Bureau Veritas Certification Holding SAS

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DETERMINATION REPORT

CARBONTRUST LIMITED

DETERMINATION OF THE EFFICIENT UTILIZATION OF ASSOCIATED PETROLEUM GAS AT SALYM OILFIELDS, TUMEN OBLAST, RUSSIAN FEDERATION

REPORT NO. RUSSIA-DET/0281/2012

REVISION NO. 02

BUREAU VERITAS CERTIFICATION

Report No:RUSSIA-DET/0281/2012 rev.02

Determination Protocol on JI project

Efficient utilization of associated petroleum gas at Salym oilfields, Tumen oblast, Russian Federation

Date of first issue: 09/07/2012	Organizational unit: Bureau Veritas Certification Holding SAS
Client: CARBONTRUST LIMITED	Client ref.: Mrs. Jolanta Narmontaite

Summary:

Bureau Veritas Certification has made the determination of the "Efficient utilization of associated petroleum gas at Salym oilfields, Tumen oblast, Russian Federation" project of company Salym Petroleum Development N.V. (subsidiary of OJSC Gaspromneft), 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 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 determination scope is defined as an independent and objective review of the project design document, the project's baseline study, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of 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 determination report and opinion. The overall determination, from Contract Review to Determination Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

The first output of the determination process is a list of Corrective Actions and Clarification Requests, presented in Appendix A. Taking into account this output, the project proponent revised its project design document.

In summary, it is Bureau Veritas Certification's opinion that the project applies the appropriate baseline and monitoring methodology and meets the relevant UNFCCC requirements for the JI and the relevant host country criteria.

Report No.: RUSSIA-det/0281/2012	Subject Group: JI
Project title: "Efficient utilization of associated petroleum gas at Salym oilfields, Tumen oblast, Russian Federation"	
Work carried out by: Vladimir Lukin– Lead verifier	
Work reviewed by: Leonid Yaskin – Internal Technical Reviewer	
Work approved by: Leonid Yaskin – Country Operational Manager	

Date of this revision:	Rev. No.:	Number of pages:
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Abbreviations

AIE	Accredited Independent Entity
APG	Associated Petroleum Gas
BVC	Bureau Veritas Certification
CAR	Corrective Action Request
CL	Clarification Request
CO2	Carbon Dioxide
CS	Compressor Station
DDR	Draft Determination Report
DR	Document Review
EIA	Environmental Impact Assessment
ERU	Emission Reduction Unit
GHG	Greenhouse House Gas(es)
IPCC	Intergovernmental Panel on Climate Change
IRR	Internal Rate of Return
JI	Joint Implementation
JISC	Joint Implementation Supervisory Committee
NG	Natural gas
NGO	Non Governmental Organization
NPV	Net Present Value
PDD	Project Design Document
PP	Project Participant
RF	Russian Federation
SPD	Salym Petroleum Development N.V.
tCO2e	Tonnes CO2 equivalent
UNFCCC	United Nations Framework Convention for Climate Change

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1 INTRODUCTION

CARBONTRUST LIMITED (hereinafter CARBONTRUST) has commissioned Bureau Veritas Certification to determine JI project "Efficient utilization of associated petroleum gas at Salym oilfields, Tumen oblast, Russian Federation" (hereafter called "the project") implemented by Salym Petroleum Development N.V. (hereinafter SPD) – a subsidiary of OJSC Gaspromneft in Tumen region, Russian Federation.

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

1.1 Objective

The determination is an independent third party assessment of the project design. In particular, the project's baseline, the monitoring plan (MP), and the project's compliance with relevant UNFCCC and host country criteria are determined in order to confirm that the project design, as documented, is sound and reasonable, and meet the stated requirements and identified criteria. Determination is a requirement for all JI projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of emissions reductions units (ERUs).

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

The determination is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

1.3 Determination team

The determination team consists of the following personnel:

Vladimir Lukin

Bureau Veritas Certification Climate Change Lead Verifier

This determination report was reviewed by:

Dr. Leonid Yaskin
Bureau Veritas Certification, Internal reviewer

2 METHODOLOGY

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

In order to ensure transparency, a determination 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 determination and the results from determining the identified criteria. The determination protocol serves the following purposes:

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

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

2.1 Review of Documents

The Project Design Document (PDD) submitted by the project developer CARBONTRUST LIMITED and additional background documents related to the project design and baseline, i.e. country Law, Guidelines for users of the joint implementation project design document form Guidance on criteria for baseline setting and monitoring, Kyoto Protocol, to be checked by an Accredited Independent Entity were reviewed.

To address Bureau Veritas Certification corrective action and clarification requests, CARBONTRUST LIMITED revised the original PDD Version 1.0 dated 14/02/2012 and following a set of revisions resubmitted it as version 2.0 dd. 26/04/2012, version 3.0 dd.

19/06/2012, version 3.1 dd. 06/07/2012 and version 3.2 (final) dd. 18/07/2012.

The first deliverable of the document review was the Determination Protocol Revision 01 dated 22/04/2012 which contained 25 CARs, 16 CLs.

The determination findings presented in this Determination Report Revision 01 and its Appendix A relate to the project as described in the PDD Version 01 (submitted for determination) through version 03 (final) dated 06/07/2012.

2.2 Follow-up Interviews

On 15/06/2012 the AIE Lead Verifier Vladimir Lukin held of-site interviews with the project developer CARBONTRUST LIMITED, the Project Participant's representatives SPD to confirm the information resented in the PDD and to clarify some issues identified in course of the documents review. The list of the persons interviewed is provided in References. The main topics of the interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organization	Interview topics
Project participant SPD	➢ Project history and Implementation schedule ➢ Technical details of the proposed project ➢ Baseline scenario ➢ Project activity ➢ Input data for investment analysis ➢ Monitoring authority and responsibility ➢ QC & QA procedures of monitoring ➢ Environmental permissions ➢ Environmental Impact Assessment
CONSULTANT CARBONTRUST LIMITED	➢ Theoretical description of baseline scenario ➢ Investment barrier and common practice ➢ Additionality ➢ Monitoring plan ➢ Emission reduction calculation
Stakeholders	➢ N/A

2.3 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the determination is to raise requests for corrective actions and clarification and any other outstanding issues

that needed to be clarified for Bureau Veritas Certification positive conclusion on the project design.

If Bureau Veritas Certification, in assessing the PDD and supporting documents, identifies issues that need to be corrected, clarified or improved with regard to JI project 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 in the published PDD that is not in accordance with the (technical) process used for the project or relevant JI project requirement or that shows any other logical flaw;

(b) Clarification request (CL), requesting the project participants to provide additional information for Bureau Veritas Certification to assess compliance with the JI project requirement in question;

(c) Forward action request (FAR), informing the project participants of an issue, relating to project implementation but not project design, that needs to be reviewed during the first verification of the project.

Bureau Veritas Certification should 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 determination.

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

3 PROJECT DESCRIPTION (quoted from PDD v.3.2)

The project is aimed at utilization of associated petroleum gas (APG) at a new gas-turbine power plant (GTPP) with reduction of flaring. The project is implemented at the production site of the West Salym oilfield operated by Salym Petroleum Development N.V. (SPD), Khanty-Mansi Autonomous Okrug (KMAO), Tyumen Region, Russia.

SPD is producing oil at three oilfields: Upper Salym, West Salym and Vadelyp. The well stream from all 3 oilfields is supplied to the Oil treatment station (OTP) located on the territory of the West Salym oilfield for gas separation, processing and further pumping of oil into the pressure manifold and further transferring to the Transneft system.

The situation before the project
Three-stage gas separation is used to separate APG from oil at OTP. Before the project only a small proportion of APG was used to cover the in-house needs (boiler plants and oil heaters) of the oilfield. The remaining associated petroleum gas was not utilized and is flared. Consumption of electric power for the auxiliaries is supplied from power stations of UPS Ural.

Project purpose
The project aims at the useful utilization of associated petroleum gas (APG), which otherwise would have been burnt at Oil Treatment Plant (OTP) flares of Salym field and substitution the power which otherwise would be generated by grid connected power plants with fossil fuels combustion, therefore, at reducing greenhouse gas emissions. The SPD N.V. Company expects that the sale of emission reduction units (ERU) under the Joint Implementation mechanism of the Kyoto Protocol will improve economic efficiency of the project.

Project description
The project is configured around the construction of a 60 MW gas-turbine power plant relying on APG in period 2008-2011 and DSG from 2012 as fuel. The GTPP is fitted with 4 Titan 130 PG gas-turbine units, 15 MW each and compressor station HAFI capacity 6600 nm^3/h and output pressure 3.6 MPa.By 2012 a gas processing plant (GPP) was constructed at West-Salym field. In 2008-2011 GTPP used APG, In 2012 APG will be supplied to GPP for processing into DSG and from 2012 DSG will be supplied to GTPP for electricity generation. Extracted AGP at an oilfield not all to be combusted at GTPP.

The GTPP is designed to generate power for the West Salym and Vadelyp facilities, to cover SPD's in-house needs. Implementation of the project will considerably reduce power supplies from the local energy producer, UPS Ural, and increase the level of beneficial utilization of APG.

Expected results of the projects are as follows:
- Utilization of up to 90 million m^3/year of APG; Power consumption from the grid reduced by up to 350 GWh per year;
- Improvement of the environment in the oilfield area;

Total actual value of the gas-turbine power plant construction is around USD 96.7 million. Construction of the GTPP was financed from the Company’s internal funds.

The decision to implement the project was taken on the basis of a potential to cover the expenses and to offset the risks by selling the

achieved GHG emission reductions. As far back as 2005 SPD discussed the main options of APG utilization involving the Kyoto Protocol mechanisms, including the feasibility of the power plant construction. In 2005 there were no governmental documents regulating joint implementation projects at that time, preparation of the PDD was laid aside. Nevertheless the Company made a decision to initiate designing of the gas-turbine power plant construction, hoping that the appropriate procedures would be soon adopted.

