ERUPT

Modernisation of three hydro units at Portile de Fier I in Romania

VALIDATION REPORT

SGS Product & Processing Certification
Climate Change Programme
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Project Number: 6848-RO

22nd August 2002

Member of the SGS Group (Société Générale de Surveillance)

Date of first issue: August 2002	Project No.: 6848-RO
Approved by:	Organisational unit: SGS Product & Process Certification Climate Change Programme
Client: Hidroelectrica SA	Client ref.:

Summary:

Unqualified Validation Opinion

This report presents the findings of the Validation of the Modernisation of three hydro units at Portile de Fier I in Romania against the requirements of ERUPT, Decisions 16 and 17 CP 7 of the Marrakech Accords and Article 6 of the Kyoto Protocol. These requirements have been listed in the ERUPT Guidelines Volumes 1 to 3b.

The report is based on the findings of document reviews, interviews with key persons, stakeholder comments and responses from Hidroelectrica to the findings raised in the draft report.

The report and the attached checklist highlight 6 findings and the steps taken to address five of these findings. One Category 3 CAR remains ourstanding. On the basis of these findings, this report provides the justification for the recommendation of a Unqualified Validation Opinion.

The report describes a total of 6 findings which include:

- 5 Category 1 Corrective Action Requests (closed out);
- 0 Category 2 Corrective Action Requests;
- 1 Category 3 Corrective Action Requests; and

On the basis of these finding, SGS has issued an Unqualified Validation Opinion.

The report also finds that on the basis of transparent and conservative estimates, the project may result in approximately 1.6 million emission reductions units during the first commitment period.

The Validation Opinion is based on SGS's interpretation of the current and emerging rules surrounding Article 6 of the Kyoto Protocol. SGS offers no guarantee that the issuance of an Unqualified Validation Opinion will result in the successful registration of the Modernisation of three hydro units at Portile de Fier I in Romania as an ERUPT or JI project, nor that the project will generate ERUs.

The Validation Report and Opinion will remain valid subject to on-going compliance with stated criteria. In the event that ERUPT and / or the JI Supervisory Committee registers the project, the verifier will assess on-going compliance

Report No.: Final Report	Subject Group:	
Report title: Modernisation of three hydro units at Portile de Fier I in Romania		
Work carried out by: Edwin Aalders		
Work verified by: Gareth Phillips		
Date of this revision: 12th September 2002	Rev. No.: 1	Number of pages: 16

Indexing terms

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This report should not be read without reference to the annexed Validation Protocol.

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Abbreviations

The following abbreviations have been used in this report:

CAR	Corrective Action Request
ERUs	Emission Reduction Units
EIA	Environmental Impact Assessment
GWhr	Giga Watt hour
MW	Megawatt
SGS	Société Générale de Surveillance

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1. Introduction

1.1 Objective

The Dutch Government wishes to establish Emission Reduction Purchase Agreements with selected projects. Candidate projects are required to under validation against the ERUPT requirements, Decision 16 (and under the twin track approach, Decision 17 CP 7 of the Marrakech Accords) and Article 6 of the Kyoto Protocol. Projects that pass the validation will then be considered for Emission Reduction Purchase Agreements.

Validation of projects is to be undertaken by recognised third parties who have established competence and independence to issue such opinions. SGS is one such party with competence based on training and experience and independence ensured through organisational structure, documented procedures, business practices and a code of ethics. SGS intends to seek accreditation as an Operational Entity from the CDM EB; SGS is currently accredited under the UK Emissions Trading Scheme and if necessary will obtain accreditation for C/ERUPT.

1.2 Scope

The scope of this assignment is to assess the project documents against the defined criteria. The project documents include the Project Design Document, which incorporates the baseline study and the monitoring plan, supported by further references in the baseline study.

The criteria for the assessment are defined in the ERUPT Guidelines Volumes 1 to 3b, to which the Validator can add or subtract requirements based on emerging issues within the framework of the Kyoto Protocol. The Validation Protocol used for this project is attached to this report.

Publicly Available Documents to Review as Part of Scope

- Hidroelectrica SA CO_2 reduction by modernisation of 3 hydro units at Portile de Fier I - Baseline Study - July 2002.

1.3 GHG Project Description

Modernisation of three hydro units at Portile de Fier I in Romania intends to refurbish existing machinery and thereby increasing overall capacity by 19.5 MW per unit replacing electricity currently generated by thermal power plants.

