PROJECT REVIEW REPORT

Project ID	1216
Project Name	Distribution of ONIL Stoves – Mexico, San Felipe Usila 1
Program(s)	VCS
Verification Period	01 June 2020 – 31 December 2020
Project Proponent	C-Quest Capital LLC
Methodology	AMS-II.G.
Sectoral Scope(s)	3. Energy Demand
Validation/Verification Body (VVB)	Earthood Services Private Limited

Assessment Criteria	*VCS Standard, v4.1*
Date of First Issue	29 March 2022
Date of Final Issue	26 April 2022

Summary:

An accuracy review of the Distribution of ONIL Stoves – Mexico, San Felipe Usila 1 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 thirteen 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 thirteen 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

Section 3.4.3 of the *VCS Standard, v4.1* states that "the project proponent shall use the *VCS Monitoring Report Template*... and adhere to all instructional text within the template."

Section 3.2.2 of the *VCS Monitoring Report Template, v4.0* instructs the project proponent to describe and report on any project description deviations applied in previous monitoring reports. For project description deviations applied in the current monitoring period, the project proponent is requested to identify whether the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario and provide an explanation of the outcome.

A. Section 3.2.2 of the monitoring period does not specify in which monitoring period the listed project description deviations were applied. If the deviations are applied in the current monitoring period, the monitoring report does not include a discussion of the deviation's impacts on the project's applicability, additionality, or baseline scenario.
B. In the current monitoring period, 30,869 stoves resulted in the project surpassing its SSC threshold and therefore emission reductions have been limited to 25,622 tCO_2e.

The project proponent is requested to update section 3.2.2 of the monitoring report to clarify in which monitoring period the listed deviations were applied, and to include the relevant information as per the template. The project proponent is also requested to clarify the reasons for the deviation to 31,178 cookstoves if the use of 30,869 stoves exceeds the SCC threshold. The VVB is requested to assess the updates and to update section 3.3 of the verification report, as needed.

PP Response:

CQC has now incorporated the monitoring periods for which listed deviations were applied and included the effects of the deviations for the current monitoring period under section 3.2.2 of the revised MR.

VVB Response:

The revised MR submitted by the PP is now checked and evident in Section 3.2.2 :

A. VVB has checked that the project activity has the following deviations
   1. sampling method
   2. crediting period
   3. increase number of stoves

PP has now incorporated the applicable MP with respect to the above deviations. VVB has cross checked the information provided with the previous verification reports and found the information provided by the PP is deemed correct.

B. The explanation on why PP has considered 30,869 stoves for the calculation of emission reduction limiting to 25,622 tCO_{2e} for the current monitoring period. The actual energy saved is found beyond the threshold limit of small-scale category i.e 180 GWh_{th}. Therefore, PP has capped the achieved GHG emission reductions to limit the energy savings as per CDM Project Standard for Programmes of Activities version 3.0 para 272 (b).The project activity is still adhering the applicability conditions of the applied methodology AMS II.G. Also, baseline and additionality doesn't affect due to the given change in the number of ICS.

The above updates are now incorporated with our assessments in 3.3 of the revised verification report.

Verra Response:

The monitoring report and the verification report have been updated to clarify the deviations. This finding is closed, and no further action is required.

Finding 2

Section 4.1.14 of the *VCS Standard, v4.1* states that the validation/verification body shall use the *VCS Verification Report Template*… and adhere to all instructional text within the template.

Section 2.3 of the *VCS Verification Report Template, v4.0* instructs the VVB to describe the interview process and identify the roles of personnel interviewed.

Section 2.3 of the verification report does not specify how the interviews were conducted, the roles of the personnel interviewed, or survey which users were a part of the usage, SS_y and WBT.

The VVB is requested to update section 2.3 of the verification report to specify how the interviews were conducted and to specify the roles of the personnel interviewed.

VVB Response:

VVB confirms that section 2.3 of the verification report is now revised describing the process and identifying the roles of personnel interviewed also specifying the $n_{y,i}$, SS_y and WBT. Further, VVB confirms that respective mentioned individuals were interviewed via Skype personally and information pertaining to their roles were checked and confirmed.

Verra Response:

Section 2.3 of the verification report has been updated to describe the interview process and roles of the personnel interviewed. This finding is closed, and no further action is required.

Finding 3

Section 4.1.14 of the *VCS Standard, v4.1* 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, v4.0* instructs the VVB to describe the methods and objectives for any on-site inspections performed, including the description details of all project activity locations visited and the physical and organization aspects of the project inspected.

Section 2.4 of the verification report does not describe if any physical aspects of the project were inspected through the remote site visit.

The VVB is requested to update section 2.4 of the verification report to clarify if the remote site visit allowed for any physical aspects of the project to be inspected.

