

How to select DOE and preparation for Validation and Verification

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What is a Designated Operational Entity?

Designated Operational Entity (DOE)

Designated operational entities (DOEs) are independent auditors that assess whether a potential project meets all the eligibility requirements of the CDM (validation) and whether the project has achieved greenhouse gas emission reductions (verification and certification).

Introduction to DOEs

- DOE is legal entity with two main functions:
 - ✓ Validation and subsequently registration of a proposed CDM project activity
 - ✓ Verification and certifications of the emission reductions of a registered CDM project activity
- Core task of a DOE is to protect the environmental integrity of the CDM and facilitate the trade in emission reductions by providing confidence.
- DOE has to be independent of the project, this means they cannot consult on the development of the project or the writing of the project design document.

Introduction to DOEs

- DOEs are accredited according to their expertise by the Executive Board of the CDM and are responsible for ensuring compliance of the proposed project with CDM rules.
- DOEs can be auditing or accounting firms, consulting firms, law firms, or non governmental organizations.
- The DOEs are accredited for the sectoral scopes which qualifies them to submit requests for project registration and CER issuance in these sectoral scopes.

Introduction to DOEs

- There are 15 sectoral scopes in total.
 - E.g of sectoral scopes - Sectoral Scope 1 deals with projects related to energy industry (renewable and non renewable)
 - Sectoral Scope 13 deals with projects related to waste handling and disposal
- There are more than 35 DOE's accredited for different sectoral scopes and operating in different regions.
- Except for small scale projects, the DOE performing the validation must be different from the DOE performing the verification.

DOE Selection Criteria for Validation/ Verification

- Identify list of DOE's accredited for sectoral scopes under which the project falls.
- Preferable to have a DOE with operational set up in the region where the project is located.
- The team's experience in the sector and the region where the project is located.
- Availability of resources to meet the timeline for completion of the task (validation/verification).
- Adequate technical competence in case the project falls under 'Complex technical area'.
- Comparison of quotes from DOEs.