Baseline Scenario: The selected baseline scenario assumes that the project output will replace only electricity produced by Thermal Power Plants, is estimated to the efficiency of thermal power plants remain constant in the future. The baseline scenario also depicts over the next 30 years that the existing Lignite & Hard Coal Thermal Power Plants will be replaced by Natural Gas Power Plants at the required time for replacement/upgrading using 1999 as reference point to determine the baseline ratio between Thermal Power Plants operated on Lignite & Hard Coal (63%) and those

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operated on Fuel Oil and Natural Gas (37%). This scenario is justified on the basis of existing legal requirements, and the current state of the electricity industry.

1) When becoming an EU member, Romania will be required to have its energy sector in compliance with the EU Policies of safety, efficiency, environmental protection, customer rights and competitive market mechanisms. To this effect Romania is already in the process of developing and implementing new legislation that will require the electricity sector to meet the requirements of the EU.

2) Many of the existing Thermal Power Plants are outdated and passed their normal service life and consequently will be replaced within the immediate to short term future in order to maintain current levels of electricity supply. At present Romania has seen a downturn in overall economic activity, which is expected to start growing again based on its expected entry into the EU, requiring the current electricity capacity to expand. This will primarily be based on foreign investors who will make use of the most up to date technology.

With-project scenario: Under the with-project scenario the existing Hydro capacity at Portile de Fier I Hydropower Plant will be refurbished in order to expand its current life time with an additional 30 years. During this refurbishment all existing machinery will be modernised and as a consequence overall out put per Unit will be increased from 175 MW to 194.5 MW. This increase in net power output will be available to the grid and replace part of the existing electricity generated by Thermal Power Plants.

Leakage: The project does not lead to any other significant emissions that would not have occurred in the baseline scenario. For example, on-site construction and associated transport will also occurred when new thermal power plants being build to replace the existing once.

Environmental and social impacts: The project is not expected to have any negative environmental or social impacts.

Monitoring plan: The monitoring plan is related to direct project activities (individual construction contracts and completion, electricity supplied to the grid and actual CO_2 emissions of Termoelectrica as produced in the annual reports of Termoelectrica. The environmental performance of the projects will be based on the records that are prepared by the Environmental Protection Inspectorate and the Annual Environmental reports of the project.

Emissions avoided: The project conservatively predicts avoided emissions totalling 1,673,844 tonnes CO_2 between the years of 2008 – 2012.

2. Methodology

2.1 Assessment

The Validation is performed primarily as a document review of the publicly available project documents. The information presented in these documents is assessed against the criteria ERUPT Guidelines, Decisions 16 and 17 CP 7 and Article 6 of the Kyoto Protocol. The assessment is performed by trained assessors using a Validation Protocol developed by SGS. The Validation Protocol serves the following purposes:

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- it organises, details and clarifies the requirements the project is expected to meet; and
- it documents both how a particular requirement has been validated and the result of the validation.

Where additional information is required to complete the validation, this may be obtained through telephone and face-to-face interviews with key stakeholders (including the project developers and Government and NGO representatives in the host country). These may be undertaken by the local SGS affiliate.

The completed Validation Protocol is enclosed in Appendix to this report.

2.2 Reporting of findings

Three different types of Corrective Action Requests are defined:

- category 1: the validation or verification is suspended or denied until the corrective action has been proven to be completed satisfactory;
- category 2: the validation or verification is granted under the condition that the corrective action will be properly executed or implemented;
- category 3: the corrective action needs to be executed or implemented as a condition for future verification of monitoring reports.

To these may also be added clarification (where more information is required) and Category 3s (which are issues that the project developer may find useful or might become important in the furture).

Corrective Action Requests (CARs), Clarifications and Observations are raised in the draft report and the Project Developer given the opportunity to "close" outstanding CARs and respond to Clarifications and Observations. Normally a time frame is attached to a CAR that reflects the importance of it. Category 1 CARs must be closed out before an unconditional validation report and opinion can be issued. Category 2 CARs may be closed out during the project implementation and verified during the first verification or surveillance visit. Category 3 CARs must be addressed by the project developer prior to the first verification of avoided emissions. CARs may be closed out on the basis of documentation which will be verified during the first field visit. Clarifications should be addressed by the Project Developer prior to issue of the final validation report and Observations may be addressed at any time. Once a deadline for closure of a CAR has been passed, it may be escalated to a higher level – an outstanding Category 1 CAR may lead to suspension of the validation opinion; a Category 2 CAR may be raised to a Category 1 CAR etc. and a Clarification or Observation may be raised to a CAR. Outstanding Observations and CARs should be considered by the verification team at each subsequent verification assessment.