Balance APG at the Salym fields

APG	Unit	**2008**	**2009**	**2010**	**2011**	**2012 (DSG)**
APG at GTPP (DSG in 2012)	ths. m3	57207	80660	78294	93293	171900
Flaring APG (DSG in 2012)	ths. m3	57207	80660	78294	93293	171900

Project history:

GTPP
15.08.2005 – Making decision on using Kyoto mechanisms for GTPP construction project
07.04.2006-08.03.2008- Purchase and delivery of equipment
02.10.2006-10.03.2008-Construction work of 3 units
24.12.2007 – Making PDD “Utilization of associated petroleum gas at Salym Petroleum Development N.V., Russia”
09.01.2008-Commissioning. Order № SPD-SE0-R-080 007
24.09.2010- startup of 4thunit turbine
From 2012 – GTPP began to use DSG

Baseline scenario
Under the baseline scenario utilized under the project APG at the OTPs of Salym field would have been flared that would lead to considerable emissions of GHG gases including CO2 и CH4 (as a result of incomplete flare combustion). Continuation of flaring under this scenario is determined by the lack of sufficient incentives for APG utilization project, which is confirmed by the following facts:

- At the time of decision-making sectoral policies and legislation did not provide real mechanisms for efficient APG utilization;
- Considerable capital expenditures for establishing APG utilization infrastructure and low APG costs and hence,
- Lack of investment attractiveness of these project types.

Emission reductions

The project implementation will result in a reduction of APG flaring and associated with that reduction of greenhouse gas emissions in the amount of **1 175 575** tons of CO2e in 2008-2012.

4 DETERMINATION CONCLUSIONS

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

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

The Corrective Action Requests (CAR) and Clarification Requests (CL) are stated, where applicable, in the following sections and are further documented in the Determination Protocol in Appendix A. The determination of the Project resulted in 25 CARs 9 CLs and 1 FAR.

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

Outstanding issues related to Project Description, PP's response and the AIE conclusion are summarized in Appendix A (refer to CARs 01-05).

The issued requests concern:

- Missing description of situation existing prior the project (CAR 01);
- Transparency of the measures attributable to the project (CAR 02);
- Incomplete description of the JI component of the project (CAR 03);
- Application of PDD template (CAR 04);
- Exclusion of the APG volume supplied to the GPP which is the part of another project (CAR 05).

4.1 Project approvals by Parties involved (19-20)

The project has no approvals by the Parties involved, therefore CAR 06 remains pending.

A Party involved other than the Host Party will be identified afterwards.

4.2 Authorization of project participants by Parties involved (21)

OJSC Gaspromneft indicated as project participant in the PDD is not authorized by the Host Party because the project approval by the Host Party has not been received.

The authorization will be provided with the issuance of the project approval.

Outstanding issues related to Authorization of project participants by Parties involved (21), PP's response and the AIE conclusion are summarized in Appendix A (refer to CAR 07).

The issued request concern:

- Inconsistent indication of PP in annex 1 PDD (CAR 07).

4.3 Baseline setting (22-26)

The PDD explicitly indicates that the baseline is set in accordance with appendix B of the JI guidelines (hereinafter referred to as JI specific approach).

JI specific approach

The PDD provides a detailed theoretical description in a complete and transparent manner, as well as justification, that the baseline is established:

a) By identification of plausible future scenarios and selecting the most plausible one. In this regard Five APG handling alternatives and two seam pressure maintenance alternatives were select and then the most plausible combination was identified as the baseline scenario. APG management alternatives are the following:

   Alternative A1: Venting to the atmosphere at the site of the oil field processing facility (rejected as noncompliant to the current technical standards);

   Alternative A2: Continuation of gas flaring at the field processing facility (selected as the baseline);

   Alternative A3: Gas injection to create underground gas storage (rejected as facing essential technical barrier);

   Alternative A4: Supply of gas to the Gazprom pipeline network (rejected as technically impossible and not feasible economically);

   Alternative A5: Delivery of gas to the Yuzhny-Balyk Gas Processing Plant (GPP) (rejected due to absent free intake capacity at SIBUR's)

Alternative A6: Construction of a 60 MW gas-turbine power plant and APG supply to GPP from 2012 with fueling of GTPP with DSG - Project activity as not JI (rejected on the basis of investment analysis).

Alternatives for the power supply:

Alternative E1: Additional electricity supplies from "UPS Ural" by means of construction of additional power line (Considered to be the most likely scenario);

Alternative E2: Construction of a 60 MW gas-turbine power plant plus additional supplies of electric power from "UPS Ural" (rejected on the basis of alternative analysis).

Based on alternatives analysis with taking into account the key factors the conclusion is made that Alternative represents the most plausible baseline scenario.

b) By taking into account key factors that affect a baseline, such as
- sectoral reform policies and legislation,
- economic situation in oil&gas sector in terms of APG utilization,
- availability of capital (including investment analysis),
- APG prices.

c) Basically in a transparent manner with regard to the choice of the JI specific approach, assumptions, parameters, data sources and key factors. The key information and data used to establish the baseline are provided in the required tabular forms.

d) Taking into account of uncertainties and using conservative assumptions. Key assumptions applied for the baseline emission calculation as fixed parameters were applied conservatively.

e) In such a way that ERUs cannot be earned for decreases in activity levels outside the project or due to force majeure. It was explicitly demonstrated that the proposed project activity will not lead to decrease in the level of APG utilization from another oilfields supplying the APG to the GPPs.

f) By drawing of the list of standard variables contained in appendix B to Guidance on criteria for baseline and monitoring.

Outstanding issues related to Baseline setting (22-26), PP's response and the AIE conclusion are summarized in Appendix A (refer to CARs 08 – 14, CLs 01-02).

The issues requests concern:

- CAR 08 missing theoretical description of the baseline is in sec. B.1;

- CAR 09 inconsistent description of alternative 1 in the first version of PDD;
- CAR 10 Justification of alternative scenarios rejection;
- CAR 11 Inconsistent description of environmental fees;
- CAR 12 Justification on how the imperfection of APG and oil recovery prognosis relate to the project additionality;
- CAR 13 Justification of the Compressor station construction to supply the APG to GPP, which attributes to another JI project;
- CAR 14 Justification of grid EF and TDL, which are missing in the baseline parameters listed in B.1.
- CL 01 PDD does not indicate which approach is selected to establish the baseline. If it is JI specific approach according to paragraph 9 (a) of the "Guidance on criteria for baseline setting and monitoring" v.3.0 is used for the baseline setting, it should be explicitly stated in the PDD
- CL 02 clarification of the relevance of table B.1.2 to the additionality alternative analysis outcome.

4.4 Additionality (27-31)

JI specific approach
The approach prescribed in paragraph 44 (a) of Annex 1 to the "Guidance on criteria for baseline setting and monitoring" Version 03.1 - Provision of traceable and transparent information showing that the baseline was identified on the basis of conservative assumptions, that the project scenario is not part of the identified baseline scenario and that the project will lead to reductions of anthropogenic emissions by sources or enhancements of net anthropogenic removals by sinks of GHGs; - was selected to demonstrate that the reductions of greenhouse gas emissions from sources achieved due to the project implementation are additional to those that would have otherwise.

Within the framework of the selected approach the project additionality was proved using the project alternatives analysis, the investment analysis and the common practice analysis.

The Benchmark analysis was chosen as the appropriate method to demonstrate that the project is not economically feasible without JI revenues. The investment analysis was based on calculation of IRR for the Project, taking into account investment costs, operation costs, amortization, DSG and other parameters referring to expenses (project

expenditures), as well as project associated revenues from APG sell to the Monolit company – the owner of GPP.

Discount rate was selected to be equal to 10% that is corresponds to the internal SPD's discount rate determined by the internal financial viability assessment procedure and confirmed through the onsite interview with PP. Other input values such as capital and operation expenditures, APG cost and environmental fees were positively determined on the basis of reliable evidence.

The calculations of the basic variant supplemented by the sensitivity analysis showed that NPV<0 and the project IRR is lower than the benchmark. The variation range of 10% was selected as usually used by SPD and prescribed by the investment analysis procedure hence the project is not economically attractive for SPD.

Outstanding issues related to Additionality (27-31), PP's response and the AIE conclusion are summarized in Appendix A (refer to CARs 15-19 and CL 03).
The issued CARs and CLs concern:

- CAR 15 incorrect interpretations of publicly available sources related to the APG utilization trend;
- CAR 16 representativeness of the common practice analysis;
- CAR 17 gaps in the investment analysis;
- CAR 18 provision of the additionality proves;
- CAR 19 inconsistency of additionality description;
- CL 03 clarification of the approach selected to demonstrate additionality.

4.5 Project boundary (32-33)

JI specific approach

The project boundary defined in the PDD encompasses all anthropogenic emissions by sources of GHGs that are (i) under the control of the project participants, (ii) reasonably attributable to the project, and (iii) significant.

Project boundary is defined on the basis of case-by-case assessment of different emission sources. The identified GHGs emissions and their sources are as follows:

(i) Project emissions:

- CO2 emissions due to APG and DSG combustion at the GTPP;
- CH4 emissions due to APG transportation from OTP to GTPP;

(ii) Baseline emission sources:

- CO2 and CH4 emissions due to APG flaring in the baseline scenario;
- CO2 emissions due to combustion of fossil fuels at the grid connected power plants.

It was explicitly demonstrated that N2O emissions (for the project activity) are negligible and hence excluded from consideration.

Outstanding issue related to Project Boundary (32-33), PP's response and the AIE conclusion are summarized in Appendix A (refer to CAR 20).

- CAR 20 Incorrect delineation of the project boundary which comprised the sources attributable to another JI project (CO2 emissions from APG processing at the GPP).

4.6 Crediting period (34)

Starting date of the project is defined in PDD as 02/10/2006 being the date when the decision to start the project were adopted.

Expected operational lifetime of the project is 25 years that reflects the full amortization period for the equipment according to the Russian accountant rules. The length of crediting period is defined as 4 years 11 months and 22 days from 09/01/2008 – 31/12/2012. The starting date of crediting period falls on the date when the first emission reductions were generated by the project.

Outstanding issue related to Crediting period (34), PP's response and the AIE conclusion are summarized in Appendix A (refer to CLs 04 and 05).

- PP was requested to clarify the selection of starting date and provide the documentarily evidence (CL 04);
- Clarification was issued to request the evidence to support the operation lifetime (CL 05).

4.7 Monitoring plan (35-39)

JI specific approach

The PDD, in its monitoring plan section, explicitly indicates that JI specific approach was selected.

