PROJECT REVIEW REPORT

This project review report includes findings raised during Verra's review of the project specified below. The VVB must address the findings before the project request can be considered for approval by Verra. The project review report will be made publicly available on the Verra Registry. Confidential information may be provided in separate attachments.

Project ID	4234
Project Name	RIDI Grouped Hydro Solar Power Project in Nepal
Review Type	Registration and Verification Review
Program(s)	VCS Program
Verification Period	22 August 2021 to 31 May 2023
Project Proponent	EKI Energy Services Limited
Methodology	AMS I.D. version 18
VVB	TÜV SÜD South Asia Pvt Ltd
Assessment Criteria	*VCS Standard, v4.4*
Date of First Issue	21 February 2024
Review Conclusion	Approved
Date of Final Issue	*18 July 2025*

FINDINGS

<table>
<tr><td>1</td><td colspan="3">Issues with information on Project activity Instances</td></tr>
<tr><td></td><td>Issue
1.Throughout the Joint Project Description & Monitoring Report (JPD&MR) Project Proponent (PP) has used inconsistent nomenclature for the implemented instances.
2.Information related to name, installed capacity of Kabeli B1 Cascade HEP is not consistent in the JPD&MR as well as Joint Validation & Verification Report (JV&VR).
3.As per section 3.6.2 of VCS Standard v4.4, criteria and procedures specified in the methodology in relation to additionality, applicability conditions, determination of baseline and quantification of emission reductions shall be applied separately to each project activity type. However, for both activity types, PP has presented common baseline determination, applicability conditions and quantification of emission reduction in the JPD&MR.
4.Eligibility criteria with respect to inclusion of new project activity instances is not in compliance with requirements laid down in section 3.6.16 of VCS Standard, v4.4.
5.In section 1.3 of JPD&MR, PP has mentioned ‘general criteria to be fulfilled by all project activity instances’ but has not specified what these ‘general criteria’ are.
6.PP has not demonstrated compliance of each instance with capacity limit requirements stated under section 3.6.9 of VCS Standard, v4.4.
7.In section 1.12 of the VCS PD, PP has included coordinates of the current instances implemented in the grouped project. However, as per Section 1.1 PP has mentioned that the geographic boundary of grouped project is entire Nepal. Also, as per section 3.11 of VCS Standard, v4.4, for grouped projects PP needs to provide geodetic co-ordinates for each instance in a KML file when project</td><td>Round 1
VVB Response
1. PP has updated nomenclature throughout Project Description & Monitoring Report (JPD&MR).
2. Kabeli B1 cascade is now consistent throughout the Project Description & Monitoring Report (JPD&MR) and Joint Validation & Verification Report (JV&VR) as well.
3. PP has applied additionality, applicability conditions, determination of baseline and quantification of emission reductions for each project activity type separately.
4. Eligibility criteria with respect to inclusion of new project activity instances is now in compliance with requirements laid down in section 3.6.16 of VCS Standard, v4.4.
5. PP has revised section 1.3 of Project Description & Monitoring Report (JPD&MR) in accordance with 2.1.3 of VCS Standard, v4.4.
6. PP has demonstrated compliance of each instance with capacity limit requirements stated under section 3.6.9 of VCS Standard, v4.4.
7. PP has submitted KML file for all 5 instances and same has been mentioned and verified.

