya region” (hereafter called “the project”) located in Vinnitsya region, 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, 2012 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, and 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/0401/2011 version 01 as of 07/07/2012, Guidance on criteria for baseline setting and monitoring, Host party criteria, the 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 from 01/01/2012 to 30/06/2012 version 01 of September 21, 2012 and version 02 of October 19, 2012 and the project as described in the determined PDD.

### 2.2 Follow-up Interviews

On 22/10/2012 Bureau Veritas Certification verification team conducted a visit to the project site (PJSC "Vinnitsyagas") and performed (on-site) interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of CEP CARBON EMISSIONS PARTNERS S.A. and PJSC "Vinnitsyagas" were interviewed (see References). The main topics of the interviews are summarized in Table 1.

**Table 1 Interview topics**

Interviewed organization	Interview topics
PJSC "Vinnitsyagas"	<ul style="list-style-type: none"> <li>➤ Organizational structure</li> <li>➤ Responsibilities and authorities</li> <li>➤ Roles and responsibilities relating to data collection and processing</li> <li>➤ Equipment installation</li> <li>➤ Data logging archiving and reporting</li> <li>➤ Metering equipment control</li> <li>➤ Metering record keeping system, database</li> <li>➤ IT management</li> <li>➤ Personnel training</li> <li>➤ Quality control procedures and technology</li> <li>➤ Internal audit and inspections</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 6 Corrective Action Requests and 2 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 aren't any remaining issues and FARs from previous verifications.

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

The project was approved by the host Party (Ukraine) - the Letter of Approval No. 2422/23/7 dated 30/08/2012 issued by State Environmental Investment Agency of Ukraine. The project was also approved by the party – buyer of the emission reduction units (Switzerland) - Letter of Approval No.J294-0485 dated 20/07/2012 issued by the Federal Office for the Environment FOEN of Switzerland.

The abovementioned written approvals are unconditional.

The identified areas of concern as to the project approval by parties involved, project participants responses and Bureau Veritas Certification's conclusions are described in Appendix A to this report (refer to CAR 01, CAR 02).

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

The purpose of the project is reduction of greenhouse gas emissions by changing the structure of fuel consumption in industrial, utility, administrative and private sectors of Vinnitsya region by replacing solid and liquid fuels with natural gas.

The project provides for the construction and expansion of the gas distribution systems (GDS) of Vinnitsya region, which will also improve the energy efficiency of thermal power generation due to the transition of existing heat-generating systems to natural gas. The project initiated by PJSC "Vinnitsyagas" results in the reduction of greenhouse gas (GHG) emissions into the atmosphere and improves the environmental situation in the region.

The project activities include:

- Ensuring of the supply of natural gas (gasification) to end users by means of the construction and reconstruction of gas distribution networks;
- Replacement of solid and liquid fuels with natural gas;
- Increase in heat energy efficiency;
- Reduction of greenhouse gases under the Joint Implementation (JI) Mechanism.



Implementation of project activities started in 2004, as stated in the determined PDD version 02.

However, emission reductions achieved in 2004 are conservatively excluded from the calculation.

Project implementation status in the reporting period of 01/01/2012 – 30/06/2012 is provided in Table 2 below.

**Table 2 Project implementation status during the reporting monitoring period from 01/01/2012 to 30/06/2012**

Length of gas distribution systems implemented in the framework of the project during the period of 01/01/2012-30/06/2012, km
01/01/2012-30/06/2012
21.1868

Status of the project activity implementation complies with the project plan included in the determined PDD version 02.

Details of measures that were implemented, and the number of equipment units installed in the period from January 1, 2012 to June 30, 2012 by departments and offices are provided in Annex 2 to the Monitoring Report.

The starting date of the crediting period has not changed and remains the date when the first emission reductions are expected to be generated, namely: January 1, 2005.

The monitoring system is in place.

Monitoring equipment, such as natural gas meters, meets industry standards of Ukraine. All monitoring equipment is included in the detailed verification (calibration) plan and tested at intervals prescribed by the manufacturers of such equipment.