VVB Response:

VVB confirms that section 2.4 of the verification report is now revised, describing the methods and objectives for the remote on-site inspections performed, interviewing the respective individuals involved for the project activity via Skype call individually. This alternative approach for the on-site audit was carried out inline with Section 4.1.2 of the VCS Standard, v4.1. Therefore, in this verification, VVB confirms that it has achieved the reasonable level of assurance by applying the alternative means of remote on-site visit to the current monitoring period of the project activity. The verification report is now updated with the above information.

Verra Response:

Section 2.4 of the verification report has been updated to clarify how a reasonable level of assurance was achieved via a remote site visit. This finding is closed, and no further action is required.

Finding 4

Section 4.1.14 of the *VCS Standard, v4.1* states that the validation/verification body shall use the *VCS Verification Report Template*… and adhere to all instructional text within the template.

Section 2.5 of the *VCS Verification Report Template, v4.0* instructs the VVB to state the total number of findings raised during the verification.

Section 2.5 of the verification report does not include the total number of findings raised during the verification.

The VVB is requested to update section 2.5 of the verification report to include the total number of findings raised during the verification.

VVB Response:

VVB has revised section 2.5 of the verification report updating the total number of findings raised during the verification.

Verra Response:

Section 2.5 of the verification report has been updated to clarify that 5 CLs and 2 CARs were raised during the verification. This finding is closed, and no further action is required.

Finding 5

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, v4.0* instructs the VVB to describe the steps taken to assess the completeness of monitoring, whether the project has participated or been rejected under any other GHG programs since validation or previous verification, and the project's sustainable development contributions.

Section 4.1 of the verification report describe the steps taken to assess the completeness of monitoring, the project's participation under any other GHG program, or the project's sustainable development contributions.

The VVB is requested to update section 4.1 of the verification report to describe the steps taken to assess the completeness of monitoring, whether the project has participated or been rejected under any other GHG programs since validation or previous verification, and the project's sustainable development contributions.

VVB Response:

VVB confirms that the project activity is registered as CPA under UNFCCC no, 8521

PP has claimed credits for this project activity from VCS from 01/01/2014 till 31/05/2020 confirmed from the previous verification reports of VCS registry. So, the project activity has not participated in any other GHG program for the current monitoring period from 01/06/2020 to 31/12/2020. Hence, VVB confirms and checked with other registries also and it is evident that the project activity has not participated or been rejected under other GHG program for the current monitoring period. The assessment is also updated in section 4.1 of the verification report.

Also the information on sustainable development contributions from the project activity as mentioned in section 1.11 of MR is provided in section 4.1 of the verification report.

Verra Response:

Section 4.1 of the verification report has been updated to comply with the template. This finding is closed, and no further action is required.

Finding 6

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 4.2.2 of the *VCS Verification Report Template, v4.0* instructs the VVB to assess whether the project proponent has taken due account of all and any input and provide an overall conclusion regarding local stakeholder input.

Section 2.2 of the monitoring report states that no negative comments were received during the monitoring period.

Section 4.2.2 of the verification report does not assess the claims in section 2.2 of the monitoring report.

The VVB is requested to update section 4.2.2 of the verification report to assess the stakeholder consultation in section 2.2 of the monitoring report and provide an overall conclusion.

VVB Response:

VT confirms through remote site visit that whether PP had conducted regular spot checks to check the status of project ICS as mentioned in section 2.2 of MR. Further, it was checked and confirmed about the procedure if any stove part is damaged or missing whether PP representatives addressed the concern raised and changing the parts immediately. Stoves found not in working condition at the time of spot checks are not considered for the ER calculation. Therefore, the number of stoves is reduced from 31,178 to 30,869 stoves.

It is confirmed that PP has a robust grievance mechanism and a proper on-going communication with stakeholders and no negative feedbacks are provided during the current monitoring period. The assessment on the same is now updated in the revised section 4.2.2 of the verification report.

Verra Response:

Section 4.2.2 of the verification report has been updated to confirm that no negative comments were received during the monitoring period. This finding is closed, and no further action is required.

Finding 7
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 4.4 of the *VCS Verification Report Template, v4.0* instructs the VVB to identify the data and parameters, describe the steps taken to assess accuracy, and provide a conclusion on if GHG emission reductions and removals have been quantified correctly. Section 4.1 of the monitoring report states that the value of $B_{old\_Adjusted}$ is 5.3318 tonnes/year for the monitoring period. Section 4.4 of the verification report does not include a value for $B_{old\_Adjusted}$. The VVB is requested to update section 4.4 of the verification report to clarify if the 5.3318 tonnes/year value for $B_{old\_Adjusted}$ listed in section 4.1 of the monitoring report has been verified.
VVB Response: VT confirms that section 4.4 of the verification report is now updated and the value of $B_{old\_Adjusted}$ of 5.3318 tonnes/year is now incorporated and the assessment on how the value has been verified.
Verra Response: Section 4.4 of the verification report has been updated to confirm the value of $B_{old\_Adjusted}$. This finding is closed, and no further action is required.