The monitoring plan specifies the indicators, constants and variables that are reliable (i.e. provide consistent and accurate values), valid (i.e.

be clearly connected with the effect to be measured), and that provide a transparent picture of the emission reductions to be monitored such those listed in the PDD, Sections D.1.1.1 and D.1.1.3.

The monitoring plan provides, in tabular form, a complete compilation of the data that need to be collected for its application, including data that are measured but not including data that are calculated with equations.

The monitoring plan describes:

(i) parameters that will be monitored to estimate emission reductions:
- Volume of APG and DSG consumption at the GTPP of West-Salym field;
- Quantity of electricity generated at GTPP;
- Volume of electricity consumed by auxiliary needs;
- Composition of APG delivered to the GTPP of West-Salym field;
- Volume of APG delivering at GPP starting from 2012;
- DSG composition (starting from 2012);

(ii) all decisive factors for the control and reporting of project performance;

(iii) quality control (QC) and quality assurance (QA) procedures;

(iv) emergency procedures;

(v) the operational and management structure that will be applied in implementing the monitoring plan.

(vi) Constants and default values:
- Global Warming Potential of methane (IPCC 2006);
- Emission factor for electric power plant of the UES Ural (calculation spreadsheet compiled on the basis of State Statistical Data);
- Density of methane CH4 under standard conditions (National standard);
- Density of CO2 under standard conditions (National standard);
- Number of moles of carbon in APG components (published sources);
- gas loss factor (IPCC 2006).

The defaults values originate from recognizable sources as indicated above and are presented in a transparent manner.

The monitoring plan draws upon the list of standard variables contained in appendix B of “Guidance on criteria for baseline setting and monitoring” developed by the JISC.

The monitoring plan explicitly and clearly distinguishes:
- data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination such as the default data used;
- data and parameters that are monitored throughout the crediting period, such as those presented in Section D.1.1.1 for the project and Section D.1.1.3 for the baseline.

The monitoring plan describes the methods employed for data monitoring (including its frequency) and recording.

The monitoring plan elaborates all algorithms and formulae used for the estimation/calculation of baseline emissions and project emissions, as appropriate, such as Formulae in Section D.1.1.2 - for the project emissions, in Section D.1.1.3 - for leakage, and in Section D.1.1.4 - for the baseline emissions.

The monitoring plan follows the standard routines applied by SPD's affiliates and is in line with the national standards usually applied in the oil and gas sector.

The monitoring plan clearly describes the operational and management structure regarding the monitoring activities. The responsibility for the JI project implementation is assigned according the national guidance and internal procedures applied by SPD for the Monitoring routines. On the whole, the monitoring report reflects good monitoring practices appropriate to the project type.

The monitoring plan indicates that the data monitored and required for verification are to be kept for two years after the last transfer of ERUs for the project.

Outstanding issues related to Monitoring plan (35-39), PP's response and the AIE conclusion are summarized in Appendix A (refer to CARs 21-25, CLs 06-08).

The issued requests concern:
- CAR 21 Gaps in the Monitoring Plan description;
- CAR 22 Request to identify the Emergency Monitoring procedure that will be followed if any data sources are not available;
- CAR 23 Request PP to describe separately the parameters to be monitored, fixed parameters available at the stage of determination and fixed parameters not available at the stage of determination;

- CAR 24 Request to identify the internal procedures and standards applied for the monitoring;
- CAR 25 Request to identify the storage time for the Monitoring parameters;
- CL 06 Request of evidence to support the identified level of uncertainty (low);
- CL 07 Request of the National Monitoring standards/ routines the Monitoring plan is based on;
- CL 08 Clarification with regard to periodicity of the calibration of meters employed in the monitoring.

4.8 Leakage (40-41)

JI specific approach

The leakage effect was not considered for the project.

No outstanding issues related to Leakage (40-41) were raised.

4.9 Estimation of emission reductions or enhancements of net removals (42-47)

JI specific approach

The PDD indicates assessment of emissions in the baseline and project scenario as the approach chosen to estimate the emission reductions of the project.

The PDD provides the ex ante estimates of:
(a) Emissions for the project scenario (within the project boundary), which are 1 123 766 tCO2e;
(b) Emissions for the baseline scenario (within the project boundary), which are 2 299 341 tCO2e;
(c) Emission reductions (based on (a), (b) above), which are 1 175 575 tCO2e.

The formulae used for calculating the estimates are referred in the PDD, Sections D.1.1.2, D.1.1.4, and D.1.4.

The PDD Section E includes an illustrative ex ante emissions calculation.

For calculating the estimates referred to above, key factors defined in the monitoring plain influencing the project and baseline emissions were taken into account, as appropriate. The estimation referred to above is based on conservative assumptions and the most plausible scenario in a transparent manner. The estimates referred to above are consistent throughout the PDD.

No outstanding issue related to Estimation of emission reductions or enhancements of net removals (42-47), were identified.

4.10 Environmental impacts (48)

The PDD provides explicit description demonstrating that there are no environmental impacts attributable to the project are expected to be beyond the legally established norms. The project will not lead to increase in emission rate of air pollutants due to shift from APG flaring to APG combustion at the GTPP.

The description of Environmental impacts was verified against EIA made as the part of the project feasibility study and officially approved by State Expertise conclusion.

Outstanding issues related to Environmental impacts (48), PP's response and the AIE conclusion are summarized in Appendix A (refer to CARs 26 and CAR 27).

The issued requests concern:

- CAR 26 missing reference to EIA approval;
- CAR 27 incompleteness of environmental impacts description.

4.11 Stakeholder consultation (49)

This type of project is not liable to arrangement of stakeholders' consultation in form of public hearing. Stakeholder comments were invited and collected in form of official conclusions issued by the local authorities and through the publications in the local medias.

Outstanding issues related to Stakeholders' consultation (48), PP's response and the AIE conclusion are summarized in Appendix A (refer to CL 09).

CL09 was issued to request PP provide the information of the project activity announcement in the local medias.

4.12 Determination regarding small scale projects (50-57)

Not applicable.

4.13 Determination regarding land use, land-use change and forestry (LULUCF) projects (58-64)

Not applicable.

4.14 Determination regarding programmes of activities (65-73)

Not applicable.

5 SUMMARY AND REPORT OF HOW DUE ACCOUNT WAS TAKEN OF COMMENTS RECEIVED PURSUANT TO PARAGRAPH 32 OF THE JI GUIDELINES

No comments, pursuant to paragraph 32 of the JI Guidelines, were received.

6 DETERMINATION OPINION

Bureau Veritas Certification has performed a determination of the "Efficient utilization of associated petroleum gas at Salym oilfields, Tumen oblast, Russian Federation" project. The determination 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 determination consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) the resolution of outstanding issues and the issuance of the final determination report and opinion.

Project participant used the JI specific approach for the demonstration of additionality. In line with this approach, the PDD provides investment analysis and common practice analysis to determine that the project activity itself is not the baseline scenario.

Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. Given that the project is implemented and maintained as designed, the project is likely to achieve the estimated amount of emission reductions.

The review of the project design documentation and the subsequent follow-up interviews have provided Bureau Veritas Certification with sufficient evidence to determine the fulfilment of stated criteria.

The determination revealed two pending issues related to the current determination stage of the project: the issue of the written approval of the project and the authorization of the project participant by the host Party. If the written approval and the authorization by the host Party are awarded, it is our opinion that the project as described in the Project Design Document, Version 3.2 dated 13/07/2012 meets all the relevant UNFCCC requirements for the determination stage and the relevant host Party criteria.

The determination is based on the information made available to us and the engagement conditions detailed in this report.

7 REFERENCES

Category 1 Documents:
Documents provided by PP that relate directly to the GHG components of the project.

/1/ PDD "Useful utilization of associated petroleum gas at the Salym fields, Tyumen Region, Russian Federation"
a/ Version 1.0 dd. 14/02/2012
b/ Version 2.0 dd. 26/04/2012
c/ Version 3.0 dd.19/06/2012
d/ Version 3.1 dd. 06/07/2012
e/ Version 3.2 dd. 13/07/2012

/2/ ER Calculation Excel spreadsheet
a/ Version 1.0 dd. 14/02/2011

/3/ Investment Analysis Excel spreadsheet

Category 2 Documents:
Background documents related to the design and/or methodologies employed in the design or other reference documents.

/4/ Guidelines for the implementation of Article 6 of the Kyoto Protocol
http://unfccc.int/resource/docs/2005/cmp1/eng/08a02.pdf#page=2

/5/ Guidance on criteria for baseline setting and monitoring Version 03
http://ji.unfccc.int/Ref/Documents/Baseline_setting_and_monitoring.pdf

/6/ "Guidelines for Calculation of Air Pollutant Emissions from APG Flaring" developed by the Scientific Research Institute for Atmospheric Air Protection in Saint-Petersburg (approved by the Order of the National Environmental Protection Committee of the Russian Federation dd. 08.04.98 №199)

/7/ Utilization of Associated Petroleum Gas at Salym Petroleum Development N.V., Russia Version: 1.0 Date: December 24, 2007
http://ji.unfccc.int/JI_Projects/DB/7RA531ZX31Y66CZ1KAOJSE1OEXOS0J/PublicPDD/PH9MK5W0YEA6XYI9XPX2Y4V96G4BNC/view.html

/8/ http://ru.wikipedia.org/wiki/%D0%9E%D0%BA%D1%81%D0%B8%D0%B4_%D1%83%D0%B3%D0%BB%D0%B5%D1%80%D0%BE%D0%B4%D0%B0(IV)

/9/ State expertise conclusion dd. 18/10/2007 for GTPP 45MW

/10/ Presentation SPD "**SPD internal position on gas utilization"**

/11/ Manual/calibration certificate #956 for Flowmeter MultiVariable 3095 UNCERTAINTY 1.0%

CALIBRATION 12/03/2010; 13/04/2010 (valid till 2012)

/12/ Calibration certificate #1162 for Emerson Process Management/Rosemount Gas converter 3095MA
ser.# 8320233
UNCERTAINTY 2.0%
CALIBRATION 21/04/2010 (valid till 2012)

/13/ Calibration certificate #1162 for Emerson Process Management/Rosemount Gas converter 3095MA
ser.# 8320231
UNCERTAINTY 2.0%
CALIBRATION 21/04/2010 (valid till 2012)

/14/ Electricity counters EuroALFA: EA02; quality class 0.2 (0.2%)
Ser.#01078018
initial calibration: 10/04/2003 (valid till 2011)
Ser.#01078019
initial calibration: 10/04/2003 (valid till 2011)

/15/ Laboratory accreditation certificate dd. 07/02/2011 valid till 31/12/15

/16/ Ural Grid emission factor calculation model.

