PROJECT REVIEW REPORT

Project ID	1824
Project Name	Liucheng Biomass Power Generation Project in Guangxi Zhuang Autonomous Region, China
Program(s)	VCS
Project Proponent	Liuzhou City Xin'neng Biomass Power Generation Co., Ltd.
Methodology	ACM0006: Electricity and heat generation from biomass, v15.0
Sectoral Scope(s)	01 – Energy industries (renewable / non-renewable)
Validation/Verification Body (VVB)	LGAI Technological Center S.A. (Applus+ Certification)

Assessment Criteria	VCS Standard, v4.1
Date of First Issue	08-Oct-2021
Date of Final Issue	10-Mar-2023

Summary:

An accuracy review of the Liucheng Biomass Power Generation Project in Guangxi Zhuang Autonomous Region, China crediting period renewal approval request has been conducted by Verra in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised 2 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 2 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

Per Section 3.4.4 of the *VCS Standard, v4.1*, "the monitoring period of the monitoring report shall be a distinct time period that does not overlap with previous monitoring periods. Projects shall not be eligible for crediting of GHG emission reductions generated in previous monitoring periods. In addition, monitoring periods shall be contiguous with no time gaps between monitoring periods."

Verra has determined the intent of this rule also applies to crediting period renewal requests; as such, projects will be required to provide proof of monitoring through the end of the previous crediting period before Verra will act on the crediting period renewal request. Once the monitoring and verification reports are submitted for the full extent of the 1st crediting period, Verra will initiate the review of crediting period renewal.

Please note the VVB rotation rules detailed in Section 4.1.20 of the *VCS Standard, v4.1*, will apply. Thus, LGAI Technological Center S.A. (Applus+ Certification) is not eligible to verify the remaining years of the 1st crediting period.

In addition, Section 3.8.9(3) of the *VCS Standard, v4.1*, states that "the updated project description shall be validated in accordance with the VCS Program rules. In addition, the project shall be validated against the (current) scope of the VCS. Such validation report shall be issued after the end of the (previous) project crediting period but within two years after the end of the (previous) project crediting period." Therefore, given that the project completed validation within that validation deadline, Verra accepts this request as compliant with Section 3.8.9(3).

Project Proponent Response:

The contract regarding to the verification for the remain monitoring period of 1st credit period has been signed with CTI. And the verification is under progress. If any evidence is needed in this sense, VERRA should ask directly to the PP/VVB assigned to obtain the contract to demonstrate the Verification is ongoing to maintain confidentiality.

Verra Response (22 Oct 2021):

Verra will proceed with the crediting period renewal request approval once the monitoring report and verification report for the remainder of the 1st crediting period have been submitted to the Verra Registry for review.

Verra Response (19 Dec 2022):

Continuous monitoring for non-AFOLU projects is no longer required by *VCS Standard, v4.4* (released on 21 Dec 2022).

The finding is closed.

Finding 2

Section 4.1.20(2) of the *VCS Standard, v4.1*, states that "A validation/verification body may not verify more than six consecutive years of a project's GHG emission reductions or removals. The validation/verification body may undertake further verification for the project only when at least three years of the project's GHG emission reductions or removals have been verified by a different validation/verification body."

Verra has determined the intent of this rule also applies to validations; as such, projects that verify six consecutive years with one VVB will be required to verify three years of GHG emission reductions or removals with a different VVB before the former VVB is eligible to provide validation services.

The VVB is requested to clarify if the VVB rotation rules in Section 4.1.20(2) of the *VCS Standard, v4.1,* as explained above have been satisfied for the crediting period renewal validation.

VVB Response:

The VVB would like to clarify that the rotation rule as expressed into the Section 4.1.20(2) of the *VCS Standard, v4.1* has been complied. The Section 4.1.20(2) of the *VCS Standard, v4.1* contains two different situations (separating first from the second situation in which a VVB shall rotate under that paragraph):

1. A VVB cannot verify more than 6 consecutive years and if done, three years have to be verified by different VVB to retake further verifications;
2. A VVB cannot perform the renewal of the CP if the VVB has performed the final six consecutive years of a project crediting period.

