



VERIFICATION REPORT VEMA S.A.

VERIFICATION OF THE JI PROJECT

REDUCTION OF GREENHOUSE GASES EMISSIONS BY GASIFICATION OF MARIUPOL CITY

Third periodic

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

REPORT No. UKRAINE-VER/0760/2012

REVISION No. 02

BUREAU VERITAS CERTIFICATION



VERIFICATION REPORT

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Client: VEMA S.A.	Client ref.: Fabian Knodel

Summary:
Bureau Veritas Certification has made the third periodic verification for the period from January 1, 2012 to June 30, 2012 of the "Reduction of greenhouse gases emissions by gasification of Mariupol city" project of VEMA S.A., located in Mariupol city and the territories of Donetsk region adjacent to the city, Ukraine, and applying JI specific approach, on the basis of UNFCCC criteria for the JI, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria (but for the crediting period) refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

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

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

In summary, Bureau Veritas Certification confirms that the project is implemented as planned and described in approved project design documents. Installed equipment that is essential for generating emission reduction runs reliably and is calibrated appropriately. The monitoring system is in place and the project is generating GHG emission reductions. The GHG emission reduction is calculated without material errors and the ERUs issued totalize 43 127 tonnes of CO₂ equivalent for the monitoring period from 01/01/2012 to 30/06/2012.

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

Report No.: UKRAINE-ver/0760/2012	Subject Group: JI
Project title: Reduction of greenhouse gases emissions by gasification of Mariupol city	
Work carried out by: Oleg Skoblyk – Team Leader, Climate Change Lead Verifier Volodimir Kulish - Team Member, Climate Change Verifier	
Work reviewed by: Ivan Sokolov - Internal Technical Reviewer Oleksandr Kuzmenko - Technical Specialist	
Work approved by: Ivan Sokolov – Operational Manager	
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1 INTRODUCTION

VEMA S.A. has commissioned Bureau Veritas Certification to verify the emissions reductions of its JI project “Reduction of greenhouse gases emissions by gasification of Mariupol city” (hereafter called “the project”) located in Mariupol city and the territories of Donetsk region adjacent to the city, Ukraine.

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

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

1.1 Objective

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

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

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

1.2 Scope

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

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

1.3 Verification Team

The verification team consists of the following personnel:

Oleg Skoblyk

Bureau Veritas Certification, Team Leader, Climate Change Lead Verifier



Volodimir Kulish
Team Member, Climate Change Verifier

This verification report was reviewed by:

Ivan Sokolov
Bureau Veritas Certification, Internal Technical Reviewer

Oleksandr Kuzmenko
Bureau Veritas Certification, Technical Specialist

2 METHODOLOGY

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

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

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

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

2.1 Review of Documents

The Monitoring Report (MR) submitted by VEMA S.A. and additional background documents related to the project design and baseline, i.e. country Law, Project Design Document (PDD), Approved CDM methodology, Determination Report of the project issued by Bureau Veritas Certification Holding SAS No. UKRAINE-det/0443/2012 version 01 as of 14/05/2012, Guidance on criteria for baseline setting and monitoring, Host party criteria, the Kyoto Protocol, Clarifications on Verification Requirements to be Checked by an Accredited Independent Entity were reviewed.



The verification findings presented in this report relate to the Monitoring Report for the period from 01/01/2012 to 30/06/2012 version 01 of September 27, 2012, and version 02 of October 23 and the project as described in the determined PDD.

