

PROJECT REVIEW REPORT

Project ID	1322
Project Name	BÜYÜKDÜZ HYDROELECTRIC POWER PLANT, TURKEY
Program(s)	VCS
Verification Period	31 March 2012 – 31 October 2017
Project Proponent	Ayen Enerji A.S.
Methodology	ACM0002: Grid-connected electricity generation from renewable sources --- Version 14.0.0
Sectoral Scope(s)	1. Ener industries (renewable/non-renewable sources)
Validation/Verification Body (VVB)	Re Carbon Gozetim Denetim ve Belgelendirme Ltd. Sti.
Assessment Criteria	VCS Standard, v4.0
Date of First Issue	23 January 2021
Date of Final Issue	10 March 2021

Summary:

An accuracy review of the Buyukduz Hydroelectric Power Plant, verification approval request has been conducted by Verra in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised twelve assessment findings and no minor findings, detailed below. The VVB, in coordination with the project proponent, is hereby required to provide a response to the assessment findings presented in Section 1. The twelve assessment findings must be addressed to the satisfaction of Verra.

This project review report will be made publicly available. Confidential information may be provided as separate attachments.

1. ASSESSMENT FINDINGS

Finding 1

With the development and release of the *VCS Standard, v4.0*, Verra articulated its position that certain project types in certain contexts have moved beyond their need to be supported by carbon financing. The rationale and logic behind this position was described in consultations held in May 2018 and in June 2019.

In this particular case, Verra acknowledges the current registered status of this project and the additionality demonstration in the project description. However, given how the project has not yet issued VCUs in the project lifetime, Verra remains concerned about the additionality of the project.

The project proponent is requested to provide additional justification and elaboration on the project's need for carbon finance and how the project has operated without carbon finance throughout the project lifetime without VCU issuance. The project proponent is also requested to clarify why the verification is being requested at this time, whereas the monitoring period ended and the service agreement with the VVB is dated in 2017. The VVB is requested to assess the updates and update the verification report, as needed.

VVB Response:

The project's verification timeline including when to initiate the verification has been decided by the PP and beyond the control of VVB as in all other projects. Please find the relevant explanation by PP in below:

"The VER credits prices were quite low during those times in which this project should have held its verification process. Unfortunately, considering the cost of consultancy, VVB and VCS fees for a verification process, it was not additional financial burden for Project Owner without meaningful revenue, to verify and issue the associated VCUs. This was why the Project Owner of Buyukduz Hydroelectric Power Plant did not initiate a verification process back then. Additionally, electricity generation values have been lower than the value specified in the feasibility and PDD during the monitoring period. For instance, expected annual energy generation were estimated as 192,021 MWh for this monitoring period, while the actual annual energy generation was 125,499 MWh for this monitoring period, which is 35% less than the expected generation. Lower generation amount resulted to financial problems for the project and difficulty to pay the loans. Up to now project owner could only manage these financial problems via funds transferred from its other investments. So it is clear that the project's need of carbon finance and therefore additionality of the project continues."

Verra Response:

An explanation on additionality has been provided. This finding is now closed, and no further action is required.

Finding 2

Section 3.4.3 of the *VCS Standard, v4.0* states that "the project proponent shall use the *VCS Monitoring Report Template...* and adhere to all instructional text within the template."

Section 1.1 of the *VCS Monitoring Report Template* instructs the project proponent to provide the total GHG emission reductions or removals generated in this monitoring period.

Section 1.1 of the monitoring report does not include the total GHG emission reductions or removals generated in this monitoring period.

The project proponent is requested to update Section 1.1 of the monitoring report to include the total

GHG emission reductions or removals generated in this monitoring period. The VVB is requested to assess the updates and update the verification report, as needed.

VVB Response:

Section 1.1 of the monitoring report has been revised by PP. Please see the revised monitoring report. This issue has already been checked by VVB and please also see the cover page and Sections 4.4. and 5 of the revised verification report.

Verra Response:

Section 1.1 of the monitoring report has been updated to include the total GHG emission reductions generated this monitoring period. This finding is closed, and no further action is required.

Finding 3

Section 3.4.3 of the *VCS Standard, v4.0* states that “the project proponent shall use the *VCS Monitoring Report Template...* and adhere to all instructional text within the template.”

Section 1.10 of the *VCS Monitoring Report Template* instructs the project proponent to demonstrate that GHG reductions or removals have not been used for compliance an emissions trading program.

Section 1.10 of the monitoring report does not address if the GHG reductions or removals have been used for compliance an emissions trading program.