None of these circumstances are involved in this Validation of Renewal of CP for the project, being the first one not applicable as this is not a verification and the 2nd one not applicable because the VVB has not verified the final six consecutive years (as demonstrated because of the mere existence of the Finding no.1 of this PRR).

The rotation requirements are evaluated in a process called Contract Review (please refer to UNFCCC CDM Accreditation Standard version 07.0 Section 12.1 Paras from 115 to 120). The Contract Review process shall be done before the proposal to the client is even elaborated, in order to ensure, *inter alia;* conflict of interest or provisions that make the DOE not allowed to perform an activity (*e.g.* in CDM, LSC project being validated and verified by same DOE; for VCS, rotation requirements).

At the time of doing the Contract Review process, and in line with what is described in the VCS Standard 4.1 (as well as it was the same in previous versions), has been determined that there is no rotation to be applied, being the same rationale followed since there are such rotation requirements in the VCS program.

The VVB, indeed, has rejected the request for proposal with ID A+SH_SYST_VCS_VER_1321 because it was asking for the verification of this PA, and in Contract Review stage, it has been determined that the rule will be broken, and so, the VVB rejected to elaborate the proposal according to the rotation rule. That is why the final remaining period has been contracted to other VVB as explained in Finding no.1.

Hence, if VERRA determines the “intent” of a requirement is different from the requirement as expressed in the VCS Standard, will be recommendable to inform the VVBs/PPs before putting it into practice, as well as update the VCS Standard accordingly, in order to avoid the VVBs to follow the provisions in the standard as are currently written and to continue following the same practice followed and accepted before.

Mostly, in this particular case, as explained above, these rules are taken into account in a very early stage of the audit process (even before elaborating the proposal), hence, there is no way for VVBs to know such rule will be turned into another different rule (especially if not updated in the VCS Standard)

during any part of the audit process. A VVB performing the contract review to determine the capability to perform the assessment, cannot forecast the change of the rule understanding at the time of project review by VERRA. Thus, the VVB humbly request VERRA to provide an update of the VCS Standard if any new/modified rule is to be applied in the future, so these types of confusions are avoided, mostly in cases where the rule affects the contract review phase. Thanks so much for your understanding.
Verra Response (22 Oct 2021): Thank you for the thorough response and for articulating your internal process for contract reviews. While the intent of Section 4.1.20(2) of the *VCS Standard, v4.1*, is to apply to all VVB auditing services (verification and validation), Verra acknowledges that the VVB has followed the requirements as articulated in the *VCS Standard, v4.1.* As such, Verra will accept the crediting period renewal validation if the project proponent submits an exemption request for the intended VVB rotation rules described in Section 4.1.20(2). Verra plans to expand on this requirement in the next version of the VCS Standard and requests the VVB considers the intent of Section 4.1.20(2) of the *VCS Standard, v4.1*, as described above, in future contract reviews.
Verra Response (19 Dec 2022): The exemption request was submitted by the project proponent. The finding is closed.

2. MINOR FINDINGS

Finding 1
NA

3. ASSESSMENT CONCLUSION

On 08 October 2021, Verra reviewed the verification approval request for project ID 1824, Liucheng Biomass Power Generation Project in Guangxi Zhuang Autonomous, the results of which can be found above. The project review report was sent to LGAI Technological Center S.A. (Applus+ Certification) on 08 October 2021.

On 22 October 2021, Verra reviewed the VVB and project proponent responses to the assessment findings detailed above. Assessment finding 1 will remain open until the required project documents are submitted to the Verra Registry. Assessment Finding 2 requires a response from the project proponent and VVB.

On 10 March 2023, Verra closed all findings. No further action is required.