Verra Response
1. Nomenclature made consistent. No further action required.
2. PP has corrected the installed capacity of Kabeli in section1.11 to make it consistent with value reported in</td><td>Closed</td></tr>
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	activity instances do not include distributed energy devices. PP has submitted KML file for just one instance, whereas overall 5 instances have been included during the current validation, verification request. <u>Action Required</u> 1. VVB must ensure that nomenclature and details of the instances are consistent throughout the JV&VR and JPD&MR. 2. VVB must ensure that PP provides information on baseline, additionality, applicability, emission reduction estimation for each activity (hydro, solar) type separately. 3. VVB must ensure that PP incorporates separate eligibility criteria for inclusion of new instances under each activity type. Also, requirements under 'general criteria' must be elaborated. Analysis of updates to be included in JV&VR. 4. PP must demonstrate compliance of instances with section 3.6.9 of VCS Standard. VVB must justify how it validated/verified that each of the 5 instances included during the current validation/verification request complies with capacity limit requirement. 5. VVB must ensure that PP defines the project boundary correctly and provides KML files for each of the instances included during the current validation/verification request. <u>Program Rule(s)</u> VCS Standard, v4.4, sections 3.6.2, 3.6.9, 3.6.16, 3.11	other sections of the joint PD&MR and joint V&V Report. However, the installed/rated capacity of solar PV systems (Chandranigahpur 4 MW instead of 4.95 MW, Dhalkebar 1 MW instead of 1.24 MW & Simara 1 MW instead of 1.248 MW) have not been mentioned accurately throughout the joint PD&MR as well as various sections of joint V&V Report (please refer to paragraph 119, subpoint (i) under point a of CDM Project Standard for Project Activities for definition of 'output' for Type I Project Activities). This finding is open. 3. Said revisions have been carried out. No further action required. 4. PP has included all eligibility criteria as required under sections 3.6.16 and 3.6.17 of the VCS Standard v4.4. No further action required. 5. The said revision has been carried out. No further action required. 6. PP has included the said information under section 1.4 of joint PD&MR. No further action required. 7. Project area co-ordinates have been included under section 1.12 of joint PD&MR. However, the KML file submitted with revised documents is inaccurate. This finding is open. <u>Action Required</u> 1. VVB to ensure that installation capacity of the solar PV systems is mentioned as per manufacturer specifications. 2. VVB to submit correct KML file of the 5 project instances. **Round 2** <u>VVB Response</u> 1. Point 2- Chandranigahpur 4 MW, Dhalkebar 1 MW & Simara 1 MW have now been mentioned accurately throughout the joint PD&MR as well as various	

		sections of joint V&V Report. 2. Point 7- The updated KML file is now provided by PP and accurately demonstrate the project co-ordinates have been included under section 1.12 of joint PD&MR. Verra Response 1. The inconsistency has been addressed. No further action required. 2. Correct KML file submitted. No further action required. This finding is now closed.	

2	Inconsistency in Project Design information		
	Issue 1. Project design options selected in section 1.4 of JPD&MR (both single project and grouped project options have been selected) is not consistent with project design mentioned elsewhere in the said document as well as in JV&VR. 2. Explanation to Criterion 3 states that all project activity instances are solar PV power plants and hydro power plants, whereas each instance as per Section 1.1 of JPD&MR is either Solar PV or hydro power plant. Action Required 1. VVB must ensure that PP selects the correct option under section 1.4 of JPD&MR. 2. VVB to ensure that PP includes correct explanation of the instances eligible under the project. Program Rule(s) Joint Project Description and Monitoring Report, v4.2 section 1.4 VCS Standard, v4.4, sections 3.6	**Round 1** VVB Response 1. PP has selected group project option in section 1.4 of JPD&MR. 2. PP has made the correction as per description mentioned in section 1.1 of JPD&MR. Verra Response Said revisions have been carried out in the joint PD&MR. No further action required.	Closed

3	Inconsistency in information related to Other Entities and project ownership		
	<u>Issue</u> 1.In section 1.6 of the VCS PD, PP has included details of all 4 entities in one table, whereas as per JPD&MR Template information related to each entity along with its role should be mentioned in separate tables. 2.There is inconsistency in information regarding project ownership across both JPD&MR as well as JV&VR. While RIDI Power Company Limited is Sole SPV and responsible for the all instances of the project activity confirmed from commissioning certificates, the entity is listed as 'Other Entities Involved' in section 1.6 rather than as a 'Project Proponent'. <u>Action Required</u> 1.VVB must ensure that PP includes individual entity in separate tables. 2.VVB to ensure that PP provides clarity with respect to project ownership and mentions it consistently throughout the JPD&MR. VVB must apply same consistency in its JV&VR. <u>Program Rule(s)</u> VCS Standard, v4.4, Sections 3.7 and 3.6.17 pt no. 5 Joint Project Description and Monitoring Report, v4.2 sections 1.6 and 1.7 <u>Background</u> Section 1.1 of the JPD&MR states that EKI Energy Services is project developer and ownership of project activity lies with RIDI Power Company Limited, whereas as per section 1.5 and section 1.7 of the document EKI energy services is authorized Project Proponent. As per same section, 1.7,	**Round 1** <u>VVB Response</u> 1. In section 1.6 of the VCS PD as per JPD&MR Template information related to each entity along with its role is mentioned in separate tables. 2. Information regarding project ownership across both JPD&MR as well as JV&VR is now being consistently documented with appropriate justification. <u>Verra Response</u> As per section 3.7.1 of VCS Standard v4.4, 'the project description shall be accompanied by evidence establishing project ownership accorded to the project proponent', however as per description in section 1.7 of the joint PD&MR, the legal ownership of the project activity is with RIDI Power Company Limited. It is not clear therefore, how the project proponent which is EKI Energy Services Limited can claim ownership under "a statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions and/or removals". This finding is open <u>Action Required</u> VVB to ensure PP provides apt justification for project ownership in section 1.7 of the joint PD&MR. VVB to provide its assessment on the above the update in joint V&V Report. **Round 2** <u>VVB Response</u> PP has corrected the information and RIDI Power Company	Closed