2.2 Follow-up Interviews

On 18/10/2012 Bureau Veritas Certification verification team conducted a visit to the project site (PJSC “Mariupolgaz”) and performed (on-site) interviews with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of VEMA S.A. and PJSC “Mariupolgaz” were interviewed (see References). The main topics of the interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organization	Interview topics
PJSC “Mariupolgaz”	<ul style="list-style-type: none"> ➤ Organizational structure ➤ Responsibilities and authorities ➤ Roles and responsibilities relating to data collection and processing ➤ Equipment installation ➤ Data logging archiving and reporting ➤ Metering equipment control ➤ Metering record keeping system, database ➤ IT management ➤ Personnel training ➤ Quality control procedures and technology ➤ Internal audit and inspections
Consultant: VEMA S.A.	<ul style="list-style-type: none"> ➤ Baseline methodology ➤ Monitoring plan ➤ Monitoring report ➤ Deviations from the PDD

2.3 Resolution of Clarification, Corrective and Forward Action Requests

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

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



(a) Corrective action request (CAR), requesting the project participants to correct a mistake that is not in accordance with the monitoring plan;

(b) Clarification request (CL), requesting the project participants to provide additional information for the Verification Team to assess compliance with the monitoring plan

(c) Forward action request (FAR), informing the project participants of an issue, relating to the monitoring that needs to be reviewed during the next verification period.

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

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

3 VERIFICATION CONCLUSIONS

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

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

The Clarification, Corrective and Forward Action Requests are stated , where applicable, in the following sections and are further documented in the Verification Protocol in Appendix A. The verification of the Project resulted in 7 Corrective Action Requests and 2 Clarification Requests.

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

3.1 Remaining issues and FARs from previous verifications

There aren't any remaining CLs, CARs and FARs from previous verifications.



3.2 Project approval by Parties involved (90-91)

The project was approved by the host Party (Ukraine) - the Letter of Approval No. 1598/23/7 dated 25/06/2012 issued by State Environmental Investment Agency of Ukraine. The project was also approved by the party – buyer of the emission reduction units (Switzerland) - Letter of Approval No.J294-0485 dated 30/05/2012 issued by the Federal Office for the Environment FOEN of Switzerland.

The abovementioned written approvals are unconditional.

3.3 Project implementation (92-93)

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

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

The project activities include:

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

Implementation of project activities started in late 2003, as stated in the determined PDD version 03. However, emission reductions achieved in 2003 are conservatively excluded from the calculation.

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

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



Measures
Gas distribution networks construction, km
01/01/2012 – 30/06/2012
1.323

Status of the project activity implementation complies with the project plan included in the determined PDD version 03.

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

The starting date of the crediting period has not changed and remains the date when the first emission reduction units are expected to be generated, namely: January 1, 2008.

The monitoring system is in place.

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

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

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

The project scenario provides for expansion of the territorial gas supply system, which includes construction and reconstruction of the gas distribution networks (GDN) and related equipment. The project provides for modernization of the fuel consumption system of Mariupol city by means of transition of heat-generating systems to natural gas and transferring the consumers from centralized to individual heating and hot



water supply systems, which, in turn, leads to the use of more efficient and environmentally friendly fossil fuel (natural gas), improvement of the quality of heating and hot water supply services, reduction of thermal energy consumption due to increased efficiency of individual systems in comparison with the centralized ones.

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

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

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

For calculating the emission reductions, key factors, such as volume of natural gas to be supplied to the consumers, existing tariffs for natural gas transportation, public policy in the field of gas supply, experience in implementing activities provided by the project, current practice that exists in this field in Ukraine, financial costs and background, sectoral reform policy in the field of gas supply and legislation, influencing the baseline emissions and the activity level of the project and the emissions as well as risks associated with the project were taken into account, as appropriate.

Data sources used for calculating emission reductions such as appropriately calibrated measuring devices, survey of carbon dioxide emission factors are clearly identified, reliable and transparent.

Carbon dioxide emission factor for natural gas combustion, carbon dioxide emission factor for fossil fuel combustion, default emission factor for methane at technological gas equipment at end consumer's place, default emission factor for methane in the process of natural gas transportation and distribution, reduced GHG emission factor for natural gas transportation to end consumers are selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice.

The calculation of emission reductions is based on conservative assumptions and the most plausible scenarios in a transparent manner.

The monitoring periods per component of the project are clearly specified in the monitoring report and do not overlap with those for which verifications were already deemed final in the past.



The identified areas of concern as to the compliance of the monitoring plan with the monitoring methodology, project participants responses and Bureau Veritas Certification's conclusions are described in Appendix A to this report (refer to CAR 04, CAR 05, CAR 06).