/17/ License agreement №KhMN10695 for the development of Salym oilfield

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

/1/ Mr. Kozimzhon Khusanov – Financial Manager in SPD

/2/ Mr. Nikolay Kirpichnikov – Project manager in SPD

/3/ Mr. Nikolay Trofimov – Expert of the Project Development Department in CARBONTRUST LIMITED;

BUREAU VERITAS CERTIFICATION HOLDING SAS

DETERMINATION PROTOCOL

Table 1

Check list for determination, according JOINT IMPLEMENTATION DETERMINATION AND VERIFICATION MANUAL (Version 01)

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
Guidelines for JI PDD Form Users Section A General description of the project				
A.1. Title of the project				
A.1	Is the title of the project presented? Is the sectoral scope to which project pertains presented? Is the current version number of the document presented? Is the date when the document was completed presented?	The title of the project is: "Useful utilization of associated petroleum gas at the Salym fields, Tyumen Region, Russian Federation". The sectoral scopes are: 1. Energy (renewable/non-renewable sources) 10. Fugitive emissions from fuels (solids, oil and gas). The version: 1.0 14/02/2011		OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
A.2 Description of the project				
A.2	Is the purpose of the project included with a concise, summarizing explanation (max. 1-2 pages) of the: a) Situation existing prior to the starting date of the project; b) Baseline scenario; and c) Project scenario (expected outcome, including a technical description). Is the history of the project (incl. its JI component) briefly summarized?	The purpose of project is enhancement of the beneficial APG utilization due to supply the APG to GTP and GPP **CAR 01** PDD does not describe the situation existing prior the project. Baseline scenario is the flaring of APG Project scenario: **CAR 02** Description is not transparent. Please describe the measures (pipeline construction, installation of equipment etc.) really attributable to the project. Text in A.2 is illiterate and shall be completely rewritten. **CAR 03** the JI component of the project history is not described. Please describe the status of determination of JI 0144 /7/ http://ji.unfccc.int/JI_Projects/DB/7RA531ZX31Y66CZ1KAOJSE1OEXOS0J/PublicPDD/PH9MK5W0YEA6XYI9XPX2Y4V96G4BNC/view.html Please ensure that this project has been withdrawn and could not be causing double emission reduction.	CAR 01 CAR 02 CAR 03	OK OK OK
A.3	Are project participants and Party(ies) involved in the project listed? Is contact information provided in Annex 1 of the PDD?	Party A - Russian Federation (Host party)"Salym Petroleum Development N.V." **CAR 04** the template of sec. A.3 has been altered. Please, correct.	CAR 04	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
A.4 Technical description of the project				
A.4.1	Location of the project	Refer to A.4.1.1-A.4.1.4.		OK
A.4.1.1	Host Party(ies)	The Russian Federation.		OK
A.4.1.2	Region/State/Province etc.	Tyumen oblast, Khanty-Mansiyskiy Autonomous Okrug (KhMAO), Nefteyuganskiy region.,		OK
A.4.1.3	City/Town/Community etc.	The village of Salym		OK
A.4.1.4	Detail of the physical location, including information allowing the unique identification of the project. (This section should not exceed one page)	Salym coordinates: latitude 60°09', longitude 71°29 '.		OK
A.4.2. Technologies to be employed, or measures, operations or actions to be implemented by the project				
A.4.2	Are the technology(ies) to be employed, or measures, operations or actions to be implemented by the project, including all relevant technical data and the implementation schedule described?	Section A.4.2 PDD provides description of technology and measures to be implemented to achieve the emission reduction. The projects implies installation of three gas turbine unites with total capacity of 45 MW .		OK
A.4.3. Brief explanation of how the anthropogenic emissions of greenhouse gases by sources are to be reduced by the proposed JI project, including why the emission reductions would not occur in the absence of the proposed project, taking into account national and/or sectoral policies and circumstances				
A.4.3	Is it explained briefly how anthropogenic GHG emission reductions are to be achieved? (This section should not exceed one page.)	The following emission reduction sources are determined in sec.A.4.3: • Reduction of CO2 emission due to useful utilization of the	CAR 05	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
		significant volume of APG. • Reduction of CH4 emission from incomplete combustion of APG. **CAR 05** The volume of APG supply to GPP must be excluded from the project as it has already been allocated by another JI project: Utilization of Associated Petroleum Gas from Zapadno-Salymskoe and Nizhne-Shapshinskoe oil fields, Khanty-Mansiysk Yugra Autonomous Region, Russia		
A.4.3.1. Estimated amount of emission reductions over the crediting period				
A.4.3.1	Is the length of the crediting period Indicated? Are estimates of total as well as annual and average annual emission reductions in tonnes of CO2 equivalent provided?	The length of the crediting period is determined as 5 years in sec. A.4.3.1. Total as well as annual and average annual emission reductions in tonnes of CO2 equivalent are provided.		OK
A.5. Project approval by the Parties involved				
A.5	Are written project approvals by the Parties involved attached?	**CAR 06.** The project has no approvals by the Parties involved. The project approval by the Host Party will be provided after the determination statement is issued by the AIE.	CAR 06	Pending
19	Have the DFPs of all Parties listed as "Parties involved" in the PDD provided written project approvals?	No, pending a response to CAR 06.	Pending	Pending
19	Does the PDD identify at least the host Party as a "Party involved"?	The Russian Federation.		OK
19	Has the DFP of the host Party issued a written project approval?	No, pending a response to CAR 06.	Pending	Pending

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
20	Are all the written project approvals by Parties involved unconditional?	No, approvals from parties involved will be requested after the Host party approval will be issued. Pending a response to CAR 06.	Pending	Pending
Authorization of project participants by Parties involved				
21	Is each of the legal entities listed as project participants in the PDD authorized by a Party involved, which is also listed in the PDD, through: − A written project approval by a Party involved, explicitly indicating the name of the legal entity? or − Any other form of project participant authorization in writing, explicitly indicating the name of the legal entity?	Project participant: Gaspromneft The authorization will be provided along with LoA. Pending a response to CAR 06 **CAR 07** Please, correct annex 1.	CAR 07	OK
Baseline setting				
22	Does the PDD explicitly indicate which of the following approaches is used for identifying the baseline? − JI specific approach − Approved CDM methodology approach	**CL 01** PDD does not indicate which approach is selected to establish the baseline. If it is JI specific approach according to paragraph 9 (a) of the "Guidance on criteria for baseline setting and monitoring" v.3.0 is used for the baseline setting, it should be explicitly stated in the PDD.	CL 01	OK
JI specific approach only				
23	Does the PDD provide a detailed theoretical description in a complete and transparent manner?	**CAR 08** Theoretical description of the baseline is missing in sec. B.1.	CAR 08	OK
23	Does the PDD provide justification that the	(a) PDD states the baseline is established by listing the plausible	CAR 09	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	baseline is established: (a) By listing and describing plausible future scenarios on the basis of conservative assumptions and selecting the most plausible one? (b) Taking into account relevant national and/or sectoral policies and circumstance? − Are key factors that affect a baseline taken into account? (c) In a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, date sources and key factors? (d) Taking into account of uncertainties and using conservative assumptions? (e) In such a way that ERUs cannot be earned for decreases in activity levels outside the project or due to force majeure? (f) By drawing on the list of standard variables contained in appendix B to "Guidance on criteria for baseline setting and monitoring", as appropriate?	future scenarios and selecting the most plausible through the consideration of the factors affecting each scenario. Following scenarios were considered: *Alternative scenario 1. Continuation of common practice for utilization of APG, i.e. the combustion of the extracted APG in the flare of West-Salym OTP.* *Alternative scenario 2. The project itself (without being registered as a JI activity), i.e. construction new energy center and CS to increase the useful utilization of APG produced from the Salym fields by burning it in GTPP for power generating and partial processing.* **CAR 09** Description is inconsistent: Prior Alt.1 was determined as a common practice continuation nothing had been said about what the common practice is or what the situation existing before the project was. **CAR 10** Rejection of other alternative scenarios is not transparent. (b) Relevant National policies and circumstances were considered as the factors affecting the baseline. It is stipulated that none of the alternatives contradict the current legislation. It is in particular stated that the flaring is not utterly forbidden by Russian Legislation. There is the enhanced fee for the air pollutant emissions associated with flaring, which nonetheless does not constitute serious constraint that may prevent continuous APG	CAR 10 CAR 11 CAR 12 CAR 13 CL 02	OK OK OK OK OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
		flaring. **CL 02** Please clarify the relevance of table B.1.2. **CAR 11** the statements in the description of envi. fee has no relevance to what is provided in table 1.3 i.e. methane emissions in the text: 2.7 mln. m3 methane emissions in the table B.1.3: 21.980 mln. m3 fee in the text: about 2 million roubles fee in table: 17309 mln rub Besides the legal compliance following aspects are deemed to be key factors: Economic situation in the oil&gas sector in terms of APG utilization (c) description is not transparent (**please see my comments in the PDD).** **CAR 12** the statement of imperfection of the APG and oil recovery prognosis looks irrelevant or needs to be properly justified. In general, the project is APG utilization through the on-site power production. Why the alternative analysis discusses the constraints preventing APG feeding into NG gas main? **INA** PDD is crowded with unsubstantiated statement such as: that the costs for NG recovery and transportation are less than that for APG. **CAR 13 construction of the Compressor station to supply gas to GPP is a part of another JI project Please exclude or justify**		

