

VCS PROJECT REVIEW REPORT

Project ID	1644
Project Name	Larimar Wind Farm Project
Project Proponent	Empresa Generadora De Electricidad Haina S.A. (EGE Haina)
Methodology	ACM0002, version 17
Sectoral Scope(s)	1. Energy (renewable/non-renewable)
Validation/Verification Body (VVB)	Colombian Institute for Technical Standards and Certification (ICONTEC)
Registry	APX

Assessment Criteria	VCS Standard, v3.7; AMC0002, version 17
Date of First Issue	7 July 2017
Date of Final Issue	3 November 2017

Summary:

An accuracy review of the Larimar Wind Farm Project registration request has been conducted by VCS in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised 4 assessment 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 4 assessment findings must be addressed to the satisfaction of VCS.

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

1 ASSESSMENT FINDINGS

Finding 1

Section 3.11.12(1) of the *VCS Standard v3.7* states that project shall clearly state the reasons for rejection from other GHG programs.

Section 3.19.1 of the *VCS Standard v3.7* states that project proponent shall use the *VCS Project Description Template* and adhere to all instructional text within the template. Section 5.3.6 of the *VCS Standard v3.7* states that the VVB shall use the *VCS Validation Report Template* and adhere to all instructional text within the template.

Section 1.12.5 of the *Project Description Template* states that if a project has been rejected from another GHG program that it shall provide justification of eligibility under the VCS Program. Section 3.1 of the *Validation Report Template* requires that the VVB identify, discuss and justify conclusions regarding the rejection of the project by other GHG programs.

Section 1.12.5 of the project description describes the project's rejection under the other GHG program but does not clearly describe the exact details of the rule at issue and why the project did not comply with this rule. The project description provides no justification of eligibility under the VCS Program.

Section 3.1 of the validation report states that the project's application to the other GHG program was not successful because the prior consideration requirement established by this GHG program was not fulfilled. However, the VVB does not identify, discuss and justify its conclusions regarding the rejection of the project by the other GHG program.

Considering the above, the VVB is required to ensure that the project description includes exact details of the circumstances under which the project was rejected by the other GHG program, including the rule(s) in violation and why the project was in violation of the rule(s). The VVB is further required to ensure that the project description includes a justification of eligibility under the VCS Program. Additionally, the validation report must be updated to identify, discuss and justify the VVB's conclusions regarding the information in the project description.

VVB Response:

ICONTEC verified that the project description includes exact details of the circumstances under which the project was rejected by the other GHG program, including the rule(s) in violation (project start date requirement) and why the project was in violation of the rule(s). Likewise ICONTEC verified that the project description includes a justification of eligibility under the VCS Program.

The updated validation report includes the conclusions of ICONTEC regarding this issue (See section 3.1 on page 14)

VCS Response:

Section 1.12.5 of the project description has been updated to provide further detail of the circumstances under which the project was rejected from another GHG program. Section 3.1 of the

validation report has been updated to provide a justified conclusion regarding the project rejection from another GHG program and eligibility under the VCS Program. These updates are sufficient to close this finding and no further action is required in respect of this finding.

Finding 2

Section 5.3.6 of the *VCS Standard v3.7* states that the VVB shall use the *VCS Validation Report Template* and adhere to all instructional text within the template.

Section 3.1 of the *Validation Report Template* requires that the VVB identify, discuss and justify conclusions regarding the project proponent and other entities involved in the project.

Section 1.4 of the project description lists MGM Inova Consulting as another entity involved in the project.

Section 3.1 of the validation report contains no assessment to identify, discuss and justify conclusions regarding the role of MGM Innova Consulting as another entity involved in the project.

Considering the above, the VVB is requested to provide an assessment of MGM Inova Consulting as another entity involved in the project and revise the audit documentation as required.

VVB Response:

In section 3.1 of the updated validation report it was included an assessment by ICONTEC regarding MGM Innova Consulting as other entity involved in the project activity.

VCS Response:

Section 3.1 of the validation report has been updated to provide an assessment of the other entities involved in the project, which is sufficient to close this finding. No further action is required in respect of this finding.

Finding 3

Section 3.4.9 of the *VCS Standard v3.7* requires that projects using the grouped project approach determine a set of eligibility criteria for the inclusion of new project activity instances. The eligibility criteria shall ensure that the new project activity instances:

- 1) Meet the applicability conditions set out in the methodology applied to the project.
- 2) Use the technologies or measures specified in the project description.
- 3) Apply the technologies or measures in the same manner as specified in the project description.
- 4) Are subject to the baseline scenario determined in the project description for the specified

project activity and geographic area.