VALIDATION PROCESS

CDM Validation Objective

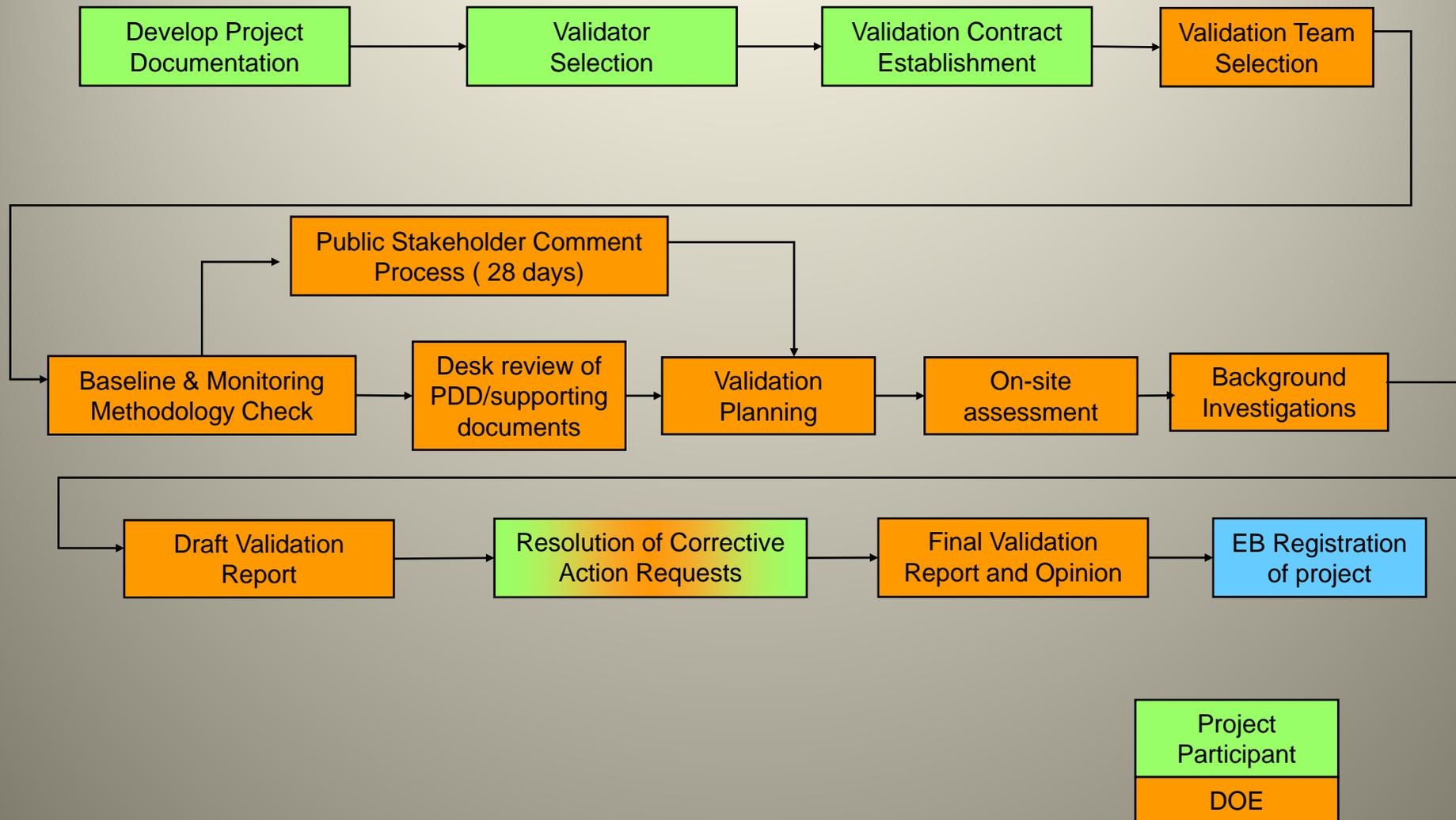
- Independent party assesses project design mainly
 - project's baseline
 - monitoring plan
 - Projects compliance with
 - The requirements of Article 12 of the Kyoto Protocol;
 - The CDM modalities and procedures as agreed in the Marrakech Accords under decision 3/CMP.1
 - the annex to the decision;
 - Subsequent decisions made by COP/MOP & CDM Executive Board and
 - Other relevant rules, including the host country legislation and sustainability criteria
- Assuring stakeholders of the quality of the project and its intended generation of certified emission reductions (CERs).

CDM Validation Criteria

The DOE aims to test and when possible confirm that the project design meets the following criteria:

- UNFCCC criteria: Kyoto Protocol Article 12 criteria, CDM M&P and the relevant decisions by the CDM EB, include, but are not limited to:
 - Participation Requirements
 - Project Design Document
 - Local Stakeholder consultation and Environment Impact
 - Project Additionality
 - Sustainable Development and Approval by Parties Involved
 - Baseline Methodology and Project Baseline
 - Monitoring Methodology and Plan – Coverage of Emission Sources
 - Monitoring Practice and GHG Data Management
- Host Party criteria: National approval as proof that project meets country specific priorities

The Validation Process



Understanding Validation Process

The DOE performs the following tasks before and after onsite assessment:

- Document Review
 - Review of data and information to confirm the correctness, credibility and interpretation of presented information
 - Cross-checks between information provided in the project design documentation and information from independent background investigations
- Follow-up interviews with relevant stakeholders
 - On site, Via telephone, Via email
- Cross-check of information provided by interviewed personnel, i.e. by source check or other interviews

Understanding Validation Process

- Comparison with projects or technology that have similar or comparable characteristics.
- Test of the correctness of critical formulas and calculations.
- Comparisons of similar projects in the host country.

Draft Validation Report

- After onsite visit and background investigation the DOE uses a validation protocol to consider all relevant assessment criteria.
- The validation protocol serves the following purposes :
 - It organises, details and clarifies the requirements that a CDM project is expected to meet;
 - It ensures a transparent validation process where the validating entity will document how a particular requirement has been validated and the result of the determination.
 - The Validation and Verification Manual (VVM) acts as a standard for DOEs. It promotes quality and consistency in the preparation of their validations and verification reports

Draft Validation Report

- A **Corrective Action Request (CAR)** is established where:
 - mistakes have been made in assumptions, application of the methodology or the project documentation which will have a direct influence the project results
 - the requirements deemed relevant for validation of the project with certain characteristics have not been met or
 - there is a risk that the project would not be registered by the UNFCCC or that emission reductions would not be able to be verified and certified.
- A **Clarification Request (CL)** is issued where information is insufficient, unclear or not transparent enough to establish whether a requirement is met.
- A **Forward Action Request (FAR)** is issued when certain issues related to project implementation should be reviewed during the first verification.

