

CONTENT

1.	GENERAL SCOPE OF WORK	2
2.	VALIDATION PROCESS	3
2.1.	Assessment using a Validation Protocol	3
2.2.	Review of Documents	3
2.3.	On site visit and follow-up interviews	3
2.4.	Draft-Validation reporting	4
2.5.	Resolution of CARs & CLs.....	4
2.6.	Validation Report	4
2.7.	Technical review & Final Approval	4
2.8.	Submission to EB	5
3.	SCHEDULE OF EVENTS.....	5
4.	TEAM COMPOSITION	5
5.	RIGHTS AND RESPONSIBILITIES OF TÜV NORD CERT GMBH	6
6.	RESPONSIBILITIES OF THE CLIENT	6

If you should require any further information then please do not hesitate to contact us. We will be pleased to help you.

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SERVICE DESCRIPTION OF THE CDM PROGRAMME OF ACTIVITIES AND COMPONENT PROJECT ACTIVITY RENEWAL OF CREDITING PERIOD PROCESS

According to the UNFCCC requirements, a programme of activities / component project activity must undergo a validation of renewal of the crediting period by a Designated Operational Entity (DOE). TÜV NORD CERT GmbH is an accredited DOE for validation and verification of projects under UNFCCC Sectoral Scopes 1 – 16 with additional competence based on project specific knowledge, training and experience.

1. GENERAL SCOPE OF WORK

The validation of renewal of the crediting period is the independent evaluation of the programme of activities / component project activity design, in particular the project's baseline study, the monitoring plan, the emission reductions, which are included in the Project Design Document (POA-DD / CPA-DD) and other relevant supporting documents, by a designated operational entity against the modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol, relevant UNFCCC requirements and host country requirements.

The validation is based on the information made available to TÜV NORD CERT GmbH and on the contract conditions. TÜV NORD CERT GmbH cannot be held liable by any entity for making its validation opinion based on any false or misleading information supplied to it during the course of validation.

TÜV NORD CERT GmbH employs a risk-based approach in the validation, focusing on the identification of significant risks for project implementation and the generation of certified emission reductions (CERs). The service of TÜV NORD CERT GmbH will not include any consulting service. Nevertheless, the client may certainly perceive TÜV NORD CERT GmbH's possible requests for clarifications and/or corrective actions to the client as indicators of possible potential for improvement in the project design.

The validation will follow the procedures of TÜV NORD CERT GmbH's JI/CDM Certification Programme (JI/CDM CP) Quality manual, which is a customized version of the Validation and Verification Standard (VVS).

In carrying out the validation work, TÜV NORD CERT GmbH will apply the following standards and criteria:

- the requirements set forth in the most recent versions of the CDM Rules, including the CDM modalities and procedures under the Kyoto Protocol, subsequent decisions by the CMP, and any relevant documents released by the CDM Executive Board (the "EB") and available on the UNFCCC CDM website at <http://unfccc.int> (the aforementioned requirements together the "CDM Requirements");
- The latest version of the CDM Project Cycle Procedure for programme of activities
- The most recent version of the Clean Development Mechanism Validation and Verification Standard for programme of activities (the "VVS");
- the most recent version of the Standard for Sampling and Surveys for CDM Project Activities and Programme of Activities
- the host country criteria as applicable under the CDM-related laws and regulations of the country in which the PoA and CPAs are physically located.

TÜV NORD CERT GmbH will validate the following information:

- Coordinating/managing entity, host party/ies and PoA Participants;

SERVICE DESCRIPTION OF THE CDM PROGRAMME OF ACTIVITIES AND COMPONENT PROJECT ACTIVITY RENEWAL OF CREDITING PERIOD PROCESS

- design of the programme of activities / component project activity (including technology or measures, baseline and monitoring methodology justification and application and accounting for leakage);
- lifetime of the programme of activities / component project activity;
- Operational and management arrangements, including record-keeping system for each CPA and procedures to avoid double-counting;
- baseline methodology;
- Monitoring plan for a CPA with record-keeping system;
- Indicators/data to be monitored and reported;
- if applicable, statistically sound sampling method to be used for verification;
- Ex-ante estimated emission reductions method and equations of the programme of activities / component project activity;
- Consistency of the programme of activities design with the component project activity design.