	ownership of project activity instances has been demonstrated through commissioning certificates, which would be in the name of entities developing the project. Moreover, section 3.1 of JV&VR mentions that legal ownership of the project is held by RIDI, Ingwa Hydro Power Ltd, Arun Valley Hydropower and API Power company, and all the above mentioned PPs have authorized EKI as project participant and developer.	Limited is the only legal owner of the company which is aligned with requirements defined in VCS Standard v4.4, section 3.7 and 3.6.17. Verra Response Sections 1.5 and .7 have been aligned and now state RIDI Power Company Limited as PP and established ownership as per requirements under section 3.7. No further action required.	

4	**Compliance with Laws, statutes and regulatory framework**		
	Issue 1.In section 1.14 of JPD&MR, PP has included list of project related laws and regulation, however no justification has been provided with respect to their compliance with the grouped project activity. 2.Laws, Statutes and Regulations have been mentioned under one list without differentiating whether the law/statute/regulation applies for hydro or solar or both. Action Required VVB to ensure that description of how project activity type is compliant with mentioned Laws, statutes and regulations must be included in the JPD&MR under separate tables for each activity type. Program Rule(s) VCS Standard, v4.4, Section 3.6.7 Joint Project Description and Monitoring Report, v4.2 section 1.14	**Round 1** VVB Response 1. PP has justified the instances with respect to compliance applicable to the group project activity as per VCS Standard, v4.4, Section 3.6.7. 2. PP has justified the instances with respect to compliance applicable to the group project activity. Verra Response PP has provided clarity with respect to all laws, statutes and regulations that are applicable to solar and hydro projects as well as ones common to both. VVB has provided its assessment on same. No further action required	Closed

5	Demonstration of additionality		
	Issue 1. PP has demonstrated additionality using CDM **Tool 19**-Demonstration of additionality of microscale project activities, **Tool 21**-Demonstration of additionality of small-scale project activities and **Tool 1**- Tool for the demonstration and assessment of additionality, without clarity and justification on sections of each tool applied. 2. Proper referencing of the tools is also missing. 3. In section 3.5, PP has stated that instances less than 15MW are not required to demonstrate common practice analysis, citing reference of Additionality Tool, however applicable section of the Tool has not been stated. Action Required 1. VVB must ensure that PP provides clear reasons and references on use of multiple additionality tools. 2. VVB to ensure that the tools used for demonstration of additionality are correctly referenced. 3. VVB must ensure that justification along with referenced section of additionality tool is included in section 3.5 for not carrying out common practice analysis as per Tool 1. Program Rule(s) VCS Standard, v4.4, Sections 3.6.2 and 3.14	**Round 1** VVB Response 1. PP has applied Tool 19, Tool 21 and Tool 1 and provided justifications of the same. 2. PP has provided referencing of each tool used. 3. PP has stated applicable section of the tool 19, Version 10. Verra Response Above updates have been included in revised joint PD&MR. No further action required.	Closed

5	Demonstration of Benchmark analysis		
	Issue 1.In section 3.5 of JPD&MR, for determining benchmark of **Kabeli HEP**- PP has neither presented calculation of benchmark value of 17.53% nor has provided clarity on why a less conservative value was selected as benchmark	**Round 1** VVB Response 1. PP has included Calculation and justification of benchmark value of kabeli B1 cascade hydro in section 3.5 of Joint PDMR.	Closed