2.3 Finalising the report

Following submission of the draft report, the project developer has the opportunity to address any of the findings, with the main objective of closing out the Category 1 CARs. Once these findings have been submitted the final report containing either a Qualified or Unqualified Validation Opinion is presented by SGS.

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3. Validation Team

The Validation Team was led by Edwin Aalders, Lead Assessor. Edwin has worked on the development and delivery of the SGS Climate Change programme since 1999 and has a broad range of experience of assessing GHG projects.

Edwin was assisted by Stefan Ioneescu, a Civil Engineer Expert Assessor with SGS Romania who undertook "ground truthing" activities and interviewed key person in the Romania.

4. Conclusions

The conclusions regarding the findings of the validation are summarised in this section. Further details of the findings are presented in the Appendix, Validation Protocol.

4.1 Participation Requirement

All participation requirements have been fulfilled.

4.2 Stakeholder Consultation

There is been evidence of stakeholder consultation however there is no clear indication how stakeholders have been invited for comments. Nonetheless from stakeholder comments so far, this project is not expected to have negative social and environmental impacts. A Category 3 CAR (1) has been raised to highlight this issue and further details of stakeholder consultation should be reviewed prior to the verification of ERUs.

4.3 Additionality and leakage

The project document clearly defines baseline and with-project scenarios. The selected baseline is justified on legal, economic and technological grounds and reasonably represents the development electricity demands until the end of 2012. The projects initial clarification had no clear justification about the additional electricity generated from the Secondary Control Band. A Category 1 CAR (2) was raised to highlight this issue. This CAR was consequently closed out after the project provided a detailed spreadsheet calculation that provided both the details on the electricity expansion capacity and the associated Secondary Control Band capacity.

Calculations are provided or both the baseline & project scenario are provided in the PDD in addition to these calculations the project developer provided additional calculations to demonstrate the Secondary Control Band expansion and the risk factor which resulted in the closing out of the Category 1 CAR (3).

The project has identified leakage and classed it as insignificant by demonstrating through additional calculations that the on-site transport and construction will be below 1% of total emission reductions.

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4.4 Monitoring Plan

Hidroelectrica has a Quality Management System that is certified ISO 9000. Within the system the company has absorbed the specific QA/QC procedures required to provide the necessary Monitoring results. The monitoring plan provides the principles of monitoring of the project and the type of reporting that is carried out as part of the project's commitment towards the government and its contract partners. Providing references to which standards and with which systems the monitoring will be executed. With the new IT systems that will be installed as part of the modernisation, the project will be able to provide real time data on actual performance of the plant. On a monthly basis this data is provided to all contract partners through progress reports and overall performance will be reported in annual reports.

5. Projected Emission Reductions arising from the project

The assessment team has reviewed the methodology for quantifying the projections of emission reductions and found it to be complete and transparent, the estimate of projected emission reduction units is considered to be realistic.

The estimates are considered to be conservative on the basis of the following findings:

- The project uses a utilisation ratio of only 3500 hours/year per unit which is around 50% of the actual average utilisation ratio;
- The project uses a risk factor of 0,81 (Kr) that takes into account the various project activities which will leads/may lead to lower output of the dam (annual maintenance, network congestion's etc)
- The project output will not be changed during the crediting lifetime (2008 - 2012);
- Only CO_2 emissions are considered GHG emissions excluding CH_4 and N_2O emissions; and
- On-site electricity losses and grid losses are excluded from the system boundaries.

The project is expected to deliver in the region of 1,673,844 ERUs during the first commitment period.

This review does not amount to a guarantee of the number of credits that the project may be expected to earn.

6. Comments received from stakeholders

Under the Article 17 of the Marrakesh accord a 30 days public stakeholder consultation was held by the Validator. The PDD was made available to the stakeholders through the web-site of Centre (http://www.carboncredits.nl) at the close of the 30 days SGS has not received any stakeholder comments. No comments were received from other sources.