3.5 Revision of monitoring plan (99-100)

Not applicable.

3.6 Data management (101)

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

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

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

According to the current Law "On metrology and metrological activity", all metering equipment in Ukraine shall meet the specified requirements of relevant standards and is subject to periodic calibration.

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

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

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

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

The monitoring procedure provides for the following measures:

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



5. Data archiving.
6. Organization of personnel training.

Data and parameters subject to periodic monitoring, according to the monitoring plan provided in the PDD version 03, as well as the list of constant values used to calculate emission reductions, are provided in Section B.2.1. of the Monitoring Report, as well as in Annexes 3.1-3.3. – Excel files.

Monitoring of natural gas consumption by legal entities.

1. Legal entities supply information on gas consumption to the Gas resource department of PJSC «Mariupolgaz» every month.
2. Gas resource department conducts monthly inspections of meters, executes a certificate signed by the enterprise and transfers it to the Industrial and public-utility department of PJSC «Mariupolgaz».
3. Industrial and public-utility department of PJSC «Mariupolgaz» processes information into basic form by «Atlas SYBIL» program.
4. Indices of gas supply volume processed by «Atlas SYBIL» program are delivered to the project developer «VEMA S.A.».

Monitoring of natural gas consumption by individuals.

1. Service of consumer gas consumption control conducts monthly inspections of meters, executes a certificate signed by an individual and transfers it to the Consumers service.
2. Bank institutions deliver the information on gas consumption in the form of paid bills to the Payment settlement and customer department of PJSC «Mariupolgaz».
3. Consumers service processes received information and bases it into «Atlas Sybil» program.
4. Indices of gas supply volume processed by «Atlas Sybil» program are delivered to the project developer «VEMA S.A.».

