

# VCS PROJECT REVIEW REPORT

<b>Project ID</b>	786
<b>Project Name</b>	Hyundai Steel Waste Energy Cogeneration Project
<b>Project Proponent</b>	Hyundai Green power CO., Ltd:
<b>Methodology</b>	<i>Version 4.0.0 of ACM 0012: "Consolidated baseline methodology for GHG emission reductions from waste energy recovery projects"</i>
<b>Sectoral Scope(s)</b>	1 (Energy industries (renewable / non-renewable) & 4 (Manufacturing industries)
<b>Validation/Verification Body (VVB)</b>	China Classification Society Certification Company
<b>Registry</b>	APX

<b>Assessment Criteria</b>	ACM 0012 v4, VCS v3.7
<b>Date of First Issue</b>	26 OCT 2018
<b>Date of Second Issue</b>	29 OCT 2018
<b>Date of Final Issue</b>	05 November 2018

## Summary:

An accuracy review of the Hyundai Steel Waste Energy Cogeneration Project issuance request has been conducted by Verra in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised 1 assessment findings and 0 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 1 assessment findings must be addressed to the satisfaction of Verra. The VVB need not address the minor findings during this review. Please note, however, that where Verra finds consistent minor findings by the VVB in future reviews, minor findings shall be escalated to assessment findings.

This findings report may be made publically available. Confidential information may be provided as separate attachments.

## 1 ASSESSMENT FINDINGS

### Finding 1

Section 3.5.2 of the *VCS Standard v3.7* states that methodology deviations shall be permitted at validation or verification and their consequences shall be reported in the validation or verification report, as applicable, and all subsequent verification reports. Also, methodology deviations are not considered to be precedent setting.

Section 2.2.1 of the monitoring report identifies two methodology deviations applied by the project. Section 3.2 of the verification report states that no deviation from the methodology is needed to be submitted.

The VVB is requested to please clarify if the methodology deviations included in the monitoring report are appropriate and update the verification report accordingly.

#### VVB Response:

The deviations stated in section 2.2.1 of the monitoring report were identified in the 1st verification process of this project in the Year of 2012, which has been permitted and resolved in satisfactory way, in line with GHG principles and the ACM0012 methodology. Corresponding description of this situation has been added in the updated verification report.

#### Verra Response:

The verification report has been updated to address the methodology deviation. However, it is unclear from the updates if the methodology deviation is still being applied, or if it was only applied during the first monitoring period. The updated verification report does not provide any evidence or assessment as to why the deviation is appropriate. Additionally, the verification report claims that the deviation was resolved in the previous verification reports; however, the previous verification reports do not include the deviation in section 3.2 or otherwise validate the deviation.

The VVB is requested to please update the verification report to identify any methodology deviations applied to the project and describe the steps taken to validate the deviation. Please include information with respect to whether the deviation meets with the criteria and specifications for permitted methodology deviations. Please include information with respect to whether the deviation negatively impacts the conservativeness of the quantification of GHG emission reductions or removals (except where they result in increased accuracy). Lastly, please provide an overall conclusion regarding whether any methodology deviations applied to the project are valid.

#### VVB Response:

By checking previous verification reports of 1<sup>st</sup> and 2<sup>nd</sup> monitoring period of this project, it is confirmed that the deviations stated in section 2.2.1 of the monitoring report were supposed to be the Project Description Deviations rather than Methodology Deviations. In the MR, this part should have been placed in Section 2.2.2 Project Description Deviations, but was incorrectly placed in Section 2.2.1 Methodology Deviations by PP. Therefore, 1 Clarification Request (CL) was raised in the updated verification report to ask PP to clarify. PP has replied that the deviation for calculation of electricity

consumption ( $EC_{PJ,y}$ ) is just a conservative way to calculate project emission since there was no accurate data. It did not change any contents from methodology. The MR has been revised as well.

**Verra Response:**

The monitoring report has been updated, reclassifying the deviation as a project description deviation. Additionally, the verification report has been updated to assess and provide a conclusion of the deviations made. This is sufficient to close this finding and no further response is required.

## 2 MINOR FINDINGS

No minor findings were raised.

## 3 ASSESSMENT CONCLUSION

On 26, October, 2018 Verra issued the initial round of findings to the VVB, China Classification Society Certification Company regarding a methodology deviation not assessed in the verification report.

On 27, October, 2018 the VVB provided a response to Verra along with updated verification report. The updated verification report provided background as to when the deviation first appeared, but did not provide an assessment of the deviation.

On 29, October, 2018 Verra issued the second round of findings to the VVB regarding the lack of an assessment of the deviation included in the monitoring report.

On 5, November, 2018 the VVB provided a response to Verra along with updated monitoring report and verification report. The updated monitoring report reclassified the deviation as a project description deviation and verification report provided an assessment of the deviation.

On 5, November, 2018 Verra closed all findings and the accuracy review.