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
		which CS is meant here. (d) No uncertainties or conservativeness is applied in the baseline selection. (e)The power from GTP will be used at the oilfields owned by the PP and hence no decrease in the outside activity is expectable. **The supply of APG to GPP shall be excluded from the project.** **(f) the theoretical description is not provided CAR 08**		
24	If selected elements or combinations of approved CDM methodologies or methodological tools for baseline setting are used, are the selected elements or combinations together with the elements supplementary developed by the project participants in line with 23 above?	N/A	N/A	
25	If a multi-project emission factor is used, does the PDD provide appropriate justification?	**CAR 14 Sec. A4 states the power substitution to be the one of emission reduction sourse. Nonetheless the EF grid and TDL are missing in the parameters provided in B.1.**	CAR 14	OK
Approved CDM methodology approach only_Paragraphs 26(a) – 26(d)_Not applicable				
Additionality				
JI specific approach only				
28	Does the PDD indicate which of the following approaches for demonstrating additionality is used?	PDD explicitly indicates that the additionality of the project is demonstrated by following a JI-specific approach. Approach (a) in paragraph 2 of the Annex I to the “Guidance on Criteria for Baseline	CAR15 CAR 16	OK OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	(a) Provision of traceable and transparent information showing the baseline was identified on the basis of conservative assumptions, that the project scenario is not part of the identified baseline scenario and that the project will lead to emission reductions or enhancements of removals; (b) Provision of traceable and transparent information that an AIE has already positively determined that a comparable project (to be) implemented under comparable circumstances has additionality; (c) Application of the most recent version of the "Tool for the demonstration and assessment of additionality. (allowing for a two-month grace period) or any other method for proving additionality approved by the CDM Executive Board".	Setting and Monitoring (Version 2)" has been selected. Financial attractiveness of the project without being registered as JI was evaluated to demonstrate that the project faces overwhelming financial barrier and could not be implemented without additional incomes that would be attributable to the JI status (ERU selling). Thus it is demonstrated that the project itself could not be the baseline scenario and hence the emission reduction achieved as a result of its implementation is additional to that otherwise occurred. Common practice analysis was applied to strengthen the outcome from investment analysis. **CAR 15** False statement: The level of APG flared has increased over a three-year period of 2006-2009 from 14,1 bln m3 in 2006 till 19,96 m3 in 2009 . Thereby, a share of APG flaring in 2006 was at 24,4% and by 2010 it rose up to 64,3%. Please, remove. **CAR 16 Common practice analysis is not representative as it discusses the theoretical constraints to implement the activities related to the APG supply to the NG mains. It has no relevance to the project. Common practice shall demonstrate either the absence of similar activities or if such activities occur, they are implemented under dissimilar conditions. Otherwise the project is not additional.**		
29 (a)	Does the PDD provide a justification of the applicability of the approach with a clear and	It is justified in the PDD that the approach chosen for additionality proof was selected in accordance with requirement 2(a) of Annex 1 of	CL 03	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	transparent description?	JI Guidance on criteria for baseline setting and monitoring, version 03 **CL 03** Please clarify the application of option (a) instead of others in terms of its solely applicability or conservativeness.		
29 (b)	Are additionality proofs provided?	The additionality is substantiated by using an investment analysis. **CAR 17 Gaps in the investment analysis** The lifetime is not consistently applied for the investment analysis and for PDD description : inv. analysis – 14 years; PDD sec. C. – 20 years. Please provide the evidence for the capital costs, operational costs, maintenance, power tariff, operation lifetime, residual value (assumed to be zero). **GPP must be excluded as it pertains to another JI project.** **CAR 18 Additionality proves are not provided** **CAR 19 The description on how the emission reduction is to be calculated is added in the bottom of B.2 which is irrelevant to additionality discussion.**	CAR 17 CAR 18 CAR 19	OK OK OK
29 (c)	Is the additionality demonstrated appropriately as a result?	Pending a response to the CARs 15-18 and CLs 03-04	Pending	OK
30	If the approach 28 (c) is chosen, are all explanations, descriptions and analyses made in accordance with the selected tool or method?	N/A		

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
Approved CDM methodology approach only_ Paragraphs 31(a) – 31(e)_Not applicable				
Project boundary (applicable except for JI LULUCF projects				
JI specific approach only				
32 (a)	Does the project boundary defined in the PDD encompass all anthropogenic emissions by sources of GHGs that are: (i) Under the control of the project participants? (ii) Reasonably attributable to the project? (iii) Significant?	Project boundary includes following emission sources which are significant and under the control of PP: • Emissions due to combustion of APG at GTPP • CO2 emission due to GPP consumption of electricity supplied from outside energy system • Emission due to processing of the project APG volume Baseline emissions would occur inside the project boundary • CO2 emissions in the flare, • Emissions of CH4 equivalent in the flare due to underburning, • CO2 emissions in grid for power generation for Salym fields. **CAR 20 Emissions from the GPP operation and APG processing at GPP shall be excluded as pertaining to another JI project**	CAR 20	OK
32 (b)	Is the project boundary defined on the basis of a case-by-case assessment with regard to the criteria referred to in 32 (a) above?	Project boundary is defined on the basis of case-by-case analysis (not always quantitative) of emission sources.		OK
32 (c)	Are the delineation of the project boundary and the gases and sources included appropriately described and justified in the PDD by using a	Flow chart is presented at fig. B.3.1.		OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	figure or flow chart as appropriate?			
32 (d)	Are all gases and sources included explicitly stated, and the exclusions of any sources related to the baseline or the project are appropriately justified?	Pending a response to CAR 20.	Pending	OK
Crediting period				
34 (a)	Does the PDD state the starting date of the project as the date on which the implementation or construction or real action of the project will begin or began?	Starting date is indicated as 02.10.2006 **CL 04** Please, provide the evidence against the starting date identified.	CL 04	OK
34 (a)	Is the starting date after the beginning of 2000?	The project started after 2000 y.		OK
34 (b)	Does the PDD state the expected operational lifetime of the project in years and months?	Operational lifetime is defined as 20 years or 240 months. **CL 05** please clarify the operation life and provide the docs.	CL 05	OK
34 (c)	Does the PDD state the length of the crediting period in years and months?	The length of crediting period is defined as 5 years / 60 months. Starting from January 1, 2008.		OK
34 (c)	Is the starting date of the crediting period on or after the date of the first emission reductions or enhancements of net removals generated by the project?	yes		OK
34 (d)	Does the PDD state that the crediting period for issuance of ERUs starts only after the beginning of 2008 and does not extend beyond the operational lifetime of the project?	yes		OK
34 (d)	If the crediting period extends beyond 2012, does the PDD state that the extension is subject	N/A		