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

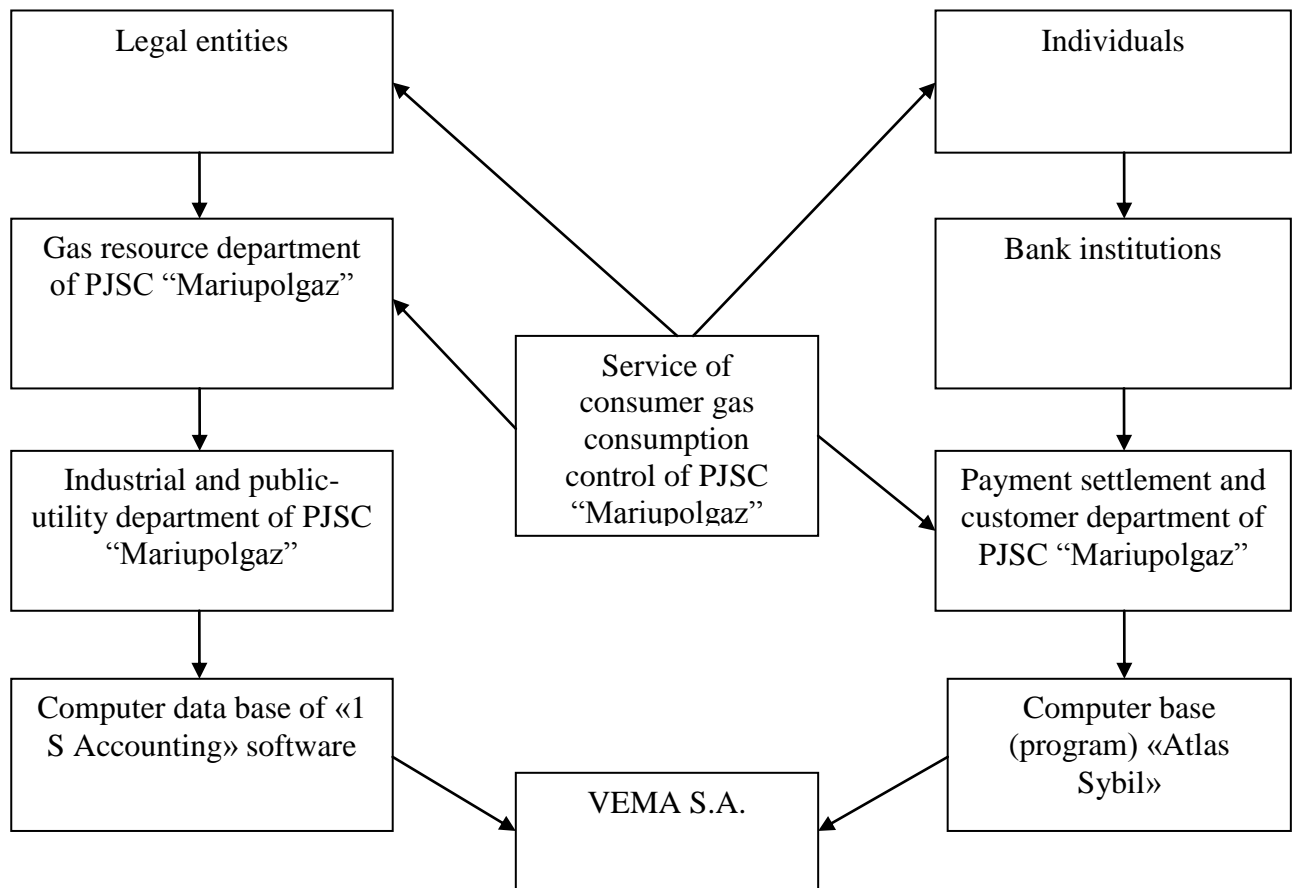


Figure 1 Structure of monitoring data collection

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

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

The identified areas of concern as to the data management, project participants responses and Bureau Veritas Certification's conclusions are described in Appendix A to this report (refer to CAR 07, CL 02).



3.7 Verification regarding programmes of activities (102-110)

Not applicable.

4 VERIFICATION OPINION

Bureau Veritas Certification has performed the third periodic verification for the period from January 1, 2012 to June 30, 2012 of the “Reduction of greenhouse gases emissions by gasification of Mariupol city” project in Ukraine, which applies JI specific approach. The verification was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

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

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

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

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

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

Period	Estimated GHG emission reductions stated in the determined PDD in tonnes of CO ₂ eq	GHG emission stated in the PDD in tonnes of	Ex-post GHG emission reductions stated in the Monitoring report in tonnes of	GHG emission stated in the
		tonnes of	CO ₂ eq	tonnes of



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01/01/2012- 30/06/2012	39 012	43 127
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This difference in the emission reductions under the project “Reduction of greenhouse gases emissions by gasification of Mariupol city” in the period 01/01/2012-20/06/2012 in the determined PDD and the MR is explained by the fact that accurate conservative values were available during MR development but at the PDD development stage assumptions were made.

Bureau Veritas Certification can confirm that the GHG emission reduction is calculated without material misstatements. Our opinion relates to the project’s GHG emissions and resulting GHG emissions reductions reported and related to the approved project baseline and monitoring, and its associated documents. Based on the information we have seen and evaluated, we confirm the following statement:

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

Baseline emissions	:	112 065	tonnes of CO ₂ equivalent.
Project emissions	:	61 073	tonnes of CO ₂ equivalent.
Leakage	:	7 865	tonnes of CO ₂ equivalent.
Emission Reductions	:	43 127	tonnes of CO ₂ equivalent.



5 REFERENCES

Category 1 Documents:

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

/1/	Monitoring Report of the JI project "Reduction of greenhouse gases emissions by gasification of Mariupol city" for the period from 01/01/2012 to 30/06/2012 version 01 dated 27/09/2012
/2/	Monitoring Report of the JI project "Reduction of greenhouse gases emissions by gasification of Mariupol city" for the period from 01/01/2012 to 30/06/2012 version 02 dated 23/10/2012
/3/	Annex 1. Monitoring Parameters for the period of 01/01/2012 - 30/06/2012
/4/	Annex 2. Supporting Document 2: Technical registry of gas networks
/5/	Annex 3.1. Supporting Document 3.1: Calculation of GHG emission reductions under the project "Reduction of greenhouse gases emissions by gasification of Mariupol city"
/6/	Annex 3.2. Supporting Document 3.2: Calculation of GHG emission reductions under the project "Reduction of greenhouse gases emissions by gasification of Mariupol city"
/7/	Annex 3.3. Supporting Document 3.3: Calculation of GHG emission reductions under the project "Reduction of greenhouse gases emissions by gasification of Mariupol city"
/8/	Project Design Document of the project "Reduction of greenhouse gases emissions by gasification of Mariupol city", version 03 dated 26/04/2012
/9/	Determination Report of the project "Reduction of greenhouse gases emissions by gasification of Mariupol city" No. UKRAINE-det/0443/2012 version 02 as of 14/05/2012 issued by Bureau Veritas Certification
/10/	Letter of Approval of the Joint Implementation project "Reduction of greenhouse gases emissions by gasification of Mariupol city" #1598/23/7 of 25/06/2012 issued by State Environmental Investment Agency of Ukraine
/11/	Letter of Approval of the JI project "Reduction of greenhouse gases emissions by gasification of Mariupol city" # J294-0485 issued by the Federal Office for the Environment of Switzerland dated 30/05/2012



Category 2 Documents:

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

/1/	Information on periodic calibration of household gas meters , belonging to the population, by PJSC "Mariupolgaz" from 01/01/2012 to 30/06/2012
/2/	Acceptance of gas supply system dated 30/12/2011
/3/	Acceptance of gas supply system dated 2012
/4/	Acceptance of gas supply system dated 21/05/2012
/5/	Acceptance of gas supply system dated 03/04/2012
/6/	Acceptance of gas supply system dated 10/01/2012
/7/	Acceptance of gas supply system dated 30/01/2012
/8/	Acceptance of gas supply system dated 15/04/2012
/9/	Acceptance of gas supply system dated 20/03/2012
/10/	Acceptance of gas supply system dated 22/03/2012
/11/	Information on natural gas consumption by individuals
/12/	Information on natural gas consumption by legal entities

Acceptance of gas supply system dated 21/05/2012

Persons interviewed:

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

	Name	Organization	Position
/1/	Veremeienko M.V.	PJSC "Mariupolgaz"	General director, Member of the Working Team
/2/	Hrudolov M.A.	PJSC "Mariupolgaz"	Chief Engineer, Head of the Working Team
/3/	Malyshev H.V.	PJSC "Mariupolgaz"	Deputy head of gas networks service, Member of the Working Team
/4/	Koldycheva O.O.	"CEP" LLC	Engineer of production and technical department, Member of the Working Team
/5/	Podhorna R.O.		Engineer of production



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			and technical department, Member of the Working Team
/6/	Pohosov O.H.	“CEP” LLC	Consultant of VEMA S.A.



APPENDIX A: PROJECT VERIFICATION PROTOCOL

BUREAU VERITAS CERTIFICATION HOLDING SAS

VERIFICATION PROTOCOL

Table 1. Check list for verification, according to the JOINT IMPLEMENTATION DETERMINATION AND VERIFICATION MANUAL (Version 01)

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
Project approvals by Parties involved				
90	Has the DFPs of at least one Party involved, other than the host Party, issued a written project approval when submitting the first verification report to the secretariat for publication in accordance with paragraph 38 of the JI guidelines, at the latest?	The project has been approved by both the Host party (Ukraine) and the other Party involved (Switzerland). The Letters of Approval were issued by NFPs of the Parties involved. Two Letters of Approval were available at the beginning of the first verification of the project.	OK	OK
91	Are all the written project approvals by Parties involved unconditional?	Yes, all the written project approvals by Parties involved are unconditional.	OK	OK
Project implementation				
92	Has the project been implemented in accordance with the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website?	CL 01. In the Section A.5.1. of MR noted that the proposed project uses a specific approach for the determination of JI projects based on approved methodology «Consolidated baseline and monitoring methodology for fuel switching from coal or petroleum	CL 01	OK