	value. 2.Equity IRR value of Kabeli HEP stated in 'sensitivity analysis table' and 'result of analysis table' do not match. 3.In same section 3.5 for determining benchmark of **Upper Ingwa**-The real benchmark value used for calculation of Nominal Benchmark does not match with value reported in Tool 27- "Guidelines on assessment of investment analysis" as claimed in the JPD&MR. 4.In the same section 3.5-Documentary evidence cited for Life and auxiliary consumption of Ingwa HEP is Rajasthan tariff order. There is no clarity on why tariff order of a state in India would apply for Nepal. 5.Use of 13%/13.52% GST in financial analysis of Ingwa HEP in Section 3.5 of JPD&MR has not been justified. 6.It is unclear why default ROE value of India has been used for calculating benchmark for both Kabeli and Upper Ingwa HEP whereas the projects are being implemented in Nepal. Action Required 1. VVB to ensure that calculation of benchmark value is included in JPD&MR. Additionally, VVB must justify how it concluded that nominal benchmark value used is appropriate. 2. VVB must ensure that ROE (return on equity) values are mentioned consistently throughout section 3.5 of JPD&MR. 3. VVB must justify how it concluded that the value used for calculating nominal benchmark for Upper Ingwa is appropriate. 4. VVB must ensure justification is added for using Tariff data from Rajasthan for Ingwa HEP. 5. VVB must ensure that PP submits all calculations related to benchmark analysis. Moreover, analysis on appropriateness of each input parameter used for	2. Equity IRR value is now consistently defined in section 3.5 of joint PDMR in accordance with IRR sheet. 3. Calculation of benchmark value of upper ingwa is consistently evaluated as per Tool 27 in section 3.5 of joint PDMR. 4. PP has corrected typo error. 5. 13% Is the GST % for that period of Nepal and to proof that now link has been provided, where 13.5% Is the calculated value which is combination of tax plus education cess. 6. PP has corrected the ROE values as per Nepal. Verra Response 1. Kabeli- PP has provided the calculation of benchmark for Kabeli Hydro power project in section 3.5 of joint PD&MR. No further action required. 2. Kabeli & Ingwa-The sensitivity analysis table in section 3.5 of joint PD&MR is still not consistent with the IRR sheets. Project IRR values have also not been correctly reported. 3. Ingwa-PP has provided calculation of benchmark value. The same is deemed acceptable, however other issues have been identified in the IRR calculation spreadsheet for **Ingwa as well as Kabeli**. These are- a. PP has not provided cost break-up of the project activity. b. It is not clear from the values presented in tab 'Assumption' whether the Gross Depreciable value includes the value of land or excludes it. c. In the same tab, value of 'Auxiliary consumption' has been considered as 0, however in the 'P&L Stat.', auxiliary consumption has been considered as 6% of total generation. d. It has not been clarified either in joint PD&MR or joint V&V	

	calculation of Benchmark ROE and project ROE must be presented in the JV&VR. 6. VVB must justify how it concluded the appropriateness of the default ROE value in calculating benchmark for both hydro projects Program Rule(s) VCS Standard, v4.4, Section 3.14 Background KABELI HEP BENCHMARK- PP has mentioned that at the time of investment, project owner had determined benchmark based on default value mentioned in the then applicable version of 'Guidelines on assessment of Investment analysis'(v 05), which calculated to 11.75%, however for demonstration of additionality PP has used latest version 11 of the Tool for arriving at a figure of 17.53% which is less conservative. Also, latest version of the tool at the time of project submission was version 12 not 11.	report that the tax regime considered for IRR calculation were applicable at the time of project decision and if the PP has considered applicable fiscal incentives for IRR estimation. 4. PP has included source of GST value; however, it is not clear why GST of 13% has been considered for Ingwa but not Kabeli. 5. PP has corrected the discrepancy. No further action required. 6. VVB has not included a detailed assessment on the investment analysis in section 3.4.5 of the joint V&V report. Action Required VVB must ensure that all of the open findings listed above are addressed by the PP. VVB must include analysis of the IRR calculation, as per requirements of paragraphs 10 and 15 of the Investment analysis Tool, version 12 in section 3.4.5 of the joint V&V Report. **Round 2** VVB Response 2. PP has corrected the inconsistencies in PDMR with reference to IRR sheet and the sensitivity analysis table in section 3.5 of joint PD&MR is now consistent with the IRR sheets. 3. a. Cost breakup is now provided in project cost tab for both IRR sheet and found to be consistent. b. As total project cost includes the land cost, therefore in assumption tab gross depreciation value includes the land cost. c. PP has made correction and the value of auxiliary consumption is now consistent in all tab for both IRR sheet. d. It has been now incorporated in section 3.5 of JPDMR about tax regime system in Nepal which used to calculate the IRR for	