The impact of the project “Reduction of greenhouse gases emissions by gasification of Vinnitsya region” on the environment during the construction work can be assessed as tolerable. Project facilities are not included in the list of activities and facilities of environmental hazard. Completed analysis of the impact of facilities on the environment, which considers all factors, showed that in the normal technical operational mode they will neither cause any negative processes in the environment of the region, nor lead to any negative social and economic consequences and the risk of accidents and their possible impact is minimized.

As part of procedures undertaken at the request of relevant state services, the company reports on environmental performance on a periodical basis. Environmental department of PJSC "Vinnitsyagas" develops quarterly reports in accordance with the Form No.2-TP (air) that is provided to local government statistics.

The project scenario provides for expansion of the territorial gas supply system, which includes construction and reconstruction of the gas distribution networks (GDN) and





related equipment. The project provides for modernization of the fuel consumption system of Vinnitsya region by means of transition of heat-generating systems to natural gas and transferring the consumers from centralized to individual heating and hot water supply systems, which, in turn, leads to the use of more efficient and environmentally friendly fossil fuel (natural gas), improvement of the quality of heating and hot water supply services, reduction of thermal energy consumption due to increased efficiency of individual systems in comparison with the centralized ones.

The identified areas of concern as to the project implementation, project participants responses and Bureau Veritas Certification's conclusions are described in Appendix A to this report (refer to CAR 02, CAR 03, CAR 04, CAR 05, CAR 06, CL 01).

### **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 volume of natural gas to be supplied to the consumers, existing tariffs for natural gas transportation, public policy in the field of gas supply, experience in implementing activities provided by the project, current practice that exists in this field in Ukraine, financial costs and background, sectoral reform policy in the field of gas supply and 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 appropriately calibrated measuring devices, survey of carbon dioxide emission factors are clearly identified, reliable and transparent.

Carbon dioxide emission factor for natural gas combustion, carbon dioxide emission factor for fossil fuel combustion, default emission factor for methane at technological gas equipment at end consumer's place, default emission factor for methane in the process of natural gas transportation and distribution, reduced GHG emission factor for natural gas transportation to end consumers 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 Bureau Veritas Certification's conclusions are described in Appendix A to this report (refer to CL 02).



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

Not applicable.

### 3.6 Data management (101)

The data and their sources, provided in 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 calibration. Intercalibration periods are stated in Section B.1. of the MR.

The project complies with the legislative requirements relating to calibration and verification.

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

Data collection and management system is in accordance with the monitoring plan provided in the PDD.

The most objective and cumulative indicator that provides a clear picture of whether emission reduction took place is natural gas consumption. The substitution of fuel oil and coal with natural gas leads to GHG emission reductions. In addition, systems of energy carrier transportation, preparation and combustion show higher efficiency if a switch to natural gas occurs and this happens irrelevant of external factors.

The monitoring procedure provides for the following measures:

1. Collection of information on greenhouse gas emissions within the project boundary during the crediting period.
2. Assessment of the project implementation schedule.
3. Collection of the information on measurement equipment, its calibration.
4. Collection and archiving of information on the impact of project activities on the environment.
5. Data archiving.
6. Organization of personnel training.

Data and parameters subject to periodic monitoring, according to the monitoring plan provided in the PDD version 02, as well as the list of constant values used to calculate emission reductions, are provided in Section B.2.1. of the Monitoring Report, as well as in Annexes 3.1-3.3.