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	to the host Party approval? Are the estimates of emission reductions or enhancements of net removals presented separately for those until 2012 and those after 2012?			
Monitoring plan				
35	Does the PDD explicitly indicate which of the following approaches is used? − JI specific approach; − Approved CDM methodology approach.	It is explicitly indicated that a JI specific approach based on Paragraph 9 (a) of the "Guidance on criteria for baseline setting and monitoring" is chosen.		OK
JI specific approach only				
36 (a)	Does the monitoring plan describe: − All relevant factors and key characteristics that will be monitored? − The period in which they will be monitored? − All decisive factors for the control and reporting of project performance?	The monitoring plan describes the factors and parameters affecting both the project and the baseline emissions. Project performance can be assessed on the basis of the parameters of APG delivery. **CAR 21 The Monitoring plan gaps:** 1/heading "emission sources" contains the list of parameters to be monitored, which does not comply to that provided in B.1. Project emissions: 2/ the terms in formula 1 are not determined 3/ APG supply to OTP burning is indicated as fixed paramenter in the description of formula (3) but as that to be monitored in table D 1.1.1 4/quantity of carbon moles in APG component shall be indicated as fixed parameters in both sec. D and sec. B.1 5/ there is the publicly available data of CO_2 density as of 1,97 кг/м^3 under standard conditions /8/. Please justify the	CAR 21	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
		value of 1.842 kg/m^3 6/grid emission factor is not indicated as fixed parameter fixed parameters are not identified, 7/table D.1.1.1 is left empty for the DSG composition 8/Please keep a consistent indication of gas supplied to GTPP either (DSG or APG) 9/The APG composition is indicated as fixed parameter Baseline emissions: 10/Baseline parameters are presented in table D1.3.1 pertaining to leakage. Section D.1.2 is missing 11/Oxidation factor in the formula (15) is equal to 1. If so, no CH4 emissions would occur. 12/ the description on how the BE from electricity consumption in the baseline (18) is to be calculated is not transparent. 13/ grid emission factor is not presented in the list of baseline parameters. 14/ PDD template in sec. D is altered.		
36 (b)	Does the monitoring plan specify the indicators, constants and variables used that are reliable, valid and provide transparent picture of the emission reductions or enhancements of net removals to be monitored?	Pending a response to CAR 21	Pending	OK
36 (b)	If default values are used: − Are accuracy and reasonableness carefully balanced in their selection?	**Pending a response to CAR21**	Pending	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	− Do the default values originate from recognized sources? − Are the default values supported by statistical analyses providing reasonable confidence levels? − Are the default values presented in a transparent manner?			
36 (b) (i)	For those values that are to be provided by the project participants, does the monitoring plan clearly indicate how the values are to be selected and justified?	All parameters to be monitored are obtained from the meters' readings (APG/DSG consumption, power generation, auxiliary needs) of SPD and from the laboratory testing results (APG/DSG composition).		OK
36 (b) (ii)	For other values, − Does the monitoring plan clearly indicate the precise references from which these values are taken? − Is the conservativeness of the values provided justified?	Pending a response to CAR 21	Pending	OK
36 (b) (iii)	For all data sources, does the monitoring plan specify the procedures to be followed if expected data are unavailable?	**CAR 22** The emergency procedure should be elaborated to ensure the presence of double registration of key monitoring parameters e.g.: • accountant records for diesel purchase • most conservative value among historical data, • State statistical observation forms (1-TEK neft') etc. The Gas Accountancy Rules issued by Ministry of Fuel and Energy on 15/11/1996 may be used as reference to the monitoring emergency procedure.	CAR22	OK
36 (b) (iv)	Are International System Unit (SI units) used?	International System Units (SI units) are used.		OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
36 (b) (v)	Does the monitoring plan note any parameters, coefficients, variables, etc. that are used to calculate baseline emissions or net removals but are obtained through monitoring?	Pending a responses to CAR 21	Pending	OK
36 (b) (v)	Is the use of parameters, coefficients, variables, etc. consistent between the baseline and monitoring plan?	Pending a responses to CAR 21	Pending	OK
36 (c)	Does the monitoring plan draw on the list of standard variables contained in appendix B of "Guidance on criteria for baseline setting and monitoring"?	yes		OK
36 (d)	Does the monitoring plan explicitly and clearly distinguish: (i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination? (ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not already available at the stage of determination? (iii) Data and parameters that are monitored throughout the crediting period?	**CAR 23 PDD does not describe separately the** (i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), and that are available already at the stage of determination? (ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not already available at the stage of determination? (iii) Data and parameters that are monitored throughout the crediting period? Please provide clear segregation of these parameters. Pending a response to CAR 21	CAR 23	OK
36 (e)	Does the monitoring plan describe the methods employed for data monitoring (including its	Pending a response to CAR 21	Pending	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	frequency) and recording?			
36 (f)	Does the monitoring plan elaborate all algorithms and formulae used for the estimation/calculation of baseline emissions/removals and project emissions/ removals or direct monitoring of emission reductions from the project, leakage, as appropriate?	Pending a response to CAR 21	Pending	OK
36 (f) (i)	Is the underlying rationale for the algorithms/formulae explained?	Pending a response to CAR 21	Pending	OK
36 (f) (ii)	Are consistent variables, equation formats, subscripts etc. used?	Pending a response to CAR 21	Pending	OK
36 (f) (iii)	Are all equations numbered?	Yes.		OK
36 (f) (iv)	Are all variables, with units indicated defined?	Pending a response to CAR 21	Pending	OK
36 (f) (v)	Is the conservativeness of the algorithms/procedures justified?	Pending a response to CAR 21	Pending	OK
36 (f) (v)	To the extent possible, are methods to quantitatively account for uncertainty in key parameters included?	The level of uncertainty is to be checked through the review of certificates for meters. **CL 06** Please, provide the evidence (methodologies, equipment's certificates) to support the reported level of uncertainty (low) for all parameters.	CL 06	OK
36 (f) (vi)	Is consistency between the elaboration of the baseline scenario and the procedure for	Pending a response to CAR 21	Pending	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	calculating the emissions or net removals of the baseline ensured?			
36 (f) (vii)	Are any parts of the algorithms or formulae that are not self-evident explained?	Pending a response to CAR 21	Pending	OK
36 (f) (vii)	Is it justified that the procedure is consistent with standard technical procedures in the relevant sector?	**CL 07** Please provide the evidence to confirm the Monitoring plan is based on standard monitoring routines (relevant national standards) and the involved personnel are trained appropriately (training records).	CL 07	OK
36 (f) (vii)	Are references provided as necessary?	Pending a response to CAR 21	Pending	OK
36 (f) (vii)	Are implicit and explicit key assumptions explained in a transparent manner?	Pending a response to CAR 21	Pending	OK
36 (f) (vii)	Is it clearly stated which assumptions and procedures have significant uncertainty associated with them, and how such uncertainty is to be addressed?	N/A		
36 (f) (vii)	Is the uncertainty of key parameters described and, where possible, is an uncertainty range at 95% confidence level for key parameters for the calculation of emission reductions or enhancements of net removals provided?	The uncertainty is assessed in Table D.2 All standard monitoring techniques in gas and power sector allow to meet the level of uncertainty of 95%		OK
36 (g)	Does the monitoring plan identify a national or international monitoring standard if such standard has to be and/or is applied to certain aspects of the project? Does the monitoring plan provide a reference as to where a detailed description of the standard	Pending a response to CL 07	Pending	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	can be found?			
36 (h)	Does the monitoring plan document statistical techniques, if used for monitoring, and that they are used in a conservative manner?	N/A		
36 (i)	Does the monitoring plan present the quality assurance and control procedures for the monitoring process, including, as appropriate, information on calibration and on how records on data and/or method validity and accuracy are kept and made available upon request?	QC/QA procedures are specified in PDD Section D.2. **CL 08** Please identify the periodicity of calibration and respective authority for each parameter. Otherwise QA/QC procedures are unverifiable. The verifier's opinion is that the QC/QA procedures have not been elaborated.		OK
36 (j)	Does the monitoring plan clearly identify the responsibilities and the authority regarding the monitoring activities?	**CAR 24** Please, specify if there is a specific GHG monitoring procedure implemented at the Company or any internal orders/agreements establishing authority/responsibility for the monitoring functions: • Primarily data collection, • Logging, • Averaging, • Reporting, • Checking, • Calculating, As well as supplemental functions e.g. • Monitoring equipment timely calibration and maintenance; • Database safety and protection from any unauthorized access.	CL 24	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
36 (k)	Does the monitoring plan, on the whole, reflect good monitoring practices appropriate to the project type? If it is a JI LULUCF project, is the good practice guidance developed by IPCC applied?	Pending a response to CL 07.	Pending	OK
36 (l)	Does the monitoring plan provide, in tabular form, a complete compilation of the data that need to be collected for its application, including data that are measured or sampled and data that are collected from other sources but not including data that are calculated with equations?	Pending a response to CAR 21	Pending	OK
36 (m)	Does the monitoring plan indicate that the data monitored and required for verification are to be kept for two years after the last transfer of ERUs for the project?	**CAR 25** Please identify the monitoring data storage time	CAR 25	OK
37	If selected elements or combinations of approved CDM methodologies or methodological tools are used for establishing the monitoring plan, are the selected elements or combination, together with elements supplementary developed by the project participants in line with 36 above?	N/A		
Approved CDM methodology approach only_Paragraphs 38(a) – 38(d)_Not applicable				
Applicable to both JI specific approach and approved CDM methodology approach_Paragraph 39_Not applicable				
Leakage				
JI specific approach only				

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
40 (a)	Does the PDD appropriately describe an assessment of the potential leakage of the project and appropriately explain which sources of leakage are to be calculated and which can be neglected?	No leakage was identified		OK
40 (b)	Does the PDD provide a procedure for an ex ante estimate of leakage?	N/A		OK
Approved CDM methodology approach only_Paragraph 41_Not applicable				
Estimation of emission reductions or enhancements of net removals				
42	Does the PDD indicate which of the following approaches it chooses? (a) Assessment of emissions or net removals in the baseline scenario and in the project scenario (b) Direct assessment of emission reductions	Segregated assessment of baseline emissions and project emissions (Option 1) is chosen.		OK
43	If the approach (a) in 42 is chosen, does the PDD provide ex ante estimates of: (a) Emissions or net removals for the project scenario (within the project boundary)? (b) Leakage, as applicable? (c) Emissions or net removals for the baseline scenario (within the pr oject boundary)? (d) Emission reductions or enhancements of net removals adjusted by leakage?	PDD provides ex ante estimates of: Emissions for the project scenario; Emissions for the baseline scenario; Emission reductions. .		OK
44	If the approach (b) in 42 is chosen, does the PDD provide ex ante estimates of: (a) Emission reductions or enhancements of net	N/A		OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	removals (within the project boundary)? (b) Leakage, as applicable? (c) Emission reductions or enhancements of net removals adjusted by leakage?			
45	For both approaches in 42 (a) Are the estimates in 43 or 44 given: (i) On a periodic basis? (ii) At least from the beginning until the end of the crediting period? (iii) On a source-by-source/sink-by-sink basis? (iv) For each GHG? (v) In tones of CO2 equivalent, using global warming potentials defined by decision 2/CP.3 or as subsequently revised in accordance with Article 5 of the Kyoto Protocol? (b) Are the formula used for calculating the estimates in 43 or 44 consistent throughout the PDD? (c) For calculating estimates in 43 or 44, are key factors influencing the baseline emissions or removals and the activity level of the project and the emissions or net removals as well as risks associated with the project taken into account, as appropriate? (d) Are data sources used for calculating the estimates in 43 or 44 clearly identified, reliable	ER estimates are given on the periodic basis, from the beginning till the end of the crediting period, in tones of CO2 equivalent. The formulae used in PDD are consistent. Key factors influencing the baseline emissions and the activity level of the project and the emissions as well as risks associated with the project are taken into account. Default values for emission factors are taken from 2006 IPCC and other recognizable sources. The annual average of estimated emission reductions calculated by dividing the total estimated emission reductions over the crediting period by the total months of the crediting period and multiplying by twelve. **Pending a response to CAR 21**	Pending	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	and transparent? (e) Are emission factors (including default emission factors) if used for calculating the estimates in 43 or 44 selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice? (f) Is the estimation in 43 or 44 based on conservative assumptions and the most plausible scenarios in a transparent manner? (g) Are the estimates in 43 or 44 consistent throughout the PDD? (h) Is the annual average of estimated emission reductions or enhancements of net removals calculated by dividing the total estimated emission reductions or enhancements of net removals over the crediting period by the total months of the crediting period and multiplying by twelve?			
46	If the calculation of the baseline emissions or net removals is to be performed ex post, does the PDD include an illustrative ex ante emissions or net removals calculation?	Illustrative ex-ante estimation of baseline emissions is made in the excel spreadsheet.		OK
Approved CDM methodology approach only_Paragraphs 47(a) – 47(b)_Not applicable				
Environmental impacts				
48 (a)	Does the PDD list and attach documentation on the analysis of the environmental impacts of the project, including transboundary impacts, in	**CAR 26** The reference to EIA approval is missing. The documents are to be provided to AIE	CAR 26	OK

Section A Paragraph or DVM Paragraph	Check Item	Initial finding	Draft Concl.	Final Concl.
	accordance with procedures as determined by the host Party?			
48 (b)	If the analysis in 48 (a) indicates that the environmental impacts are considered significant by the project participants or the host Party, does the PDD provide conclusion and all references to supporting documentation of an environmental impact assessment undertaken in accordance with the procedures as required by the host Party?	Pending a response to CAR 26 **CAR 27** Environmental impact description is missing in sec. F.2.	pending	OK
Stakeholder consultation				
49	If stakeholder consultation was undertaken in accordance with the procedure as required by the host Party, does the PDD provide: (a) A list of stakeholders from whom comments on the projects have been received, if any? (b) The nature of the comments? (c) A description on whether and how the comments have been addressed?	Russian Federal Law 7-FZ “On Environmental Protection” cl. 13 para 2 requires stakeholders' comments to be considered in decision making process to start any activity potentially causing adverse environmental effect. **CL 09 Please provide information on how the Project was announced** and the Comments were invited through the web. Open public hearing must be as the project is liable to State Environmental Expertise..	CL 09	OK
Determination regarding small-scale projects (additional elements for assessment)_Paragraphs 50 - 57_Not applicable				
Determination regarding land use, land-use change and forestry projects _Paragraphs 58 – 64(d)_Not applicable				
Determination regarding programmes of activities_Paragraphs 66 – 73_Not applicable				

Table 2 Resolution of Corrective Action Requests and Requests for Information

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
CAR 01 PDD does not describe the situation existing prior the project.	A.2	Response 1 04/05/2012 Corrected, please see PDD. Response 2 09/06/2012 Corrected please see new version of PDD, version 03.	Conclusion on the response 1. Ignored Still ignored in PDD v.02 Conclusion on the response 2. Closed upon the review of PDD v.3.0
CAR 02 Description is not transparent. Please describe the measures (pipeline construction, installation of equipment etc.) really attributable to the project. Text in A.2 is illiterate and shall be completely rewritten.	A.2	Response 1 04/05/2012 Corrected Response 2 18/06/2012 Was provided. Please see attachment in folder “Детерминация”. Response 3 28/06/2012 Included, please see new version of PDD, version 3.1	Conclusion on the response 1. Corrected in the new version of PDD Conclusion on the response 2. Please provide technical specification to verify the information given in PDD v.02 Open <u>Conclusion to resp. 2</u> Project design for 45 MW GTPP is confirmed by the review of /9/ Project history in A.2 does not discover installation of 4th turbine, and related actions (project development and approval), Please update.