The project proponent is requested to update Section 1.10 of the monitoring report to demonstrate if the GHG reductions or removals have been used for compliance an emissions trading program. The VVB is requested to assess the updates and update the verification report, as needed.

VVB Response:

Section 1.10 of the monitoring report has been revised by PP to demonstrate no GHG reductions have been used for compliance an emissions trading program. This issue has already been checked by VVB and please also see the CAR-8 and CAR-9 in the Annex-1 Verification Protocol and Section 3.1 of the revised verification report.

Verra Response:

Section 1.10 of the monitoring report has been updated to demonstrate that the GHG reductions have not been used any emissions trading program. This finding is closed, and no further action is required.

Finding 4

Section 3.4.3 of the *VCS Standard, v4.0* states that “the project proponent shall use the *VCS Monitoring Report Template...* and adhere to all instructional text within the template.”

The *VCS Monitoring Report Template* includes Section 3.3 on Grouped Projects.

The monitoring report does not include Section 3.3 on Grouped Projects.

The project proponent is requested to include Section 3.3 of the monitoring report to complete the required information or to confirm that the project is not a grouped project. The VVB is requested to assess the updates and update the verification report, as needed.

VVB Response:

Section 3.3 of the monitoring report has been revised by PP to confirm that the project is not a grouped project. This issue has already been checked by VVB and please also see the Section 3.4 of the revised verification report.

Verra Response:

Section 3.3 of the monitoring report has been updated to confirm that the project is not a grouped project. This finding is closed, and no further action is required.

Finding 5

Section 3.4.3 of the *VCS Standard, v4.0* states that “the project proponent shall use the *VCS Monitoring Report Template...* and adhere to all instructional text within the template.”

Section 4.1 of the *VCS Monitoring Report Template* instructs the project proponent to provide the value applied for the data and parameters available at validation.

Section 4.1 of the monitoring report does not include the value applied for the data and parameters available at validation.

The project proponent is requested to update Section 4.1 of the monitoring report to include the value applied for the data and parameters available at validation. The VVB is requested to assess the updates and update the verification report, as needed.

VVB Response:

Section 4.1 of the monitoring report has been revised by PP to include the value applied for the data and parameters available at validation. Regarding the value applied for the data and parameters available at validation, there was reference to the registered PD of the project in the previous version of the monitoring report and deemed as acceptable by VVB. This issue has already been checked by VVB and please also see the CAR-15 in the Annex-1 Verification Protocol and Section 3.1 of the revised verification report.

Verra Response:

Section 4.1 of the monitoring report has been updated to include the values applied for the data and parameters available at validation. This finding is closed, and no further action is required.

Finding 6

Section 3.4.3 of the *VCS Standard, v4.0* states that “the project proponent shall use the *VCS Monitoring Report Template...* and adhere to all instructional text within the template.”

Section 5.1 of the *VCS Monitoring Report Template* instructs the project proponent to quantify the baseline emissions and/or removals.

Section 5.1 of the monitoring report includes the baseline emissions equations, but does not include the values of the parameters, the total baseline emissions, or a description of where in the project documents the information can be found.

The project proponent is requested to update Section 5.1 of the monitoring report to include the value of the baseline emissions or information on where the quantification can be found within the project documents. The VVB is requested to assess the updates and update the verification report, as needed.

VVB Response:

Section 5.1 of the monitoring report has been revised by PP to include the value of the baseline emissions. This issue has already been checked by VVB and please also see the cover page and Section 5 of the revised verification report.

Verra Response:

Section 5.1 of the monitoring report has been updated to include the quantification of the baseline emissions. This finding is closed, and no further action is required.

Finding 7

The monitoring report and the verification report state that the monitoring period is 31 May 2012 – 31 October 2017.

Section 5.4 of the monitoring report includes all of 2017 in the table for net GHG emission reductions or removals. Section 5 of the verification report includes all of 2012 and all of 2017 in the table for net GHG emission reductions or removals.

The project proponent is requested to update the monitoring report to clarify the dates of the monitoring period and the total net GHG emission reductions or removals. The VVB is requested to assess the updates and update the verification report to clarify the dates of the monitoring period and the total net GHG emission reductions or removals.

VVB Response:

The monitoring report has been revised by PP to clarify the dates of the monitoring period and the total net GHG emission reductions. The monitoring period is 31 May 2012 – 31 October 2017. This issue has already been checked by VVB and please also see the cover page and Sections 4.4. and 5 of the revised verification report.

Verra Response:

Section 5.4 of the monitoring report has been updated to clarify the dates of the monitoring period. This finding is closed, and no further action is required.