2. VALIDATION PROCESS

The validation and subsequent renewal process of the CDM programme of activities / component project activity shall follow the sequence of steps presented below:

2.1. Assessment using a Validation Protocol

For cost-effective and systematic validations of CDM programme of activities / component project activity, one generic protocol will be used as the documented backbone of a transparent validation process. The protocol shows, in a transparent manner, criteria and requirements, means of validation and the results from pre-validating the identified criteria.

2.2. Review of Documents

The project documentation submitted by the client and supporting background documents related to the project design and baseline study as well as monitoring plan will be reviewed. Furthermore, the validation team may use additional documentation or checklist by third parties like host-party legislation, technical reports referring to the project design or to the basic conditions and technical data. The document review shall establish to what degree the presented documents meet the established validation criteria. The findings of initial document review will be presented to the client.

2.3. On site visit and follow-up interviews

Visits of the project site / PPs offices will be carried out in line with the VVS requirements. To ensure an efficient validation process the client has to provide all necessary information and documentation during the site visit and grant access to relevant sites and persons. If TÜV NORD CERT GmbH finds that the information provided by the Client is not sufficient to perform the validation, TÜV NORD CERT GmbH may, at TÜV NORD CERT GmbH's sole discretion, request follow-up interviews with project stakeholders, project developers, consultants and/or technical staff, or financially responsible persons.

SERVICE DESCRIPTION OF THE CDM PROGRAMME OF ACTIVITIES AND COMPONENT PROJECT ACTIVITY RENEWAL OF CREDITING PERIOD PROCESS

2.4. Draft-Validation reporting

The draft validation report will facilitate the joint effort between the client and TÜV NORD CERT GmbH to develop and document answer(s) and conclusions to requirements, which are considered applicable for CDM programme of activities / component project activities. The independent validation exercise and subsequent discussions given in the report shall enable the client to address any concerns TÜV NORD CERT GmbH may have raised related to the project, and how these may be clarified.

In order to remedy any mistakes, problems or any other outstanding issues that needed to be clarified for positive conclusion, Corrective Action Requests (CAR) or Clarification Requests (CL) may be raised. All CLs & CARs are reported and elaborated in terms of implication of CLs & CARs issued in the draft validation report. In the event of issuance of CARs / CLs the client will have to close CARs and respond to CLs before the validation of renewal could be completed.

2.5. Resolution of CARs & CLs

The CARs and CLs stated in the draft validation report will have to be resolved by the client, if these are issued. The requests can be resolved or "closed out" by the client by modifying the project design and by rectifying and updating the project design documentation. If this is not done in the final stages of the validation, it may cause the programme of activities / component project activity not be recommended for renewal, or cause the expected emission reductions not to be subsequently validated and certified.

The number of DOE Assessments on the corrective actions for closure of CARs and CLs raised should be limited to two consecutive rounds. For further resolution, the client and TÜV NORD CERT GmbH may enter into an amendment for additional man-days required.

2.6. Validation Report

The final validation report for renewal of crediting period will reflect the results and any adjustments made to the project after the submission of draft validation report. This final validation report will reflect the responses to corrective action and clarification requests, discussions and revisions of project documents. Thus, the final validation report should give the final conclusions regarding the programme of activities / component project activity conformance with relevant UNFCCC requirements. The validation report may raise issues that need to be subsequently addressed during project verification like the implications of any remaining corrective action requests not resolved during the validation.

The final validation report shall include a validation opinion which either forms the basis for UNFCCC renewal of the programme of activities / component project activity or which explains the reason for non-acceptance if the project is judged not to fulfil validation requirements. In addition, the opinion will be an important decision factor for the client whether to proceed or not with the project.

2.7. Technical review & Final Approval

Before the submission of the final validation report, a technical review and final approval of the whole validation procedure will be carried out.

During the technical review process, the validation opinion and the specific assessments as prepared by the validation team may have been confirmed or revised. Furthermore, reporting improvements might have been achieved.

The technical review follows an overall (esp. procedural) assessment of the complete validation carried out by a qualified auditor.

SERVICE DESCRIPTION OF THE CDM PROGRAMME OF ACTIVITIES AND COMPONENT PROJECT ACTIVITY RENEWAL OF CREDITING PERIOD PROCESS

2.8. Submission to EB

Renewal of the crediting period is the formal extension of a programme of activities / component project activity by the UNFCCC CDM Executive Board (EB) and the continuous verification, certification and issuance of CERs related to the related component project activities.