## VERIFICATION REPORT

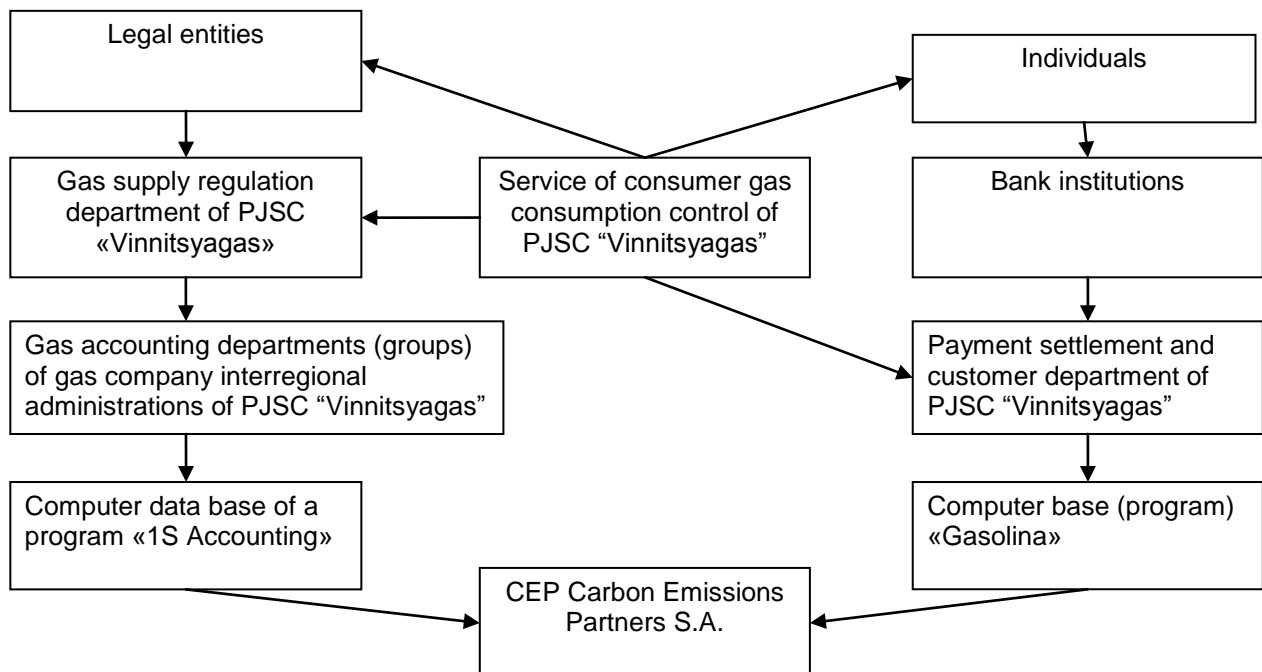
The data on natural gas consumption (except for the population) is collected as follows:

1. All consumers (industrial consumers, heat and utility companies, public institutions, religious institutions) have individual commercial stations for natural gas metering at each facility.
2. Each day responsible persons communicate current data on natural gas consumption via telephone to the operator of the service that monitors gas consumption by the consumers of PJSC "Vinnitsyagas". Two times per month, including the end of each month, they transmit duly certified printed data in paper from electronic correctors and calculators, or provide copies of gas consumption logs that contain the data of gas meters. These data are stored and used for settlements with consumers and the supplier in "1 S. Accounting" program complexes.

Collection of information on natural gas consumption by the population is organized as follows:

1. Controllers of consumer gas consumption control department of the gas company collect gas meter data of meters installed at each subscriber place according to the registry at the end of each month.
2. Registries with gas meter data are submitted to accounting centre of PJSC "Vinnitsyagas" gas consumption control service, where they are processed (entered into the electronic database of consumer software system "1 S. Accounting") and used to arrange settlements with customers and the supplier.

Structure of data collection as a part of the project monitoring is shown in Figure 1.



**Figure 1 Structure of monitoring data collection**



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.

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

Not applicable.

## **4 VERIFICATION OPINION**

Bureau Veritas Certification has performed the third periodic verification for the period from January 1, 2012 to June 30, 2012 of the “Reduction of greenhouse gases emissions by gasification of Vinnitsya region” project in Ukraine, 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.

PJSC “Vinnitsyagas” management is responsible for the preparation of data which serve as the basis for estimation of GHG emission reductions. CEP CARBON EMISSIONS PARTNERS S.A. provides PJSC “Vinnitsyagas” with consultative support in the issues relating to organization of data collection and is responsible for developing the monitoring report based on the Project Monitoring Plan included in the final PDD version 02.