		the project activity, 4. The GST was a typo error and the has now been revised in IRR sheets as VAT which applicable in Nepal. 6. The section 3.4.5 of joint validation & verification report detailed assessment on the investment analysis is now incorporated.	
		<u>Verra Response</u> 2. This issue is closed. No further action needed. 3.a Cost breakup has been provided, however, PP has revised project cost value in the current submission, while the document referencing this value remains same as previous submission (DPR). Additionally, other input parameter values (loan amount, rate of loan, tariff etc) have also been modified without justification. 3.b Land is not considered as a depreciating asset. PP has not provided any explanation on including land cost under net depreciable value. 3.c PP has corrected the discrepancy. This issue is closed. 3.d Details included. This issue is closed. 4. Inconsistency is addressed. This issue is closed. 6. Analysis included in section 3.4.5 of joint V&V Report. No further action required. Issues 3a and b remain. This finding remains open. <u>Action Required</u> 1. VVB must ensure justification on the difference in values of input parameters such as project cost, loan amount, interest rate, insurance rate, tariff rate etc in the latest submission as compared to previous IRR sheet, although both sets of values are claimed to have been sourced from same source. 2. VVB must include the additional references used for cross	

		verifying the values used for calculating equity IRR. Each of these references must be included in the document review list mentioned in the joint V&V report. 3. VVB must include its assessment on the sensitivity analysis incorporating comparison with actual inflow/outflow values and their effect on equity IRR. 4. PP to provide an explanation on including land cost under net depreciable value. **Round 3** VVB Response (Pending) The project activity was initially listed in the VERRA with following instances: **Instance** / **Project** / **Capacity** / **Techiniology** Instance 1 / Ingwa Hydro Power Limited - Upper Ingwa / 9.70 MW / Hydro Electric Project Instance 2 / Kaberi B1 Cascade / 9.70 MW / Hydro Electric Project Instance 3 / Chandrapur Solar / 4.00 MW / Solar Instance 4 / Dhalkeber Solar / 1.00 MW / Solar Instance 5 / Simara Solar / 1.00 MW / Solar However, during round 3 of the post registration review stage, PP has removed “Instance 1” and decided to move ahead with remaining 4 instances.	

		3.a In the instance 2 i.e. Kaberi B1 cascade, the PP acknowledges the discrepancies in the project cost and other input parameters between the previous and current submissions. During the RFR submission, the PP initially included the project cost components (preliminary works, civil works, day works, infrastructure cost, hydromechanical cost, transportation, environmental, and engineering & management costs) for Ingwa Hydro, as referenced from page 142 of the DPR. Similarly, for Kaberi Hydro, the PP considered pre-construction cost, civil works, hydromechanical cost, transmission line, and infrastructure cost from page 108 of the DPR. Since the Ingwa Hydro is being removed from the group project therefore, VVB has only assessed the above queries raised by VERRA for Kaberi Hydro. VVB has cross checked the actual project cost with the CA certificate provided by a statutory chartered accountant and found that the actual cost of Kabeli project is 2199.257 Mn NR, which is approx. 11 % higher than the assumed cost of NR 1979.23 Mn. Thus, this can be concluded that the actual project cost is higher than the assumed cost and can be accepted as a conservative approach. The tariff was cross checked with the PPA signed between PP and Nepal distribution agency. There are two tariff rates provided with respect to dry and wet season. The section 12 of the PPA (page 12) also talked about the 3% YoY escalation in the tariff up-to initial 5 years. PP has considered weighted average tariff and incorporated the escalation factor for initial 5 years as	

		per the PPA norms. VVB has cross checked the calculation is found appropriate. Moreover, the tariff is incorporated in the sensitivity analysis to check the robustness of the additionality of the project, The rate of interest is cross checked with the loan sanction letter issued by the lending bank. The average actual interest rate is 11.24%, which is higher than the assumed interest rate (10.12%) and found okey as a conservative approach. VVB has revised the FVR in view of the above description. 3.b Regarding the inclusion of land cost under net depreciable value, the PP has acknowledged this oversight and has now corrected the depreciable value in the revised IRR sheet and the revised JPDMR. The VVB has reviewed the correction and confirms that land cost has been appropriately excluded from the depreciable value and added back in the residual value in line with standard accounting practices.	
		Verra Response VVB has included the list of documentary evidence used for cross verifying values used in calculating equity IRR for Kabeli hydropower project. VVB has verified that the values used in calculation are conservative as compared to the actual costs incurred by the PP. This also justifies the values used in sensitivity analysis. No further action required. PP has rectified the error. No further action required.	