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
			Open Conclusion to resp. 3 Closed upon the review of PDD v. 3.1
CAR 03 the JI component of the project history is not described. Please describe the status of determination of JI 0144 /2.7/ http://ji.unfccc.int/JI_Projects/DB/7RA531ZX31Y66CZ1KAOJSE1OEXOS0J/PublicPDD/PH9MK5W0YEA6XYI9XPX2Y4V96G4BNC/view.html Please ensure that this project has been withdrawn and could not be causing double emission reduction.	A.2	Response 1 04/05/2012 Pending Response 2 18/06/2012 Please change for FAR.	Conclusion on the response 1 ignored. Conclusion on the response 2. Still ignored in PDD v.02 Conclusion on the resp 2 Transformed to FAR 01 PDD for JI0144 project shall be withdrawn from UNFCCC website before the first verification.
CAR 04 the template of sec. A.3 has been altered. Please, correct.	A.3	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Corrected in the new version of PDD Ok closed upon the review of PDD v.02
CAR 05 The volume of APG supply to GPP must be excluded from the project as it has already been allocated by another JI project: Utilization of Associated Petroleum Gas from Zapadno-Salymskoe and Nizhne-Shapshinskoe oil fields, Khanty-Mansiysk Yugra Autonomous Region, Russia	A.4.3	Response 1 04/05/2012 Corrected Response 2 18/06/2012 Please see excel file.	Conclusion on the response 1. Corrected in the new version of PDD **Pending revised Excel Model.** Conclusion on the response 2. **Closed upon the review of revised model dd. 09/06/2012**

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
CAR 06. The project has no approvals by the Parties involved.	A.5	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Pending
CAR 07 Please, correct annex 1.	21	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Ignored Conclusion on the response 2. Closed on the review of PDD version 02.
CAR 08 Theoretical description of the baseline is missing in sec. B.1.	23	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Corrected in the new version of PDD Closed on the review of PDD version 02.
CAR 09 Description is inconsistent: Prior Alt.1 was determined as a common practice continuation nothing had been said about what the common practice is or what the situation existing before the project was.	23	Response 1 04/05/2012 Corrected Response 2 18/06/2012 Please see Alt.2.	Conclusion on the response 1. Corrected in the new version of PDD Description is neither convincing, nor specific. Please, consider the latest change in environmental fees for APG flaring and demonstrate that they do not affect the results of alternative analysis. Still open Conclusion on the response 2. Closed upon the review of PD v. 3.0

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
CAR 10 Rejection of other alternative scenarios is not transparent.	23	Response 1 04/05/2012 Corrected Response 2 18/06/2012 Please see attachment in folder CAR10.	Conclusion on the response 1. Corrected in the new version of PDD **Venting to the atmosphere at the site of the oil field processing facility** was rejected as prohibited by means of safety **Gas injection to create underground gas storage** was rejected as technically impossible. Please provide technical expertise conclusion. **Supply of gas to the Gazprom pipeline network** was rejected as technically impossible. **Delivery of gas to the Yuzhny-Balyk Gas Processing Plant (GPP)** was rejected as economically unfeasible. Please confirm the costs of pipeline construction. It is not clearly described, whether or not Yu-B GPP possess enough free processing capacity. Three options seem possible: **YES, there is enough processing capacity at Yu-B GPP** – hence, there is no technical problem here and the financial aspect is critical (investment

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
			analysis is needed to demonstrate the option is not feasible); **there is no enough capacity at Yu-B GPP** – it represents a real technical barrier, without any needs to discuss the financial aspect **The matter was not investigated –** there is no basis for discussion in the PDD. Still open Conclusion on the response 2. Closed upon the review of /10/.
CAR 11 the statements in the description of envi. fee has no relevance to what is provided in table 1.3 i.e. methane emissions in the text: 2.7 mln. m3 methane emissions in the table B.1.3: 21.980 mln. m3 fee in the text: about 2 million roubles fee in table: 17309 mln rub	23	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Corrected in the new version of PDD Closed on the review of PDD version 02.
CAR 12 the statement of imperfection of the APG and oil recovery prognosis looks irrelevant or needs to be properly justified. In general, the project is APG utilization through the on-site power production. Why the alternative analysis discusses the constraints preventing APG feeding into NG gas main?	23	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Corrected in the new version of PDD Closed on the review of PDD version 02.
CAR 13 construction of the Compressor station to	23	Response 1 04/05/2012	Conclusion on the response 1.

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
supply gas to GPP is a part of another JI project Please exclude or justify which CS is meant here.		Excluded. Response 2 09/06/2012 Corrected. Please see new version of PDD version 03.	Ignored The compressor station is mentioned project description in A.2., fig. B.3-1, B.3-2, D.1-1 and D 1-2. The fig. B.3-2 and D.1-2 indicates CS and GPP inside the project boundary that is not correct. They both pertain to another JI project. Still open Conclusion on the response 2. 2008-2011, when CS was used for APG delivery to GTPP, power consumption for CS shall be considered as a project emission source. CS can be excluded only since 2012. Conclusion on the response 3: It was clarified that CS is incremental part of GTPP. PDD was amended appropriately. Closed upon the explanation provided and amendments made in PDD 3.1.
CAR 14 Sec. A4 states the power substitution to be the one of emission reduction sourse. Nonetheless the	25	Response 1 04/05/2012 Corrected	Conclusion on the response 1. ignored

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
EF grid and TDL are missing in the parameters provided in B.1.			Conclusion on the response 2. still ignored in PDD v. 02 Conclusion on response 2 PDD was updated Grid emission factor calculation model has been provided /2.16/ ok
CAR 15 False statement: The level of APG flared has increased over a three-year period of 2006-2009 from 14,1 bln m3 in 2006 till 19,96 m3 in 2009 . Thereby, a share of APG flaring in 2006 was at 24,4% and by 2010 it rose up to 64,3%. Please, remove.	28	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Corrected in the new version of PDD Closed on the review of PDD version 02.
CAR 16 Common practice analysis is not representative as it discusses the theoretical constraints to implement the activities related to the APG supply to the NG mains. It has no relevance to the project. Common practice shall demonstrate either the absence of similar activities or if such activities occur, they are implemented under dissimilar conditions. Otherwise the project is not additional.	28	Response 1 04/05/2012 Corrected, please see Sec.B2. Response 2 18/06/2012 Corrected, please see new version of PDD Response 3 28/06/2012 Corrected, please see new version of PDD, version 3.1	Conclusion on the response 1. Ignored Conclusion on the response 2. still ignored in PDD v. 02 Full revision of common practice analysis is required. Open Conclusion on the response 2. Still open

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
			Conclusion on resp.3 closed
CAR 17 Gaps in the investment analysis The lifetime is not consistently applied for the investment analysis and for PDD description : inv. analysis – 14 years; PDD sec. C. – 20 years. Please provide the evidence for the capital costs, operational costs, maintenance, power tariff, operation lifetime, residual value (assumed to be zero). GPP must be excluded as it pertains to another JI project.	29 (b)	Response 1 04/05/2012 Corrected, the lifetime is applied in accordance with The Decision of the Russian Federation on January 1, 2002 N 1 "On the classification of fixed assets, included in depreciation groups" (as amended by Government Decree of 09.07.2003 N 415, from 08.08.2003 N 476, from 18.11.2006 N 697). Other evidence will be provided.	Conclusion on the response 1. Open Pending “other evidence”. The text entitled “Financial barrier” is still illiteral and unreadable. Full revision required. Conclusion on the response 2. Closed upon the review of version from 2003 valid at the time of decision making
CAR 17(i) <u>Updates upon the interview with SPD: 15/06/2012</u> 1/ 25 year long lifetime is confirmed by the Governmental resolution #1 dd 01/01/02 revision from 2003 (valid for 2005). 2/Pending evidence for: • CAPEX • APG price • SNG price • APG& SNG volumes		Response to Updates: 2/ Please see attachment in folder CAR17 3/ Corrected, please see Excel file. 4/5/ Please see file Opex_excl. manpower and Overhaul Minor Capex.zip 6/ In accordance with a common practice accepted in SPD.	Conclusion on the response (2) CAPEX and OPEX Documentary evidence is required CAPEX spent before 2010 is higher than that provided in initial PDD determined in 2008. APG price 450RUR/1000 m3. Please support with evidence. Coefficient 1.27 Please clarify where it is taken from. APG and SNG volumes: The Financial model is not