Bureau Veritas Certification verified the Project Monitoring Report version 02 for the reporting period from 01/01/2012 to 30/06/2012 as indicated below. Bureau Veritas Certification confirms that the project is implemented as per approved PDD version. 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 01/01/2012 to 30/06/2012 differ from the amount predicted for the same period in the determined PDD. Emission reductions predicted in the determined PDD version 02 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 02 and actual emission reductions stated in the MR version 02**



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Period	Estimated GHG emission reductions stated in the determined PDD in tonnes of CO <sub>2</sub> eq	Ex-post GHG emission reductions stated in the Monitoring report in tonnes of CO <sub>2</sub> eq
01/01/2012-30/06/2012	185 489	60 296

This difference in the emission reductions under the project “Reduction of greenhouse gases emissions by gasification of Vinnitsya region” in 01/01/2012-30/06/2012 in the determined PDD and the MR is explained by the fact that accurate conservative values were available during MR development but at the PDD development stage assumptions were made.

Bureau Veritas Certification can confirm that the GHG emission reduction is calculated without material 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 the following statement:

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

Baseline emissions	:	257 263	tonnes of CO <sub>2</sub> equivalent.
Project emissions	:	136 497	tonnes of CO <sub>2</sub> equivalent.
Leakage	:	60 470	tonnes of CO <sub>2</sub> equivalent.
Emission Reductions	:	60 296	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/	Monitoring Report of the JI project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" for the period from 01/01/2012 to 30/06/2012 version 01 dated 21/09/2012
/2/	Monitoring Report of the JI project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" for the period from 01/01/2012 to 30/06/2012 version 02 dated 19/10/2012
/3/	Annex 1. Monitoring Parameters for the period of 01/01/2012 - 30/06/2012
/4/	Annex 2. Technical registry of gas networks (Excel spreadsheet)
/5/	Annex 3.1. Calculation of GHG emission reductions under the project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" (Excel spreadsheet)
/6/	Annex 3.2. Calculation of GHG emission reductions under the project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" (Excel spreadsheet)
/7/	Annex 3.3. Calculation of GHG emission reductions under the project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" (Excel spreadsheet)
/8/	Annex 4. Types of measuring equipment
/9/	Project Design Document of the project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region", version 02 dated 06/07/2012
/10/	Determination Report of the project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" No. UKRAINE-det/0401/2011 version 01 as of 07/07/2012 issued by Bureau Veritas Certification
/11/	Letter of Approval of the Joint Implementation project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" #2422/23/7 of 30/08/2012 issued by State Environmental Investment Agency of Ukraine
/12/	Letter of Approval of the JI project "Reduction of greenhouse gases emissions by gasification of Vinnitsya region" # J294-0485 issued by the Federal Office for the Environment of Switzerland dated 20/07/2012

### Category 2 Documents:

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

/1/	Excerpts of software " Atlas SYBIL " for the period 01/01/2012 - 30/06/2012
/2/	Contract # 1 about the transfer of gas distribution networks, their structures and gas equipment to balance dated 23/03/2012
/3/	Acceptance protocol of internal moving of assets dated 23/03/2012 by the Contract # 1 dated 23.03.2012