Finding 8
For the monitoring period 01-August-2019 to 31-May-2020, it is noted that stoves considered in the database were 31,175, and the number adjusted to 28,837 with the usage rate of 92.50%, as per parameter $n_{y,i}$ in section 4.2 of the monitoring report. During this monitoring period of 01-June-2020 to 31-Dec-2020, the number of stoves changed to 30,869, and is adjusted to 30,548 for usage rate of 98.96%. The project proponent is requested to explain the observed increase in the usage rate for a project without new installations since 2016, and the increase in the number of cookstoves to 30,869. The VVB shall make a detailed assessment of the same in Section 4.1 and Section 4.4 of the Verification Report.
PP Response: As per applied methodology AMS II.G., the parameter $n_{y,i}$ need to be measured directly or based on a representative sample. PP has adopted the sampling method to measure this parameter following CDM sampling guidelines "Sampling and surveys for CDM project activities and programmes of activities". For the monitoring period 01-August-2019 to 31-May-2020, 40 samples were surveyed, and 37 stoves were found in good working condition. Remaining three stoves might require some minor repairs/ replacement of any part due to which they were not in working condition at the time of survey. Value for the parameter "Proportion of commissioned project devices that remain operating i.e., $n_{y,i}$" was calculated as (37/40)*100 = 92.50%. Therefore, discount rate of 92.50% was applied to the entire population in the database. As a part of the ongoing communication process adopted by the PP, as and when end user finds any issue in the project stove, he communicates the issue to the ground team. The ground team visits the stove and conducts the necessary repair, or contacts with the management in case replacement of any

part is required. The management make the arrangement for the immediate replacement of the part. Furthermore, PP also conducts regular monitoring/spot audit for the distributed stoves during the monitoring period.

For the monitoring period 01-June-2020 to 31-Dec-2020 also, PP conducted the survey to measure the stoves in operations and found 98.96% stoves in good working condition and hence, considered 98.96% of total population for ER calculation.

Survey results do not imply that only the achieved percentage number of stoves are available on the ground and remaining stoves need to be removed from the database.

VVB Response:

PP has adopted as per Sampling and surveys for CDM project activities and programmes of activities version 4. For the current monitoring period they have carried out survey for 96 samples and found that 95 ICS were in good working condition.

Hence, $n_{y,i}$ of 95/96 = 98.96% is considered for ER calculation for this MP. It is noted that PP has considered stove as operational if it is found in working condition at the time of survey. Non-operating stove which may require only minor repairs or replacement of any parts can be considered as operational at the later survey or successive if the issue is resolved and found working.

Therefore, the justification provided by the PP is appropriate and acceptable.

Verra Response:

The project proponent and VVB have clarified the change in usage rate. This finding is closed, and no further action is required.

Finding 9

The values monitored for parameter $n_{new,I}2015$ and $n_{new,I}2016$ are higher in the current monitoring report than for the previous 01 August 2019 to 31 May 2020 monitoring period.

The project proponent is requested to clarify what has contributed to the increase in efficiency of the stoves between the monitoring periods. The VVB is requested to assess the updates and to update the verification report, as needed.

PP Response:

Efficiency of the stoves was calculated by conducting the WBT. WBT was conducted as per WBT protocol version 4.2.3 by the trained staff. Test results were based on the performance of the stove under test. Value of the thermal efficiency calculated through WBT may differ for each stove. That's why the average value of the efficiency achieved for different stoves of same age group (vintage) is considered for the calculations. Therefore, the efficiency achieved through WBTs conducted for this monitoring period may vary from the results achieved during previous monitoring period.

VVB Response:

VVB has assessed the WBT test reports submitted by the PP for the previous monitoring period 01 August 2019 to 31 May 2020 and also for the current monitoring period which is 01 June 2020 to 31 December 2020. The test was conducted as per WBT protocol version 4.2.3 by competent staff. The results shows that the average thermal efficiency calculated through WBT differs for each stove from same age group for the vintage year. Therefore, the values $n_{new,I}2015$ and $n_{new,I}2016$ are different (higher) in the current monitoring period as compare to the previous monitoring period which is of minor variation. It is noted that WBT test depends upon certain factors such as wind condition, moisture condition etc. that's why the values are averaging and this is found acceptable.

Verra Response:

The project proponent and VVB have clarified the change in efficiency. This finding is closed, and no further action is required.