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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		fuel to natural gas - Version 4.0.0», while the another version of this document noted in the determined PDD. Please clarify this discrepancy.		
93	What is the status of operation of the project during the monitoring period?	<p>Project implementation status and project milestones in the reporting period of 01/01/2012 – 30/06/2012 are provided in in Section A.6. of the MR version 02 and Annex 2.</p> <p>In the period 01/01/2012-30/06/2012, PE-80, PE-100 polyethylene pipes and steel pipes that conform to SSTU 10704-91 with reinforced bituminous mastic sealing under SSTU B.V.2.5.-29:2006 were used in construction.</p> <p>CAR 01. Monitoring period is specified incorrectly in the Section A.6. of MR, Table 1.</p> <p>CAR 02. The name of Annex 2 is specified incorrectly in the Section A.6. of MR.</p> <p>CAR 03. There are no Section A.7.in MR.</p>	<p>CAR 01</p> <p>CAR 02</p> <p>CAR 03</p>	<p>OK</p> <p>OK</p> <p>OK</p>
Compliance with monitoring plan				
94	Did the monitoring occur in accordance with the monitoring plan included in the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website?	There aren't any changes in or deviations from the registered PDD.	OK	OK
95 (a)	For calculating the emission reductions or enhancements of net removals, were	For calculating the emission reductions, key factors, such as volume of natural gas to be supplied to the	OK	OK



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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	key factors, e.g. those listed in 23 (b) (i)-(vii) of the DVM, influencing the baseline emissions or net removals and the activity level of the project and the emissions or removals as well as risks associated with the project taken into account, as appropriate?	consumers, existing tariffs for natural gas transportation, public policy in the field of gas supply, experience in implementing activities provided by the project, current practice that exists in this field in Ukraine, financial costs and background, sectoral reform policy in the field of gas supply and legislation, influencing the baseline emissions and the activity level of the project and the emissions as well as risks associated with the project were taken into account, as appropriate.		
95 (b)	Are data sources used for calculating emission reductions or enhancements of net removals clearly identified, reliable and transparent?	Data sources used for calculating emission reductions or enhancements of net removals are clearly identified, reliable and transparent. CAR 04. The data source for $\eta_{BL,i}$ parameter is wrong. CAR 05. The reference to methodology ACM0009 version 3.2. is incorrect in Table 5 of the MR. CAR 06. Some parameters in Section B of the MR are without indexes. Please, make necessary corrections.	CAR 04 CAR 05 CAR 06	OK OK OK
95 (c)	Are emission factors, including default emission factors, if used for calculating the emission reductions or enhancements of net removals, selected by carefully balancing accuracy	Carbon dioxide emission factor for natural gas combustion, carbon dioxide emission factor for fossil fuel combustion, default emission factor for methane at technological gas equipment at end consumer's place, default emission factor for methane in the	OK	OK



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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	and reasonableness, and appropriately justified of the choice?	process of natural gas transportation and distribution, reduced GHG emission factor for natural gas transportation to end consumers are selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice.		
95 (d)	Is the calculation of emission reductions or enhancements of net removals based on conservative assumptions and the most plausible scenarios in a transparent manner?	Calculation of emission reductions is based on conservative assumptions and the most plausible scenarios in a transparent manner.	OK	OK
Applicable to JI SSC projects only				
96	Is the relevant threshold to be classified as JI SSC project not exceeded during the monitoring period on an annual average basis? If the threshold is exceeded, is the maximum emission reduction level estimated in the PDD for the JI SSC project or the bundle for the monitoring period determined?	Not applicable	Not applicable	Not applicable
Applicable to bundled JI SSC projects only				
97 (a)	Has the composition of the bundle not changed from that is stated in F-JI-SSCBUNDLE?	Not applicable	Not applicable	Not applicable



VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
97 (b)	If the determination was conducted on the basis of an overall monitoring plan, have the project participants submitted a common monitoring report?	Not applicable	Not applicable	Not applicable
98	If the monitoring is based on a monitoring plan that provides for overlapping monitoring periods, are the monitoring periods per component of the project clearly specified in the monitoring report? Do the monitoring periods not overlap with those for which verifications were already deemed final in the past?	Not applicable	Not applicable	Not applicable
Revision of monitoring plan				
Applicable only if monitoring plan is revised by project participant				
99 (a)	Did the project participants provide an appropriate justification for the proposed revision?	Not applicable.	Not applicable	Not applicable
99 (b)	Does the proposed revision improve the accuracy and/or applicability of information collected compared to the original monitoring plan without changing conformity with the relevant rules and regulations for the establishment of monitoring plans?	Not applicable	Not applicable	Not applicable



VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
Data management				
101 (a)	Is the implementation of data collection procedures in accordance with the monitoring plan, including the quality control and quality assurance procedures?	The implementation of data collection procedures, including the quality control and quality assurance procedures, is in accordance with the monitoring plan.	OK	OK
101 (b)	Is the function of the monitoring equipment, including its calibration status, is in order?	Routine repair of gas networks is carried out once a year; maintenance - once every six months. Repaired gas equipment is regularly examined to ensure that it works properly and is not a source of gas leaks. Means of metering equipment used for monitoring of the project activity are subject to periodic state verification. CAR 07. There is no information about manufacturer of gas meter BK G-6 in the Table 2 of Section B.1. of MR.	CAR 07	OK
101 (c)	Are the evidence and records used for the monitoring maintained in a traceable manner?	Each quarter, representatives of VEMA S.A., project developers, conduct internal audits of the project monitoring system at PJSC "Mariupolgaz". Internal audit includes measures on verification of consumed gas accounting and record keeping by Gas accounting service, Gas supply regime department; verification of proper working condition and periodic maintenance of "Gasolina" software; cross-check of data of the program complexes and	OK	OK



VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		records of consumed gas, that are kept by the relevant services of the company; checking the timeliness of natural gas meters verification etc.		
101 (d)	Is the data collection and management system for the project in accordance with the monitoring plan?	The data collection and management system for the project is in accordance with the monitoring plan. The verification team confirms the effectiveness of the existing management and operating systems and considers them suitable for reliable monitoring of the project. CL 02. Please, check the numbering of Tables and Figures in the MR.	CL 02	OK
Verification regarding programs of activities (additional elements for assessment)				
102	Is any JPA that has not been added to the JI PoA not verified?	Not applicable	Not applicable	Not applicable
103	Is the verification based on the monitoring reports of all JPAs to be verified?	Not applicable	Not applicable	Not applicable
103	Does the verification ensure the accuracy and conservativeness of the emission reductions or enhancements of removals generated by each JPA?	Not applicable	Not applicable	Not applicable
104	Does the monitoring period not overlap with previous monitoring periods?	Not applicable	Not applicable	Not applicable
105	If the AIE learns of an erroneously included JPA, has the AIE informed the	Not applicable	Not applicable	Not applicable



VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	JISC of its findings in writing?			
Applicable to sample-based approach only				
106	<p>Does the sampling plan prepared by the AIE:</p> <p>(a) Describe its sample selection, taking into account that:</p> <p>(i) For each verification that uses a sample-based approach, the sample selection shall be sufficiently representative of the JPAs in the JI PoA such extrapolation to all JPAs identified for that verification is reasonable, taking into account differences among the characteristics of JPAs, such as:</p> <ul style="list-style-type: none"> - The types of JPAs; - The complexity of the applicable technologies and/or measures used; - The geographical location of each JPA; - The amounts of expected emission reductions of the JPAs being verified; - The number of JPAs for which 	Not applicable	Not applicable	Not applicable



VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	<p>emission reductions are being verified;</p> <ul style="list-style-type: none"> - The length of monitoring periods of the JPAs being verified; and - The samples selected for prior verifications, if any? 			
107	Is the sampling plan ready for publication through the secretariat along with the verification report and supporting documentation?	Not applicable	Not applicable	Not applicable
108	Has the AIE made site inspections of at least the square root of the number of total JPAs, rounded to the upper whole number? If the AIE makes no site inspections or fewer site inspections than the square root of the number of total JPAs, rounded to the upper whole number, then does the AIE provide a reasonable explanation and justification?	Not applicable	Not applicable	Not applicable
109	Is the sampling plan available for submission to the secretariat for the JISC's ex ante assessment? (Optional)	Not applicable	Not applicable	Not applicable



VERIFICATION REPORT

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
110	If the AIE learns of a fraudulently included JPA, a fraudulently monitored JPA or an inflated number of emission reductions claimed in a JI PoA, has the AIE informed the JISC of the fraud in writing?	Not applicable	Not applicable	Not applicable

**Table 2. Resolution of Corrective Action and Clarification Requests**

Draft report clarifications and corrective action requests by verification team	Ref. to checklist question in table 1	Summary of project participant response	Verification team conclusion
CAR 01. Monitoring period is specified incorrectly in the Section A.6. of MR, Table 1	93	Monitoring period is 01/01/2012-30/06/2012	CAR 01 is closed as necessary corrections were made in the MR version 02.
CAR 02. The name of Annex 2 is specified incorrectly in the Section A.6. of MR.	93	Annex 2. Technical registry of gas networks	CAR 02 is closed necessary corrections were made
CAR 03. There are no Section A.7.in MR.	93	The Section A.7. is provided to MR. There are no deviations from or changes in the registered PDD.	CAR 03 is closed as necessary Section was provided.
CAR 04. The data source for $\eta_{BL,i}$ parameter is wrong.	95(b)	The data source for $\eta_{BL,i}$ parameter is ACM0009 "Consolidated baseline and monitoring methodology for fuel switching from coal or petroleum fuel to natural gas" - Version 3.2.	CAR 04 is closed as necessary corrections were made
CAR 05. The reference to methodology ACM0009 version 3.2. is incorrect in Table 5 of the MR.	95(b)	The reference is checked. Necessary corrections were made	CAR 05 is closed as necessary corrections were made.



VERIFICATION REPORT

CAR 06. Some parameters in Section B of the MR are without indexes. Please, make necessary corrections.	95 (b)	Corrections were made in the latest version of the MR.	CAR 06 is closed as necessary corrections were made.
CAR 07. There is no information about manufacturer of gas meter BK G-6 in the Table 2 of Section B.1. of MR.	101 (b)	The manufacturer of this gas meter is Premagaz s.r.o., Slovakia.	CAR 07 is closed as necessary information was provided.
CL 01. In the Section A.5.1. of MR noted that the proposed project uses a specific approach for the determination of JI projects based on approved methodology «Consolidated baseline and monitoring methodology for fuel switching from coal or petroleum fuel to natural gas - Version 4.0.0», while the another version of this document noted in the determined PDD. Please clarify this discrepancy.	92	The proposed project uses a specific approach for the determination of JI projects based on approved methodology «Consolidated baseline and monitoring methodology for fuel switching from coal or petroleum fuel to natural gas - Version 3.2». The appropriate corrections are made.	CL 01 is closed as necessary information was provided.
CL 02. Please, in Section D.1.4. state that emission reductions generated by the project are calculated as the difference between baseline and project emissions.	95 (b)	Total emission reductions generated by the project are calculated as the difference between baseline and project emissions. Information is provided in Section A.6. of the MR version 02.	CL 02 is closed as necessary information was provided.



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CL 03. State the frequency of monitoring of the reduced GHG emission factor for natural gas transportation to end consumers in Table 6 in Section B.2.3. of the MR.	95 (c)	The frequency of monitoring of the reduced GHG emission factor for natural gas transportation to end consumers is one year. Relevant information was provided in Section B.2.3. of the MR version 02.	CL 03 is closed as necessary information was provided.
CL 04. Please, check the numbering of Tables and Figures in the MR.	101 (d)	Relevant corrections were made in the MR version 02.	CL 04 is closed as necessary changes were made.