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/4/	Contract # 2 about the transfer of gas distribution networks, their structures and gas equipment to balance dated 23/03/2012
/5/	Acceptance protocol of internal moving of assets dated 23/03/2012 by the Contract # 2 dated 23.03.2012
/6/	Contract # 1 about the transfer of gas distribution networks, their structures and gas equipment to balance dated 12/07/2012
/7/	Decision № 25 of Hrobavetsk village council of Nemirov region of Vinnytsia region about transfer built gas pipeline for free use dated 27/07/2012
/8/	Decision № 25 of Chukivsk village council of Nemirov region of Vinnytsia region about transfer built gas pipeline for free use dated 21/03/2012
/9/	The act of acceptance-transmission of assets dated 12/07/2012
/10/	Act of inspection of gas meter in a service center # 626 dated 18/04/2012
/11/	Act of inspection of gas meter in a service center # 17116 dated 26/04/2012
/12/	Act of inspection of gas meter in a service center # 17117 dated 26/04/2012
/13/	Act of inspection of gas meter in a service center # 889 dated 02/09/2011
/14/	Act of inspection of gas meter in a service center # 890 dated 02/09/2011
/15/	Act of inspection of gas meter in a service center # 1101 dated 21/06/2011
/16/	Act of inspection of gas meter in a service center # 478 dated 11/07/2011
/17/	Act of inspection of gas meter in a service center # 379 dated 23/06/2011
/18/	Act of inspection of gas meter in a service center # 1668 dated 12/07/2012
/19/	Register of gas consumption by companies in the period from 01/01/2012 - 30/06/2012
/20/	Register of gas consumption by individuals in the period from 01/01/2012 - 30/06/2012 (Part 1)
/21/	Register of gas consumption by individuals in the period from 01/01/2012 - 30/06/2012 (Part 2)
/22/	Register of gas consumption by individuals in the period from 01/01/2012 - 30/06/2012 (Part 3)
/23/	Register of gas consumption by individuals in the period from 01/01/2012 - 30/06/2012 (Part 4)
/24/	Register of gas consumption by individuals in the period from 01/01/2012 - 30/06/2012 (Part 5)

**Persons interviewed:**

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

	Name	Organization	Position
/1/	Marchak I.I.	PJSC "Vinnitsyagas"	Acting Chairman of the management board
/2/	Voitenko T.O.	PJSC "Vinnitsyagas"	Chief engineer, Working Team Leader
/3/	Kachur K.V.	PJSC "Vinnitsyagas"	Engineer of the Team (JI project), Working Team Secretary
/4/	Dzimina M.D.	PJSC "Vinnitsyagas"	Head of production and



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			technical department, Working Team Member
/5/	Hlubokyi V.V.	PJSC "Vinnitsyagas"	Team leader (JI project), Working Team Member
/6/	Bachynskyi V.V.	PJSC "Vinnitsyagas"	Engineer – Metrologist, Working Team Member
/7/	Pohosov A.H.	"CEP" LLC	Consultant of CEP CARBON EMISSIONS PARTNERS S.A.



## VERIFICATION REPORT

## APPENDIX A: PROJECT VERIFICATION PROTOCOL

## BUREAU VERITAS CERTIFICATION HOLDING SAS

## VERIFICATION PROTOCOL

**Table 1. 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 DFPs 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 the Host party (Ukraine) and the other Party involved (Switzerland). <b>CAR 01.</b> Please provide information about LOA from Ukraine. <b>CAR 02.</b> Please provide information about determination of the project.	<b>CAR 01</b> <b>CAR 02</b>	OK 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?	<b>CAR 03.</b> The version of methodology, elements of which are used to determine the base line, noted in Section A.5.1 does not meet determined PDD. <b>CAR 04.</b> The reference to the methodology, elements of which are used to determine the baseline, is specified incorrectly in Section A.5.1 <b>CAR 05.</b> The name of software, which provides information about consumption of natural gas, is	<b>CAR 03</b> <b>CAR 04</b> <b>CAR 05</b> <b>CAR 06</b> <b>CL 01</b>	OK OK OK OK OK



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		specified incorrectly in Section A.5.2. <b>CAR 06.</b> Please, provide units for parameters controlled during the whole monitoring period. <b>CL 01.</b> Please, in Section A.5.2. provide a reference to the methodology ACM0009, elements of which were used to set the baseline and monitoring plan.		
93	What is the status of operation of the project during the monitoring period?	Implementation of the project activities started in 2004, as stated in the determined PDD version 02. However, emission reductions achieved in 2004 are conservatively excluded from the calculation. Thus, 01/01/2005 is the starting date of the crediting period. Project implementation status and project milestones in the reporting period of 01/01/2012 – 30/06/2012 are provided in in Section A.6. of the MR version 02 and Annex 2. In period 01/01/2012-30/06/2012 PE-80, PE-100 polyethylene pipes and steel pipes that conform to SSTU 10704-91 with reinforced bituminous mastic sealing under SSTU B.V.2.5.-29:2006 were used in construction.	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?	There aren't any changes in or deviations from the registered PDD.	OK	OK
95 (a)	For calculating the emission reductions	For calculating the emission reductions, key factors,	OK	OK