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7. Validation opinion

Unqualified Validation Opinion

SGS has performed a validation of the Modernisation of three hydro units at Portile de Fier I in Romania based on the requirements of ERUPT, Decisions 16 and 17 CP 7 of the Marrakech Accords and Article 6 of the Kyoto Protocol. In our opinion, the project documentation, interviews with key persons, comments from stakeholders and Project Developer's responses to Category 1 Corrective Action Requests (CARs), have provided the validation team with sufficient insight to determine the fulfilment of stated criteria.

We find the project has fulfilled the necessary requirements at the time of the assessment and on this basis issue an Unqualified Validation Opinion.

If the project is registered, implemented as described and the monitoring and reporting requirements fulfilled, it is anticipated that the project may earn ERUs in accordance with Article 6 in the Kyoto Protocol.

This Unqualified Validation Opinion is based on the ERUPT rules and SGS's interpretation of the current and emerging rules surrounding Article 6 of the Kyoto Protocol. SGS offers no guarantee that the issuance of an Unqualified Validation Opinion will result in the successful registration of the Portile de Fier I Project as a JI project when the JI Supervisory Committee becomes operational, nor that the project will generate ERUs.

The Validation Report and Opinion will remain valid subject to on-going compliance with stated criteria. In the event that the JI Supervisory Committee registers the project, the verifier will assess on-going compliance.

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8. Corrective Action Requests

CORRECTIVE ACTION REQUEST (CAR)

CATEGORY 3

PROJECT DEVELOPER: Hidroelectrica SA				
JOB NO: 6848-RO	VISIT NO: -		CAR NO: 1 OF 6	
AUDITOR: Edwin Aalders	ASSESSMENT DATE: 12th – 21st August 2002			
COMPANY REPRESENTATIVE: Anca Echizli				
AREA: ~~PARTICIPATION REQUIREMENTS /~~ STAKEHOLDER CONSULTATION ~~/ ADDITIONALITY / LEAKAGE / EIA / TRANSBOUNDARY EFFECTS / MONITORING / OTHER (describe)~~				
DETAILS OF NON-CONFORMANCE: No reference in PDD how stakeholder comments have been invited.				
SIGNED COMPANY REPRESENTATIVE:	CAR PROPOSED CLOSE OUT DATE: 2008, prior to first verification		SIGNED AUDITOR: Edwin Aalders	
CORRECTIVE ACTION TAKEN TO PREVENT RECURRENCE: SIGNED: COMPANY REPRESENTATIVE			DATE:	
ACCEPTANCE OF CORRECTIVE ACTION/COMMENTS: SIGNED AUDITOR			DATE:	

	Category 1		Category 2		Category 3
	RECOMMENDED NOTIFICATION	CLOSE OUT	RECOMMENDED NOTIFICATION	CLOSE OUT Next	Prior to first verification
ASSESSMENT	1 Months	2 Months	3 Months	Surveillance visit	
SURVEILLANCE/ RENEWAL	2 Weeks	1 Month	3 Month		

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CORRECTIVE ACTION REQUEST (CAR)

CATEGORY 1

PROJECT DEVELOPER: Hidroelectrica SA

JOB NO: 6848-RO VISIT NO: - CAR NO: 2 OF 6

AUDITOR: Edwin Aalders ASSESSMENT DATE: 12th – 21st August 2002

COMPANY REPRESENTATIVE: Anca Echizli

AREA: ~~PARTICIPATION REQUIREMENTS / STAKEHOLDER CONSULTATION /~~ ADDITIONALITY / LEAKAGE ~~/ EIA / TRANSBOUNDARY EFFECTS / MONITORING / OTHER (describe)~~

DETAILS OF NON-CONFORMANCE:

The project refers to additional supply of 19,5 MW per hydro unit however in actual additional energy supply calculations an other 30 MW per unit is claimed from Secondary Control Band improvement which is not adequately justified. Consequently also more clarification is required on how the project arrived to a total electricity supply of 418 MwWh/yr.

SIGNED CAR SIGNED

COMPANY PROPOSED AUDITOR: Edwin Aalders

REPRESENTATIVE: CLOSE OUT DATE: ASAP

CORRECTIVE ACTION TAKEN TO PREVENT RECURRENCE:

An additional overview of the calculations and electricity generation flows that include all the elements that are to be considered when the additional supply of 19,5 MW per hydro unit is completed will be submitted to SGS by e-mail.