6	Estimation of GHG reduction		
	Issue 1. In section 5.1 of the JPD&MR- PP has not defined which of	**Round 1** VVB Response	Closed

	the three options as per CDM Tool 7-'Tool to calculate emission factor of an electricity system', has been selected for delineating project electricity system. 2. Compliance with paragraphs 20 to 27 of Tool 07 has also not been demonstrated in the respective section of JPD&MR. 3. In section 6.1 of JPD&MR as well as Table 3.4.6.1 of JV&VR, the source of Emission Factor for Nepal grid is mentioned as Harmonized IFI default grid factor 2021, however, no clarification has been provided on applicability of the source with respect to Tool 7 or applied methodology. 4. In section 5.1 of the JPD&MR, PP has used equation 1 of Annex 4 of Tool 07 for calculation of connected system weighted average combined emission factor, however, this equation is for calculation of emission factor for an isolated grid. 5. In section 5.2 of JPD&MR, PP has stated that 'the project activity is installation of a new grid-connected solar PV and hydropower plant and does not involve any project emissions from fossil fuel. Therefore PEFF,y, PEGP,y, PEHP,y are equal to zero'. However, project emission from fossil fuel is not the only project emission which is required to be assessed according to the applied methodology. Action Required 1. VVB must ensure that PP clarifies which option has been selected for delineating project electricity system. 2. VVB to ensure that PP demonstrates the compliance of project activity with paragraphs 20-27 of Tool 07 or provides justification for non-compliance. 3. VVB must provide justification for accepting the above-	1. PP has considered weighted average combined margin emission factor has considered. 2. PP has complied all the paragraph 20 to 27 with justification of Tool 7 in respective section of JPD&MR. 3. PP has demonstrated that in the absence of publicly available emission factor for the nepal grid, PP has chosen the IFI default grid emission factor 2021 conservatively. 4. PP has corrected the equation and consider connected system weighted average combined margin emission factor. 5. PP has addressed all the project emissions and provided justification. Verra Response 1,2 & 3. - It is not clear why Tool 07 has been used for calculation of Grid emission Factor for Indian Grid since PP is using default IFI grid factor for Nepal. The finding is open. 4. The grid emission factor for Nepal has been sourced from Harmonized IFI default grid factor 2021. This is deemed acceptable. No further action required. 5. PP has revised section 5.2 to include explanation on project emission. No further action required. Action Required VVB to ensure that PP includes information with respect to estimation of the grid emission factor for the host country only. **Round 2** VVB Response For the issue 1,2 and 3,	

	mentioned source for establishing emission factor for Nepal grid. 4. VVB must justify how it is appropriate for the project activity to calculate weighted average emission factor based on equation specified for calculating average emission factor for an isolated grid. 5. VVB must ensure that PP provides justification for not considering each of the sources of project emission in the JPD&MR. VVB must include an assessment of the above update in the JV&VR. Program Rule(s) VCS Standard, v4.4, Section 3.1.2 and 3.1.3	Emission factor of Nepal electricity system is not available as it is not published by Nepal Electricity Authority (NEA). Hence PP has taken the emission factor of Nepal which is considered as zero from IFI Default Grid Factors 2021 v3.2 published by UNFCCC. However, Nepal is importing electricity from India. Approximately 32% electricity is imported from Indian grid and emission factor of Indian grid is calculated as 0.9105 by using CEA database as per TOOL07. Hence the emission factor of Nepal is calculated as weighted average emission factor of Nepal and India. Moreover, Asian Development Bank has published the emission factor of Nepal which is 348 tCO2/ GWh. Weighted average of Nepal and India grid is taken as 0.2898 tCO2/ MWh (i.e. 289 tCO2/ GWh) which is lower than Asian Development Bank and considered as a conservative. The justification is found to be appropriate and conservative, and the same information has been incorporated in section 6.1 and 5.1 of joint PDMR. Verra Response Justification provided is deemed acceptable. This finding is closed and no further action required.	