Resolution of CAR/CL

- Requests can be resolved or "closed out" by
 - modifying the project design (amendments to the project monitoring plan, or adjustments of the selected project baseline)
 - rectifying and updating the project design documentation
 - Providing additional evidences
- If the CAR/CL are not closed out during validation, it may cause the project not be recommended for UNFCCC registration.
- Corrective action requests may lead to changes in the project documentation
- All changes shall be approved by the project proponent before submitted to the DOE.

Final Validation Report

- Once all the CAR/CL's are satisfactorily responded by the Project Participants the DOE prepares the final validation report.
- The Final Validation Report reflects responses to corrective action and clarification requests, discussions and revisions of project documents
- Gives the final conclusions on the project's conformance with relevant UNFCCC requirements
- Includes a **validation opinion**, which either forms the basis for UNFCCC registration of the project or explains the reason for non-acceptance if the project is judged not to fulfil validation requirements
- Indicates the implications of any remaining corrective action requests not resolved during the validation

VERIFICATION PROCESS

What is Verification?

- Verification is the periodic independent review of the monitored project emissions during the implementation period.
- By comparing these with the baseline emissions, it results in an opinion of the number of emission reductions.
- The verifier “certifies in writing” the number of avoided emissions and submit’s a certification report.
- At this stage a high level of certainty is required