Finding 10

The equation listed for $B_{y,savings}$ in section 5.1 of the monitoring report and section 4.4 of the verification report is unclear.

The project proponent and the VVB are requested to clarify the equation for $B_{y,savings}$.

PP Response:

As per para 20 (b) of the applied methodology "*If baseline stoves continue to be used, monitoring shall ensure that the fuel-wood consumption of those stoves is excluded from* B_{old}*.*" Therefore, PP had applied discount factor to exclude fuel-wood consumption and to calculate $B_{old,adjusted}$ value for ER estimation for each verification. PP has now elaborated the formula under section 5.1 of the revised MR as pre the registered CPA DD.

VVB Response:

VVB confirms that PP has now explained the equation for $B_{y,savings}$ with more clarity in section 5.1 of the revised MR and is inline with the registered CPA DD.

The related changes are now incorporated in the revised verification report.

Verra Response:

The monitoring report and verification report have been updated to clarify the equation used to calculate $B_{y,savings}$. This finding is closed, and no further action is required.

Finding 11

In section 5.1 of the monitoring report, the emission reductions are adjusted by a factor of 0.46.

It is unclear from the monitoring report and the verification report why 0.46 was selected.

The project proponent is requested to clarify the decision to adjust the emission reductions by a factor of 0.46. The VVB is requested to review the clarification and to update the verification report, as needed.

PP Response:

The energy saving achieved for the current monitoring period was found beyond the threshold limit of small-scale category i.e., 180 GWh_{th}. As per CDM Project Standard for Programmes of Activities version 3.0 para 272 (b), "*If, during any year of its crediting period, the scale goes beyond the limit of that type, cap the GHG emission reductions that are claimed for that year at the amount calculated with the limit of its type*", CQC has capped the achieved GHG emission reductions to limit the energy savings. As a result, the estimated ERs for the current monitoring period have reduced by a factor of 4.6. PP has already explained about the adjustment of emission reduction under section 1.1 of the MR, However, same has now been further elaborated under section 1.1 and 5.1 of revised MR.

VVB Response:

VVB confirms that section 1.1 and 5.1 of revised MR has explained about the adjusted factor of 0.46 on Activities as per CDM Project Standard for Programmes of Activities version 3.0 para 272 (b), *"If, during any year of its crediting period, the scale goes beyond the limit of that type, cap the GHG emission reductions that are claimed for that year at the amount calculated with the limit of its type"*

It is to be noted that,

Energy saving for current monitoring period = 229.96 GWh and by extrapolating the Annual Energy saving for year 2020 = 392.22 GWh

Here, the % Increase from the threshold value (i.e. 180 GWhth/year) = 218%

Hence , ER has been calculated multiplying with 0.46 (or 55,833 ÷ 218%)

Therefore:

ER = 55,833 x 0.46 (or 55,833 ÷ 218%)

= 25,622

Explanation is now incorporated in the revised verification report.

Verra Response:

The monitoring report and the verification report have been updated to clarify why the emission reductions were adjusted by a value of 0.46. This finding is closed, and no further action is required.

Finding 12

Section 1.1 of the monitoring report states that HELPS withdrew from the project in March 2017.

Section 1.4 of the verification report states that HELPS withdrew from the project in April 2017.

The project proponent and the VVB are requested to clarify when HELPS withdrew from the project.

VVB Response:

VT would like to clarify that this is a typo error in the verification report of section 1..4. HELPS has withdrawn from the project on 21/03/2017. As per the CDM MOC form given in footnote of the MR. Hence, information provided in the MR is correct. Verification report is now updated accordingly.

Verra Response:

Section 1.4 of the verification report has been updated to confirm the date that HELPS withdrew from the project. This finding is closed, and no further action is required.

Finding 13

In CL 04 in Appendix 4, the VVB assessment of the support documenters for parameters $n_{y,i}$, SS_y, $n_{new,i}$ is found to be insufficient.

The VVB is requested to make detailed assessments of the evidence provided, including an assessment of sampling effort, frequency of monitoring, timing of the surveys, and suitability of the timing.

VVB Response:

The detailed assessment for the parameters $n_{y,i}$, SS_y, $n_{new,I}$ are now provided in the DOE assessment of CL04 of verification report.

Verra Response:

Appendix 4 of the verification report has been updated to clarify how the evidence provided in response to CL 04 was assessed. This finding is closed, and no further action is required.

2. MINOR FINDINGS

No minor findings were raised.

3. ASSESSMENT CONCLUSION

On 29 March 2022, Verra sent the project review report to Earthood Services Private Limited with thirteen assessment findings and no minor findings.

On 26 April 2022, Verra closed all findings and approved the VCS verification approval request.