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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	or enhancements of net removals, were key factors, e.g. those listed in 23 (b) (i)-(vii) of the DVM, 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 volume of natural gas to be supplied to the consumers, existing tariffs for natural gas transportation, public policy in the field of gas supply, experience in implementing activities provided by the project, current practice that exists in this field in Ukraine, financial costs and background, sectoral reform policy in the field of gas supply and 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.		
95 (b)	Are data sources used for calculating emission reductions or enhancements of net removals clearly identified, reliable and transparent?	Data sources used for calculating emission reductions are clearly identified, reliable and transparent. <b>CL 02.</b> Provide a reference to the "National Inventory of greenhouse gas anthropogenic emissions by sources and removals by sinks in Ukraine for 1990-2010" in Section B.2.3.	<b>CL 02</b>	OK
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?	Carbon dioxide emission factor for natural gas combustion, carbon dioxide emission factor for fossil fuel combustion, default emission factor for methane at technological gas equipment at end consumer's place, default emission factor for methane in the process of natural gas transportation and distribution, reduced GHG emission factor for natural gas transportation to end consumers are selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice.	OK	OK



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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
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?	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?	Not applicable	Not applicable	Not applicable
<b>Applicable to bundled JI SSC projects only</b>				
97 (a)	Has the composition of the bundle not changed from that is stated in F-JI-SSCBUNDLE?	Not applicable	Not applicable	Not applicable
97 (b)	If the determination was conducted on the basis of an overall monitoring plan, have the project participants submitted a common monitoring report?	Not applicable	Not applicable	Not applicable
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	Not applicable	Not applicable	Not applicable



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	monitoring report? Do the monitoring periods not overlap with those for which verifications were already deemed final in the past?			
<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?	Not applicable.	Not applicable	Not applicable
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?	Not applicable	Not applicable	Not applicable
<b>Data management</b>				
101 (a)	Is the implementation of data collection procedures in accordance with the monitoring plan, including the quality control and quality assurance procedures?	The implementation of data collection procedures, including the quality control and quality assurance procedures, is in accordance with the monitoring plan. <b>CAR 09.</b> In Section C.4. a company that is not involved in the project is stated. <b>CAR 10.</b> In Sections C.1. and C.4. an incorrect gas accounting program is stated.	<b>CAR 09</b> <b>CAR 10</b>	OK OK
101 (b)	Is the function of the monitoring equipment, including its calibration status, in order?	Routine repair of gas networks is carried out once a year; maintenance - once every six months. Repaired	OK	OK



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		gas equipment is regularly examined to ensure that it works properly and is not a source of gas leaks. Means of metering equipment used for monitoring of the project activity are subject to periodic state verification.		
101 (c)	Are the evidence and records used for the monitoring maintained in a traceable manner?	Each quarter, representatives of CEP CARBON EMISSIONS PARTNERS S.A., project developers, conduct internal audits of the project monitoring system at PJSC "Vinnitsyagas". Internal audit includes measures on verification of consumed gas accounting and record keeping by Gas accounting service, Gas supply regime department; verification of proper working condition and periodic maintenance of "1 S. Accounting" software; cross-check of data of the program complexes and records of consumed gas, that are kept by the relevant services of the company; checking the timeliness of natural gas meters verification etc.	OK	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 the existing management and operating systems and considers them suitable for reliable monitoring of the project.	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?	Not applicable	Not applicable	Not applicable