SIGNED:

COMPANY REPRESENTATIVE DATE: 03 September 2002

ACCEPTANCE OF CORRECTIVE ACTION/COMMENTS:

The new data presented by the project developer clearly demonstrates the overall increase capacity on the basis that the hydro plants capacity is expanded from 175 to 194,5 MW.

SIGNED

AUDITOR Edwin Aalders DATE: 11 September 2002

	Category 1		Category 2		Category 3
	RECOMMENDED NOTIFICATION	CLOSE OUT	RECOMMENDED NOTIFICATION	CLOSE OUT Next	Prior to first verification
ASSESSMENT	1 Months	2 Months	3 Months	Surveillance visit	
SURVEILLANCE/ RENEWAL	2 Weeks	1 Month	3 Month		

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CORRECTIVE ACTION REQUEST (CAR)

CATEGORY 1

PROJECT DEVELOPER: Hidroelectrica SA

JOB NO: 6848-RO VISIT NO: - CAR NO: 3 OF 6

AUDITOR: Edwin Aalders ASSESSMENT DATE: 12th – 21st August 2002

COMPANY REPRESENTATIVE: Anca Echizli

AREA: ~~PARTICIPATION REQUIREMENTS / STAKEHOLDER CONSULTATION / ADDITIONALITY / LEAKAGE / EIA / TRANSBOUNDARY EFFECTS /~~ MONITORING ~~/ OTHER (describe)~~

DETAILS OF NON-CONFORMANCE:

No clear analysis of risks required energy/ carbon credit. A risk factor of 0.81 is used by the the project but not justified.

SIGNED COMPANY REPRESENTATIVE: CAR PROPOSED CLOSE OUT DATE: ASAP SIGNED AUDITOR: Edwin Aalders

CORRECTIVE ACTION TAKEN TO PREVENT RECURRENCE:

An additional overview of the calculations and electricity generation flows that include all the elements that are to be considered when the additional supply of 19,5 MW per hydro unit is completed will be submitted to SGS by e-mail.

SIGNED:

COMPANY REPRESENTATIVE DATE: 03 September 2002

ACCEPTANCE OF CORRECTIVE ACTION/COMMENTS:

From the evidence provided by the project developer it can be determined which factors have been included in the risk factor (annual maintenance, network congestion's, hourly hydrology risk, unavailability of secondary regulating systems [EMS SCADA, telecommunications])

SIGNED

AUDITOR Edwin Aalders DATE: 11 September 2002

	Category 1		Category 2		Category 3
	RECOMMENDED NOTIFICATION	CLOSE OUT	RECOMMENDED NOTIFICATION	CLOSE OUT Next	Prior to first verification
ASSESSMENT	1 Months	2 Months	3 Months	Surveillance visit	
SURVEILLANCE/ RENEWAL	2 Weeks	1 Month	3 Month		

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CORRECTIVE ACTION REQUEST (CAR)

CATEGORY 1

PROJECT DEVELOPER: Hidroelectrica SA

JOB NO: 6848-RO VISIT NO: - CAR NO: 4 OF 6

AUDITOR: Edwin Aalders ASSESSMENT DATE: 12th – 21st August 2002

COMPANY REPRESENTATIVE: Anca Echizli

AREA: ~~PARTICIPATION REQUIREMENTS / STAKEHOLDER CONSULTATION / ~~ADDITIONALITY / LEAKAGE ~~/ EIA / TRANSBOUNDARY EFFECTS / MONITORING / OTHER (describe)~~

DETAILS OF NON-CONFORMANCE:

Project assumes that transport and on-site construction emissions are below the 1% threshold but no justification is provided.

SIGNED CAR SIGNED

COMPANY PROPOSED AUDITOR: Edwin Aalders

REPRESENTATIVE: CLOSE OUT DATE: ASAP

CORRECTIVE ACTION TAKEN TO PREVENT RECURRENCE:

A detailed justification of the total expected emissions on the basis of transport and on-site construction will be submitted to SGS by e-mail.

SIGNED:

COMPANY REPRESENTATIVE DATE: 06 September 2002

ACCEPTANCE OF CORRECTIVE ACTION/COMMENTS:

From the justification that has been submitted by the project developer it is evidence that the total transport emissions can be estimate to be around 0,005 % of the total emission reduction on the basis that all the equipment will be transported in one year to the project side.