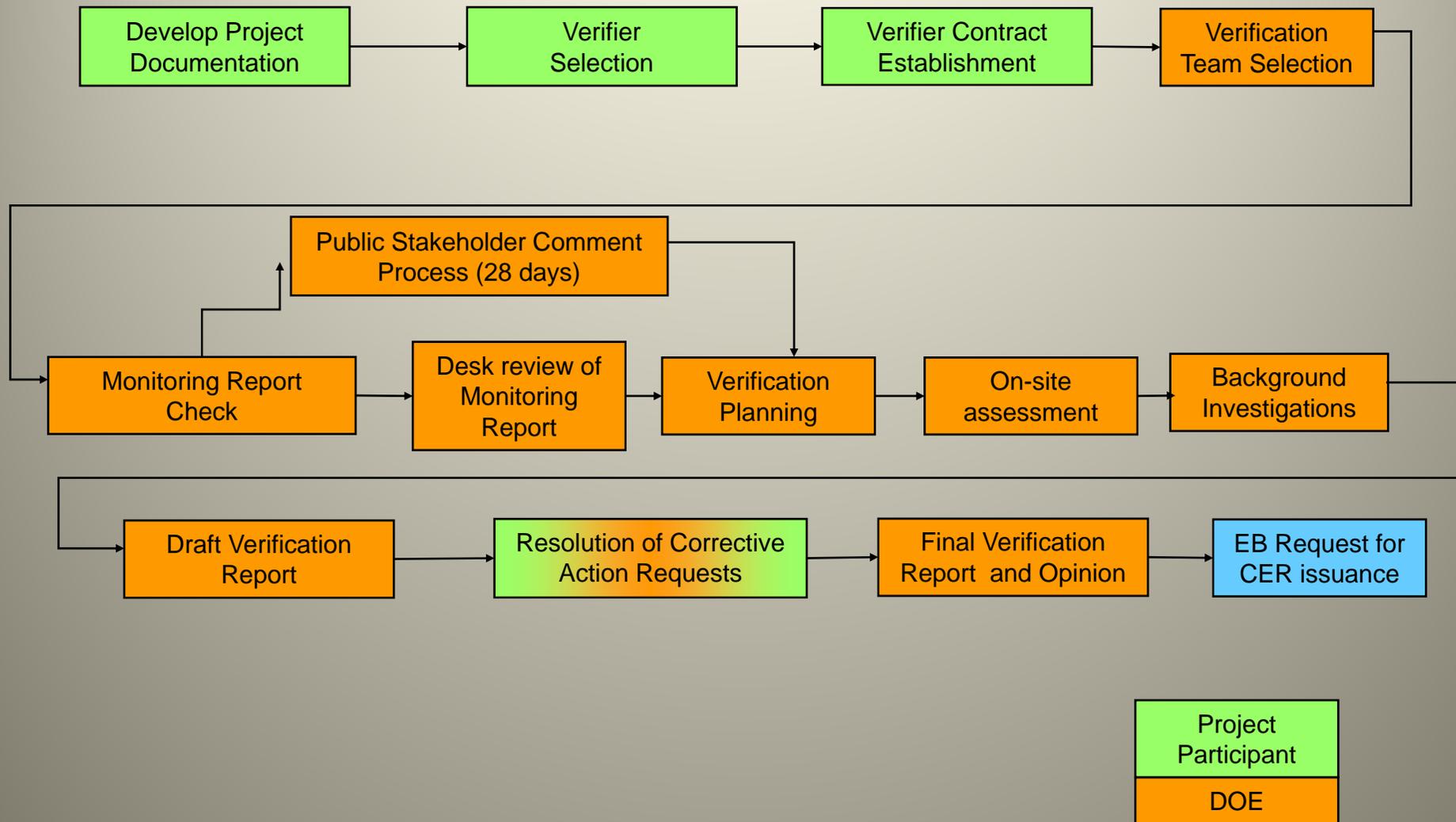
CDM Verification Objective

- Independent party assesses project activity mainly
 - Implementation and operation of project activity as per registered PDD
 - Actual monitoring systems and procedures comply with the monitoring systems
 - Completeness of the monitoring report and other supporting documents
 - Evaluation of data recorded and stored as per monitoring methodology
 - Emission reductions are verifiable

CDM Verification Criteria

- The verifier identifies any concerns related to conformity of the actual project and its operation with the registered PDD. The main criteria are
 - Project implementation in accordance with registered PDD
 - Compliance of the monitoring plan with the monitoring methodology
 - Compliance of monitoring with the monitoring plan
 - Assessment of data and calculation of greenhouse gas emission reductions

The Verification Process



Means of Verification

- Document Review
 - Review of data and information presented to confirm their completeness
 - Review of the monitoring plan and monitoring methodology
 - Evaluation of data management and the quality assurance and quality control system
- Interviews with relevant personnel
- Cross-check between information provided in the monitoring report and data from other sources such as plant log books, inventories, purchase records or similar data sources

Means of Verification

- Identification of quality control and quality assurance procedures
- Test of the correctness of critical formulas, assumptions and calculations
- Comparison between baseline factors and project performance factors to confirm comparability and consistency in the use of the MP

Draft Verification Report

- After onsite visit and background investigation the DOE provides a list of outstanding issues to the PP.
- Resolving of the outstanding issues is required for the DOE's positive conclusion of the achieved GHG emission reduction.
- The validation and verification manual acts as a standard for DOEs. It promotes quality and consistency in the preparation of their validations and verification reports

Draft Verification Report

- A Corrective Action Request is raised where the DOE identifies:
 - non-conformities in monitoring and/or reporting with the monitoring plan and/or methodology;
 - that the evidence provided is not sufficient to prove conformity;
 - mistakes in assumptions, data or calculations that impair the ER;
 - FARs stated during validation that are not solved until the on-site visit.

Draft Verification Report

- A Clarification Request is raised where the DOE does not have enough information or the information is not clear in order to confirm a statement or data.
- A Forward Action Request is raised where the DOE identifies that monitoring and/or reporting require special attention or adjustments for the next verification period.

Resolution of CAR/CL

- Requests can be resolved or "closed out" by
 - modifying the monitoring report (if required applying for revision in project monitoring plan)
 - Rectifying the data used for ER estimation
 - Providing additional evidences
- If the CAR/CL are not closed out during verification, it may cause the monitoring report not be certified for CER issuance.
- All changes shall be approved by the project proponent before submitted to the DOE.

Final Verification Report

- Once all the CAR/CL's are satisfactorily responded by the Project Participants the DOE prepares the final verification and certification report.
- The Final Verification and certification Report is reviewed by the DOE Technical Expert.
- Once approved by the DOE TR the monitoring report and verification and certification report is ready for submission to UNFCCC for CER issuance.

Thank You