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
103	Is the verification based on the monitoring reports of all JPAs to be verified?	Not applicable	Not applicable	Not applicable
103	Does the verification ensure the accuracy and conservativeness of the emission reductions or enhancements of removals generated by each JPA?	Not applicable	Not applicable	Not applicable
104	Does the monitoring period not overlap with previous monitoring periods?	Not applicable	Not applicable	Not applicable
105	If the AIE learns of an erroneously included JPA, has the AIE informed the JISC of its findings in writing?	Not applicable	Not applicable	Not applicable
<b>Applicable to sample-based approach only</b>				
106	Does the sampling plan prepared by the AIE: (a) Describe its sample selection, taking into account that: (i) For each verification that uses a sample-based approach, the sample selection shall be sufficiently representative of the JPAs in the JI PoA such extrapolation to all JPAs identified for that verification is reasonable, taking into account differences among the characteristics of JPAs, such as: - The types of JPAs;	Not applicable	Not applicable	Not applicable





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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	<ul style="list-style-type: none"> <li>- The complexity of the applicable technologies and/or measures used;</li> <li>- The geographical location of each JPA;</li> <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?	Not applicable	Not applicable	Not applicable
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?	Not applicable	Not applicable	Not applicable
109	Is the sampling plan available for	Not applicable	Not	Not



## VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	submission to the secretariat for the JISC's ex ante assessment? (Optional)		applicable	applicable
110	If the AIE learns of a fraudulently included 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?	Not applicable	Not applicable	Not applicable

Table 2. Resolution of Corrective Action and Clarification Requests

Draft report clarifications and corrective action requests by verification team	Ref. to checklist question in table 1	Summary of project participant response	Verification team conclusion
<b>CAR 01.</b> Please provide information about LOA from Ukraine.	90	The project received approval from Ukraine (the host country for the project) (Letter of Approval No. 2422/23/7, issued by the State Environmental Investment Agency of Ukraine on 30/08/2012).	CAR 01 is closed as necessary information was provided in the MR version 02.
<b>CAR 02.</b> Please provide information about determination of the project.	90	The Joint Implementation Project "Reduction of greenhouse gases emissions by gasification Vinnitsya region" was determined by Bureau Veritas Certification, Determination Report No. UKRAINE-DET/0401/2011	CAR 02 is closed as necessary information was provided in the MR version 02.



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		dated 07/07/2012.	
<b>CAR 03.</b> The version of methodology, elements of which are used to determine the base line, noted in Section A.5.1 does not meet determined PDD.	92	The proposed project uses a specific approach for the determination of JI projects based on approved methodology ACM0009 «Consolidated baseline and monitoring methodology for fuel switching from coal or petroleum fuel to natural gas - Version 3.2»	CAR 03 is closed as necessary changes were made in the MR version 02
<b>CAR 04.</b> The reference to the methodology, elements of which are used to determine the baseline, is specified incorrectly in Section A.5.1	92	The reference is checked. Necessary changes were made	CAR 02 is closed as necessary changes were made in the MR version 02
<b>CAR 05.</b> The name of software, which provides information about consumption of natural gas, is specified incorrectly in Section A.5.2.	92	Appropriate corrections were made in Section A.5.2. of the MR version 02.	CAR 05 is closed as necessary changes were made in the MR version 02.
<b>CAR 06.</b> Please, provide units for parameters controlled during the whole monitoring period.	92	The information about units of parameters controlled during the whole monitoring period is provided in Section A.5.2 of MR version 02.	CAR 06 is closed as necessary data were provided in the MR version 02.
<b>CL 01.</b> Please, in Section A.5.2. provide a reference to the methodology ACM0009, elements of which were used to set the baseline and monitoring plan.	95 (a)	The relevant reference was provided.	CL 01 is closed as necessary reference was provided.
<b>CL 02.</b> Provide a reference to the "National Inventory of greenhouse gas anthropogenic emissions by sources and removals by sinks in Ukraine for 1990-2010" in Section B.2.3.	95 (b)	The relevant reference was provided.	CL 02 is closed as necessary reference was provided.