Finding 8

Section 4.1.14 of the *VCS Standard, v4.0* states that the validation/verification body shall use the *VCS Verification Report Template...* and adhere to all instructional text within the template.

The cover page of the verification report does not use the *VCS Verification Report Template, v4.0* formatting.

The VVB is requested to update the cover page of the verification report to use the *VCS Verification Report Template, v4.0* formatting.

VVB Response:

The verification report has been revised and please see the cover page of the revised verification report.

Verra Response:

The cover page of the verification report still does not use the *VCS Verification Report Template, v4.0* formatting. However, Verra has decided to close this finding, and no further action is required.

Finding 9

Section 4.1.14 of the *VCS Standard, v4.0* states that the validation/verification body shall use the *VCS Verification Report Template...* and adhere to all instructional text within the template.

Section 2.1 of the *VCS Verification Report Template* instructs the VVB to describe the method and criteria used, including the sampling plan, for undertaking the verification.

Section 2.1 of the verification report does not describe the sampling plan used for undertaking the verification.

The VVB is requested to update Section 2.1 of the verification report to describe the sampling plan used for undertaking the verification.

VVB Response:

There hasn't been any sampling approach applied during the verification and please see the Section 2.1 of the revised verification report.

Verra Response:

Section 2.1 of the verification report has been updated to clarify the methods and sampling plan for the verification. This finding is closed, and no further action is required.

Finding 10

Section 4.1.14 of the *VCS Standard, v4.0* states that the validation/verification body shall use the *VCS Verification Report Template...* and adhere to all instructional text within the template.

Section 2.4 of the *VCS Verification Report Template* instructs the VVB to include the dates of when a site inspection took place.

Section 2.4 of the verification report does not include the dates of the site inspection.

The VVB is requested to update Section 2.4 of the verification report to include the dates of when the site inspection took place.

VVB Response:

The site visit date has been included in the verification report and please see the Section 2.4 of the revised verification report.

Verra Response:

Section 2.4 of the verification report has been updated to include the date of the site visit. This finding is closed, and no further action is required.

Finding 11

Section 4.1.14 of the *VCS Standard, v4.0* states that the validation/verification body shall use the *VCS*

Verification Report Template... and adhere to all instructional text within the template.

Section 4.1 of the *VCS Verification Report Template* instructs the VVB to assess the project's sustainable development contributions.

Section 4.1 of the verification report does not include a discussion on the project's sustainable development contributions.

The VVB is requested to update Section 4.1 of the verification report to address the project's sustainable development contributions.

VVB Response:

The project contributes to SDG 7 (Affordable and Clean Energy), SDG 8 (Decent Work and Economic Growth) and SDG-13 (Climate Action) during the monitoring period. This issue has already been discussed in the Section 4.2.1 in the previous version of the verification report and has been transferred to the Section 4.1 of the revised report. Please see the Section 4.1 of the revised verification report.

Verra Response:

Section 4.1 of the verification report has been updated to include a discussion of the project's sustainable development contributions. This finding is closed, and no further action is required.

Finding 12

Section 4.1.14 of the *VCS Standard, v4.0* states that the validation/verification body shall use the *VCS Verification Report Template...* and adhere to all instructional text within the template.

Section 5 of the *VCS Verification Report Template* instructs the VVB to clearly state whether the project complies with the verification criteria for projects and their GHG emission reductions or removals set out in VCS Version 4.

Section 4.1.2 of the *VCS Standard, v4.0* requires the VVB conduct the verification to provide a reasonable level of assurance.

Section 5 of the verification report does not state that the level of assurance of the verification is reasonable.

The VVB is requested to update Section 5 of the verification report to clarify if the verification was conducted to achieve a reasonable level of assurance.

VVB Response:

This issue has already been included in the cover page and Section 1.3 of the verification report but it has also been included in the Section 5 of the report in the revised version and please see the Section 5 of the revised verification report.

Verra Response:

Section 5 of the verification report has been updated to confirm that the verification was conducted to achieve a reasonable level of assurance. This finding is closed, and no further action is required.

2. MINOR FINDINGS

No minor findings were raised.

3. ASSESSMENT CONCLUSION

On 23 January 2021, Verra sent the project review report to Re Carbon Gözetim Denetim ve Belgelendirme Ltd. Sti. with 12 assessment findings and no minor findings.

On 15 February 2021, Re Carbon Gözetim Denetim ve Belgelendirme Ltd. Sti. returned the project review report with responses to all findings, along with an updated monitoring report and verification report. The updates were sufficient to close all findings.

On 10 March 2021, Verra closed the review and no further action was required.