SIGNED

AUDITOR Edwin Aalders DATE: 11 September 2002

	Category 1		Category 2		Category 3
	RECOMMENDED NOTIFICATION	CLOSE OUT	RECOMMENDED NOTIFICATION	CLOSE OUT Next	Prior to first verification
ASSESSMENT	1 Months	2 Months	3 Months	Surveillance visit	
SURVEILLANCE/ RENEWAL	2 Weeks	1 Month	3 Month		

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CORRECTIVE ACTION REQUEST (CAR)

CATEGORY 1

PROJECT DEVELOPER: Hidroelectrica SA

JOB NO: 6848-RO VISIT NO: - CAR NO: 5 OF 6

AUDITOR: Edwin Aalders ASSESSMENT DATE: 12th – 21st August 2002

COMPANY REPRESENTATIVE: Anca Echizli

AREA: ~~PARTICIPATION REQUIREMENTS / STAKEHOLDER CONSULTATION /~~ ADDITIONALITY / LEAKAGE ~~/ EIA / TRANSBOUNDARY EFFECTS~~ / MONITORING ~~/ OTHER (describe)~~

DETAILS OF NON-CONFORMANCE:

The monitoring and Reporting document is inadequate and parameters subject to monitoring are not included as out lined in checklist items 28 - 31 and conform the instructions in Volume 2a Section Monitoring.

SIGNED COMPANY REPRESENTATIVE: CAR PROPOSED CLOSE OUT DATE: ASAP SIGNED AUDITOR: Edwin Aalders

CORRECTIVE ACTION TAKEN TO PREVENT RECURRENCE:

An addition to the existing monitoring plan shall be submitted by e-mail to SGS

SIGNED:

COMPANY REPRESENTATIVE DATE: 04 September 2002

ACCEPTANCE OF CORRECTIVE ACTION/COMMENTS:

In the extended Monitoring plan the project developer has provided in site on which methodologies and systems it will use to register the various outputs of the project and how these are reported to the project participants. On the basis of the systems that will be installed the project will be able to provide real time data however outputs, efficiencies, performance of the plant will be report in progress reports on a monthly basis.

SIGNED

AUDITOR Edwin Aalders DATE: 11 September 2002

	Category 1		Category 2		Category 3
	RECOMMENDED NOTIFICATION	CLOSE OUT	RECOMMENDED NOTIFICATION	CLOSE OUT Next	Prior to first verification
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CORRECTIVE ACTION REQUEST (CAR)

CATEGORY 1

PROJECT DEVELOPER: Hidroelectrica SA

JOB NO: 6848-RO VISIT NO: - CAR NO: 6 OF 6

AUDITOR: Edwin Aalders ASSESSMENT DATE: 12th – 21st August 2002

COMPANY REPRESENTATIVE: Anca Echizli

AREA: ~~PARTICIPATION REQUIREMENTS / STAKEHOLDER CONSULTATION / ADDITIONALITY / LEAKAGE / EIA / TRANSBOUNDARY EFFECTS /~~ MONITORING ~~/ OTHER (describe)~~

DETAILS OF NON-CONFORMANCE:

QA/QC procedures not adequately described.

SIGNED CAR SIGNED

COMPANY PROPOSED AUDITOR: Edwin Aalders

REPRESENTATIVE: CLOSE OUT DATE: ASAP

CORRECTIVE ACTION TAKEN TO PREVENT RECURRENCE:

An addition to the existing monitoring plan shall be submitted by e-mail to SGS

SIGNED:

COMPANY REPRESENTATIVE DATE: 04 September 2002

ACCEPTANCE OF CORRECTIVE ACTION/COMMENTS:

From the complementary information that has been submitted it is stated that Hidroelectrica is ISO 9000 certified, which include the necessary procedures required to execute the monitoring of the projects performance. Project Developer has not submitted direct proof of ISO 9000 status however claim has been verified on 11 September 2002.

SIGNED

AUDITOR Edwin Aalders DATE: 11 September 2002

	Category 1		Category 2		Category 3
	RECOMMENDED NOTIFICATION	CLOSE OUT	RECOMMENDED NOTIFICATION	CLOSE OUT Next	Prior to first verification
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