7	Requirement for Supply Chain (Scope 3) Emission public statement		
	Issue Under section 1.16.3 of the JPD&MR, pp has simply stated non applicability for Supply Chain (scope 3) emissions without any justification for same..	**Round 1** VVB Response 1. VVB has confirmed and verified that the PP has	Closed

	Action Required VVB must ensure that PP provides justification for not considering Supply Chain (scope 3) emissions. Program Rule(s) VCS Standard, v4.4, Sections 3.23.7 to 3.23.9 Background As per paragraphs 3.23.7 – 3.23.9 of VCS Standard v4.4, Projects for which GHG emission reduction is in a supply chain, requires either its PP to post a statement informing that VCUs may be issued for the project on its website or the producer/retailer of the product or service to issue this statement if they are involved in the project activity.	provided appropriate justification in 1.16.3 of JPDMR, Verra Response As per VCS Standard, v4.4, PP's are expected to aid in the avoidance of Scope 3 emissions double-claiming in Scope 3 emissions statements made by organizations in the supply chains of impacted goods and services involved in the project. As the project activity involves Solar PV system manufacturers, retailers etc, requirements under section 3.23.7 are applicable. This finding is open. Action Required VVB to ensure that PP adheres to the requirements under section 3.23.7 of the VCS Standard, v4.4 and provides acknowledgement in section 1.16.3 of the joint PD&MR. **Round 2** VVB Response PP has revised the section as per the requirements under section 3.23.7 of the VCS Standard, v4.4 and audit team confirm that the PP holds exclusive rights to all Verified Carbon Units (VCUs) generated by the solar power project, as per the power purchase agreement with Nepal Electricity Authority (NEA). The PP is the sole owner of VCUs throughout the supply chain, as evidenced by contractual terms that prevent NEA from claiming or reselling any emission reductions linked to the project. Upstream suppliers, such as Solar PV producers and retailers, supply equipment under standard purchase orders without any VCU-sharing agreements which ensures that emission reductions are solely attributable to the PP, with no risk of double counting within the project's supply chain, particularly in scope 3 emissions.	

		Verra Response This finding is closed. No further action required.	

8	Monitoring of Sustainable development contributions		
	Issue 1. SDG indicator 8.5.1 requires monitoring of mean hourly earnings from paid employment of employees by sex, occupation, age, and disability status. However, as per section 1.17.2 of JPD&MR, number of people employed has been used as source of this SDG indicator. 2. It is not clear how indicator 13.2.2 has been used to demonstrate Goal 13. Target 13.2 refers to Integrating climate change measures into national policies, strategies and planning. It has not been duly justified if the project achieves any of these. Moreover, using indicator 13.2.2 is not in line with requirements of JPD&MR template. Action Required 1. VVB must ensure that PP provides justification for using number of resources employed as an indicator for SDG 8.5.1. 2. VVB must ensure that PP uses correct target/indicator for SDG 13. Program Rule(s) VCS Standard, v4.4, Section 3.17 Joint Project Description and Monitoring Report, v4.2 section 1.17.2	**Round 1** VVB Response 1. PP has revised the SDG indicator appropriately with correct justification. 2. PP has revised the SDG indicator appropriately with correct justification. Verra Response 1. PP has revised monitoring plan for indicator 8.5.1 to minimum wage per hour, however the monitored value for the current monitoring period does not mention the minimum wage per hour categorized as per gender, age, disability status etc of the employees as required by the indicator. Moreover, VVB has included its assessment for indicator 8.6.1 under Table 5.1.2 in the joint V&V report. This finding is open. 2. The indicator for Goal 13 has not been revised as claimed in the response. This finding is open. Action Required 1. VVB to justify its assessment of project's impact on SDG 8.5.1 as claimed by PP in section 1.17.2 of the joint PD&MR. 2. VVB to ensure that PP uses correct indicator for SDG 13. **Round 2**	Closed

		VVB Response 1. VVB has assessed the minimum wage requirement as per the minimum wage and labor law. Additionally, the salary slips have been checked which has been found that PP has been following the minimum wage requirement. The SDG goal 8, indicator 8.5.1 is now consistent in the joint PDMR and joint VV report. 2. VVB has checked and assessed the name of indicator of SDG 13. PP has correctly applied the indicator where the greenhouse gas emissions will be avoided through generation of clean electricity. VVB has assessed and concluded that the grouped project activity has avoided release of 18,234 tCO2e during current monitoring period and it is supposed to avoid 254,051 tCO2e for first crediting period.	
		Verra Response This finding is closed.	