- 5) Have characteristics with respect to additionality that are consistent with the initial instances for the specified project activity and geographic area. For example, the new project activity instances have financial, technical and/or other parameters (such as the size/scale of the instances) consistent with the initial instances, or face the same investment, technological and/or other barriers as the initial instances.

Section 1.13 of the project description states that the Larimar II project instance meets all of the requirements listed (1-5) above but fails to provide detail as to what the actual eligibility criteria are.

Considering the above, the project description fails to provide eligibility criteria to include future project instances. The VVB is requested to address this finding and revise the project and audit documentation as required.

VVB Response:

In accordance with the interviews performed to PP during the onsite visit and to response this finding, it was clear enough that EGE Haina does not have the intention to registered Larimar wind farm as a grouped project. Larimar wind farm project is a project activity which consists in two phases: Larimar I wind farm, already in operation; and Larimar II is expected to start its commercial operations on second quarter of 2018.

A detail description was included in the PD Section 1.13.

No modification was performed in validation report since this fact was explained in section 1.4 and 3.1 of the validation report

VCS Response:

Section 1.13 of the project description has been updated to indicate that the project will not be using the grouped project approach and instead will be a single project with two bundled instances. This update is sufficient to close this finding and no further action is required in respect of this finding.

Finding 4

Sections 3.16.3 through 3.16.5 of the *VCS Standard v3.7* require that a monitoring plan be provided in the project description that explains how GHG information is handled, the roles and responsibilities of those charged with project monitoring, and information on the monitoring equipment used and what measure are taken to ensure its accuracy.

Section 3.19.1 of the *VCS Standard v3.7* states that project proponent shall use the *VCS Project Description Template* and adhere to all instructional text within the template. Section 4.3 of the *VCS Project Description Template* requires that the following details on the process and schedule for obtaining, recording, compiling and analysing the monitored data including:

- The methods for measuring, recording, storing, aggregating, collating and reporting data and parameters. Where relevant, include the procedures for calibrating monitoring equipment.

- The organizational structure, responsibilities and competencies of the personnel that will be carrying out monitoring activities.
- The policies for oversight and accountability of monitoring activities.
- The procedures for internal auditing and QA/QC.
- The procedures for handling non-conformances with the validated monitoring plan.
- Any sampling approaches used, including target precision levels, sample sizes, sample site locations, stratification, frequency of measurement and QA/QC procedures.

Section 4.3 of the project description provides little detail on the monitoring plan, procedures, roles and responsibilities and other requirements stated in the *VCS Standard v3.7* and *VCS Project Description Template*.

The VVB is required to ensure that the project description is updated to provide a monitoring plan that includes the information requested in sections 3.16.3 through 3.16.5 of the *VCS Standard v3.7* and section 4.3 of the *VCS Project Description Template*. Additionally, the VVB is required to provide an assessment of the updated monitoring plan and update audit documentation in the validation report accordingly.

VVB Response:

In the latter version of PD it was included a detailed description of the monitoring management system in accordance with the provisions stated in the instruction of the Project Description Template and the provisions of the *VCS Standard v3.7* paragraphs 3.16.3 through 3.16.5.

Likewise, in the validation report it was included an assessment (Section 3.2.8) of the updated monitoring plan described in the latter version of PD.

VCS Response:

Section 4.3 of the project description has been updated to provide more detail on the monitoring plan, procedures, roles and responsibilities. Section 3.2.8 of the validation report has been updated to provide an assessment of the monitoring plan. These updates are sufficient to close this finding and no further action is required in respect of this finding.

3 ASSESSMENT CONCLUSION

On 7 July 2017, VCS issued the first round of findings to Colombian Institute for Technical Standards and Certification (ICONTEC).

On 2 November 2017, VCS received the assessment finding response from ICONTEC. The response included an updated project description, which provided further detail on why the project was rejected from another GHG program and further detail on the project's monitoring plan and a clarification that the

project would not be using the grouped project approach. The validation report was updated to provide an assessment to each of the updates to the project description as well as provide an assessment of the other entities involved in the project. These updates were sufficient to close the findings.

On 3 November 2017, VCS closed all findings and no further action was required by the VVB.