

PROJECT REVIEW REPORT

Project ID	786
Project Name	Hyundai Steel Waste Energy Cogeneration Project
Program(s)	VCS
Verification Period	01/07/2017 - 23/03/2020 (July 1, 2017 - March 23, 2020)
Project Proponent	Hyundai Green Power CO., Ltd
Methodology	V 4.0.0. ACM0012 “Consolidated baseline methodology for GHG emission reductions from waste energy recovery projects”
Sectoral Scope(s)	Scope 1 (Energy industries (renewable / non- renewable) & 4 (Manufacturing industries)
Validation/Verification Body (VVB)	Shenzhen CTI International Certification Co., Ltd
Assessment Criteria	VCS Standard, v4.1
Date of First Issue	March 31, 2022
Date of Final Issue	18 May 2022

Summary:

An accuracy review of the Hyundai Steel Waste Energy Cogeneration Project (ID#786) verification approval request has been conducted by Verra in accordance with Section 4.3 of the *Registration and Issuance Process*. This is the fourth monitoring period of the project.

The accuracy review has raised **one** assessment finding, detailed below and no minor findings. The VVB, in coordination with the project proponent, is hereby required to provide a response to the **two** assessment findings presented in Section 1. The 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 3.21.3 of the *VCS Standard v4.2*, “where projects reduce GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading, evidence shall be provided that the GHG emission reductions or removals generated by the project have not and will not be otherwise counted or used under the program or mechanism.” Further, section 3.21.3 of the *VCS Standard v4.2* gives further examples of evidence that may be used.

In section 1.10 of the monitoring report, the project proponent states that even if the project proponent is also a compliance company of the Korean Emission Trading Scheme (KETS), the implementation of the proposed project will neither cause any change of allowance allocation nor cause any GHG reduction.

The VVB is required to provide evidence that the GHG emission reductions or removals generated by the project have not and will not be otherwise counted or used under KETS.

VVB Response:

In responding to the finding, the verification team provides further assessment below on the basis of the interview with the project owner Hyundai Green power CO., Ltd and documents review.

As verified via interview with the project owner and by reviewing the laws and regulations of Korean Emission Trading Scheme (KETS) “*Act on Allocation and Trading of Greenhouse Gas Emission Permits*”¹ and “*Guidelines on Allocation, Adjustment, and Revocation of Greenhouse Gas Emission Permits*”² all power companies are required to comply with the KETS for allowance allocation of GHG emissions. However, the allowance allocation is just counted based on the GHG emissions caused by the power company. Thus, the emission reductions generated by the project activity are irrelevant to the emission allowance allocation of the project owner.

Furthermore, as per the laws and regulations of Korean Emission Trading Scheme (KETS), and the regulation regarding the KOC projects “*Guidance on external project feasibility assessment and reduction certification*”³, only Korean Offset Credits (KOC) can be used for emission trading in KETS, which is the certified GHG emission reductions generated by the registered KOC projects. As a voluntary mechanism, there is no mandatory requirement for the GHG emission reduction projects to be registered as KOC projects. It is also confirmed by the verification team via checking the KOC registration platform⁴, neither the project activity has been registered as KOC project nor the project owner has any registered KOC project. Thus, the emission reductions generated by project activity cannot be included in the KETS.

Moreover, a letter of assurance⁵ has been provided by the project proponents to confirm the project was not and would be not registered with another GHG program other than VCS.

The assessment and clarification have been supplemented on Page 25 of the revised verification report and in Section 1.10 of the revised monitoring report.

Reference list:

1. Act on Allocation and Trading of Greenhouse Gas Emission Permits [Act No. 18469], issued by Ministry of Environment and Office of Government Policy Coordination, Republic of Korea
<https://www.law.go.kr/LSW/lsInfoP.do?efYd=20220325&lsiSeq=235597#AJAX>
2. Guidelines on Allocation, Adjustment, and Revocation of Greenhouse Gas Emission Permits [Notice No. 2020-197], issued by Ministry of Trade, Industry and Energy, Republic of Korea
<http://www.gir.go.kr/home/board/read.do?pagerOffset=0&maxPageItems=10&maxIndexPages=10&searchKey=&searchValue=&menuId=19&boardId=84&boardMasterId=8&boardCategoryId=>
3. Guidance on external project feasibility assessment and reduction certification, issued by Ministry of Trade, Industry and Energy, Ministry of Agriculture, Food and Rural Affairs, Ministry of Land, Infrastructure and Transport, Ministry of Environment and Ministry of Oceans and Fisheries
<https://www.law.go.kr/LSW/admRulLsInfoP.do?admRulSeq=2100000201212>
4. KOC registration platform
<https://ors.gir.go.kr/home/orap/openList.do?menuId=10>
5. Letter of assurance for not being registered with another GHG program other than VCS signed by project proponents on 20/10/2021

Verra Response:

The VVB clarified that the project is not registered as KOC project nor the project owner has any registered KOC project. Therefore, the finding is closed and no further action is required.

2. ASSESSMENT CONCLUSION

On March 31, 2022 Verra sent a project review report for Project 786, Hyundai Steel Waste Energy Cogeneration Project verification approval request with one assessment finding and no minor findings.

On 6 April 2022, Verra received responses to the findings above. The responses were sufficient to close all findings.

On 18 May 2022, Verra closed all assessment findings and no further action was required.