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
• Plant load factor • Specific APG and SNG consumption 3/Please correct the Maximum installed capacity by Utilized capacity 4/Please clarify the difference in operational costs throughout the inv.analysis horizon. 5/ Please clarify the growth of specific power production operation costs (USD per MWh) 6/Please provide the evidence against WACC and selected discount rate (10%)		CAPM Risk-free rate + country risk premium (%) 8.1% Beta unlevered (industry) 0.73 Company target D/E 0.41 Beta re-levered 1.03 Equity risk premium (%) 4.0% **Cost of equity (USD) (%) 12.2%** **Cost of equity (RUR) (%) 15.6%** Cost of debt (RUR) (%) 11.6% Risk-free rate (RUR) (%) 11.2% Risk-free rate (USD) (%) 7.9% Cost of debt (USD) (%) 8.2% LIBOR (USD) (%) 0.2% Country risk premium (%) 3.0% E/(D+E) (%) 59% D/(D+E) (%) 41% Tax Rate (%) 15.5% **WACC (%) 10.0%** Full calculation is provided in Excel model. Response 3 28/06/2012 Please see excel model and please find attach in folder CAR17.	transparent and does not provide an opportunity to reproduce the APG and SNG costs. 3/ ok 4/ and 5/ the source for operational costs was not provided. The source/estimation approach still unclear. Additional excel file is not transparent and can not be used to support the input values. Overhaul expenses are higher than that in determined SPD project. 6/ acceptable. Conclusion on the response (3) Closed.
CAR 18 Additionality proves are not provided	29 (b)	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Ok closed
CAR 19 The description on how the emission reduction is to be calculated is added in the bottom of B.2 which is irrelevant to additionality discussion.	29 (b)	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Left unchanged. Open

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
			Conclusion on the response 2. Closed upon the review of PDD v.3
CAR 20 Emissions from the GPP operation and APG processing at GPP shall be excluded as pertaining to another JI project	32 (a)	Response 1 04/05/2012 Corrected	Conclusion on the response 1. Corrected
CAR 21 The Monitoring plan gaps: 1/heading "emission sources" contains the list of parameters to be monitored, which does not comply to that provided in B.1. Project emissions: 2/ the terms in formula 1 are not determined 3/ APG supply to OTP burning is indicated as fixed paramenter in the description of formula (5) but as that to be monitored in table D 1.1.3 4/quantity of carbon moles in APG component shall be indicated as fixed parameters in both sec. D and sec. B.1 5/ there is the publicly available data of CO2 density as of 1,97 кг/м³ under standard conditions /8/. Please justify the value of 1.842 kg/m^3 6/grid emission factor is not indicated as fixed parameter fixed parameters are not identified, 7/table D.1.1.1 is left empty for the DSG composition 8/Please keep a consistent indication of gas supplied to GTPP either (DSG or APG) 9/The APG composition is indicated as fixed	36 (a)	Response 1 04/05/2012 3/Corrected 4/Corrected 5/Corrected 6/Corrected 7/Corrected 8/Corrected 9/The APG composition is indicated as measurement parameter. 10/Pending 11/Corrected 12/Corrected 13/Corrected 14/corrected Response 2 18/06/2012 13/ Corrected	Conclusion on the response 1. 1/ ok 2/ok 3/ open 4/corrected in B.1 and D. 5/corrected in PDD pending revision in excel model 6/ok 7/ok 8/ok 9/ok 10/ok 11/ok 12/ok 13/ignored 14/what? Conclusion to response 2: Closed and further discussion is transferred to CAR 14

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
parameter Baseline emissions: 10/Baseline parameters are presented in table D1.3.1 pertaining to leakage. Section D.1.2 is missing 11/Oxidation factor in the formula (15) is equal to 1. If so, no CH4 emissions would occur. 12/ the description on how the BE from electricity consumption in the baseline (18) is to be calculated is not transparent. 13/ grid emission factor is not presented in the list of baseline parameters. 14/ PDD template in sec. D is altered.			
CAR 22 The emergency procedure should be elaborated to ensure the presence of double registration of key monitoring parameters e.g.: • accountant records • most conservative value among historical data, • State statistical observation forms (1-TEK neft') etc. The Gas Accountancy Rules issued by Ministry of Fuel and Energy on 15/11/1996 may be used as reference to the monitoring emergency procedure.	36 (b) (iii)	Response 1 04/05/2012 Please change for FAR.	Conclusion on the response 1. Not responded. Still open
CAR 23 PDD does not describe separately the (i) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the	36 (d)	Response 1 04/05/2012 Please see new version of PDD Response 2 18/06/2012	Conclusion on the response 1. No clear segregation in the PDD v.2 Conclusion on the response 2. Closed PDD v.3

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
crediting period), and that are available already at the stage of determination? (ii) Data and parameters that are not monitored throughout the crediting period, but are determined only once (and thus remain fixed throughout the crediting period), but that are not already available at the stage of determination? (iii) Data and parameters that are monitored throughout the crediting period? Please provide clear segregation of these parameters.		Please see new version of PDD	
CAR 24 Please, specify if there is a specific GHG monitoring procedure implemented at the Company or any internal orders/agreements establishing authority/responsibility for the monitoring functions: Primarily data collection, Logging, Averaging, Reporting, Checking, Calculating, As well as supplemental functions e.g. Monitoring equipment timely calibration and maintenance; Database safety and protection from any unauthorized access.	36 (j)	Response 1 04/05/2012 Necessary to calculate the emission reductions of greenhouse gas emissions information is collected as is usually done in the field of production in "SPD NV", so monitoring is not required any other additional information as compared with the already collected. Response 2 28/06/2012 Included in Sec. D.3.	Conclusion on response 1. Please, provide the relevant regulating documents (rules, instructions, guidance etc.) Still open Conclusion on response 2. Following docs are included: - "Provision for Metrology Service of Salym Petroleum N.V." (Internal normative document in accordance with PR50-732-93 "Standard Statute on Metrological Service of Governmental Control

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
			Bodies of the Russian Federation and Commercial Legal Entities"); - "Methodology for metering of gas volumes using averaging vessel metering devices ANNUBAR/EMERSON", approved by the Metrological Service of GosStandard of the Russian Federation MI2667-2004; - "PGP running procedure: Fuel Gas Plant, Including HAFI gas compressors Trains #1-#3" (Regulated Design Document SAL-SALW-D22-00017-00); - Other legislation documents and industrial regulatory norms; - The law "On the Unity of measurement» N 102-FZ of 26.06.2008. closed

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
CAR 25 Please identify the monitoring data storage time	36 (m)	Response 1 04/05/2012 All relevant data for monitoring will be stored during two years after the last transfer of ERUs under this Project. Please see page 48 in new version of PDD	Conclusion on the response 1. Ok
CAR 26 The reference to EIA approval is missing. The documents are to be provided to AIE	48 (a)	Response 1 04/05/2012 Documents was provided.	Conclusion on the response 1. Ok
CL 01 PDD does not indicate which approach is selected to establish the baseline. If it is JI specific approach according to paragraph 9 (a) of the "Guidance on criteria for baseline setting and monitoring" v.3.0 is used for the baseline setting, it should be explicitly stated in the PDD.	22	Response 1 dd. Please see page 11.	Conclusion on the response 1. Ok
CL 02 Please clarify the relevance of table B.1.2.	23	Response 1 04/05/2012 Deleted.	Conclusion on the response 1. Ok
CL 03 Please, justify the application of option (a) instead of others in terms of its exclusive applicability or conservativeness.	29 (a)	Response 1 04/05/2012 Response 2 18/06/2012 A JI-specific approach is chosen for justification of additionality. Presently there are no approved methodologies for CDM projects which could cover utilization of	Conclusion on the response 1. Not responded Conclusion on the response 2. closed

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
		associated petroleum gas in gas-turbine power plants. For this reason the project developer has developed his own approach in compliance with the requirements set forth with purpose provision a) is chosen defined in paragraph 2 of the annex I to the Guidance on criteria for baseline setting and monitoring version 03. 1, i.e: (a) Provision of traceable and transparent information showing that the baseline was identified on the basis of conservative assumptions, that the project scenario is not part of the identified baseline scenario and that the project will lead to reductions of anthropogenic emissions by sources or enhancements of net anthropogenic removals by sinks of GHGs.	
CL 04 Please, provide the evidence against the starting date identified.	34 (a)	Response 1 04/05/2012 Please see Folder CL04	Conclusion on the response 1. Ok closed upon the review of extract from minutes of shareholders' meeting dd. 15/08/2005
CL 05 please clarify the operation life and provide the docs.	34 (b)	Response 1 04/05/2012 http://base.consultant.ru/cons/cgi/online.cgi?req=doc;base=LAW;n=64119 14 2911020 is a number of line	Conclusion on the response 1. Group #6 - 10-15 years in the up-to-date revision. Please specify where the value of 25 years was taken from

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
			See version from 2003 valid at the time of decision making 25-30 y closed
CL 06 Please, provide the evidence (methodologies, equipment's certificates) to support the reported level of uncertainty (low) for all parameters.	36 (f) (v)	Response 1 04/05/2012 Documents were provided.	Conclusion on the response 1. Closed upon the review of /2.9/-/2.14/
CL 07 Please provide the evidence to confirm the Monitoring plan is based on standard monitoring routines (relevant national standards) and the involved personnel are trained appropriately (training records).	36 (f) (vii)	Response 2 18/06/2012 Necessary to calculate the emission reductions of greenhouse gas emissions information is collected as is usually done in the field of production in "SPD NV", so monitoring is not required any other additional information as compared with the already collected. All measurements were carried out as part of monitoring, are in accordance with the law "On the Unity of measurement» N 102-FZ of 26.06.2008. Please see attachment in Folder CAR17	Conclusion on the response 1. Pending Closed and further discussion is transferred to CAR 24
CL 08 Please identify the periodicity of calibration and	36 (i)	Response 1 04/05/2012	Conclusion on the response 1.

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Determination team conclusion
respective authority for each parameter. Otherwise QA/QC procedures are unverifiable. The verifier's opinion is that the QC/QA procedures have not been elaborated.		Please see Page 45. Response 1 18/06/2012 Please see Page 45.	Measured by a set of instruments which are calibrated every 1-8 years – is neither specific nor relevant Still open Conclusion on the response 2. Closed PDD v.3
CL 09 Please provide information on how the Project was announced and the Comments were invited through the web.		Response 1 04/05/2012 Please Sec G.1.	Conclusion on the response 1. Ok
FAR 01 PDD for JI0144 project shall be withdrawn from UNFCCC website before the first verification.			

Dr. Vladimir Lukin - Lead Verifier
Dr. Alexey Kulakov -Specialist