TÜV NORD CERT GmbH will submit to the EB, if it determines the programme of activities / component project activity to be valid, a request for renewal in the form of a validation report including the programme of activities / component project activity design document and further project relevant documents, like Emission reduction calculation.

A programme of activities / component project activity that is not accepted may be reconsidered for renewal, after appropriate revisions provided that it follows the corresponding UNFCCC procedures and meets the requirements for renewal of crediting period.

3. SCHEDULE OF EVENTS

TÜV NORD CERT GmbH is prepared to begin the work on the renewal of the CDM programme of activities / component project activity within 10 working days upon receipt of all necessary project-related documents such as but not limited to the POA-DD / CPA-DD and the emission reduction calculation upon receipt of Client's valid acceptance of the Offer.

The Client shall submit all necessary project-related documents at least four (4) weeks before TÜV NORD CERT GmbH's (first) site visit. If the client fails to meet the aforementioned timeline or fails to submit any project related documents that it should reasonably have submitted to TÜV NORD CERT GmbH, TÜV NORD CERT GmbH may, at its sole discretion, postpone its site visit(s).

TÜV NORD CERT GmbH will use reasonable efforts to forward the DVR including the CARs and CLs to the Client within four (4) weeks of its (final) site visit.

Upon the Client's submission of its response to CARs and CLs, TÜV NORD CERT GmbH will use reasonable efforts to finalise the FVR within three (3) weeks of TÜV NORD CERT GmbH's receipt of the final documents submitted by the Client.

TÜV NORD CERT GmbH will use reasonable efforts to conduct the Technical Review and Final Approval within six (6) weeks after finalisation of the FVR.

4. TEAM COMPOSITION

An experienced team will carry out the validation of renewal of the crediting period of the programme of activities / component project activity.

The validation team will consist of experienced (lead) auditors and experts covering technical, methodological, environmental, host country and socio-economic competence.

The final team composition will be announced after the conclusion of contract and in the course of the audit planning. The client has the right to reject any team member with sufficient justification. Related Curriculum Vitae of the audit team will be provided upon request vide operations.carbon@tuev-nord.de.

SERVICE DESCRIPTION OF THE CDM PROGRAMME OF ACTIVITIES AND COMPONENT PROJECT ACTIVITY RENEWAL OF CREDITING PERIOD PROCESS

5. RIGHTS AND RESPONSIBILITIES OF TÜV NORD CERT GMBH

In addition to performing the service detailed in the offer TÜV NORD CERT GmbH shall:

Issue a validation report in line with scheme requirements, which will state whether, in the DOE's opinion, the programme of activities / component project activity fulfils the requirements of the scheme. Arrive at its opinion upon consideration of the following matters and reporting as to any aspect with which TÜV NORD CERT GmbH is not satisfied, namely whether:

- All relevant scheme requirements are met
- the monitoring system and procedures are in line with the applied methodology.

TÜV NORD CERT GmbH shall be entitled to Interview attorneys, engineers, analysts, accountants, or other parties deemed by TÜV NORD CERT GmbH to have the qualifications necessary to assist in the performance of the service without any extra fees/charge payable on this account by the client. TÜV NORD CERT GmbH may select and engage such persons without the clients prior approval save that, should the client advise TÜV NORD CERT GmbH that a conflict of interest exists, TÜV NORD CERT GmbH will take all necessary measures to engage alternate advisors.

TÜV NORD CERT GmbH shall perform the service in an efficient, prompt, skillful and careful manner in accordance with the current industry standards, practices and accredited procedures. In performing the service, TÜV NORD CERT GmbH shall observe and obey all applicable laws, regulations, rules and standards imposed by any government or other duly constituted authority having jurisdiction in the host country.

TÜV NORD CERT GmbH by accepting the offer neither automatically guarantees a positive validation opinion nor the renewal of crediting period of the programme of activities / component project activity by the CDM Executive Board (EB).

TÜV NORD CERT GmbH has the right to subcontract members of the TÜV NORD JI/CDM Certification Program of other entities and external individuals.

6. RESPONSIBILITIES OF THE CLIENT

The client is responsible for:

Preparing a Programme of activities / Component project activity Design Document in compliance with the rules set by the applied scheme. In case of changes to the scheme during execution of the service the client shall adapt the project documents to the new regulations.

Determining baseline scenario and emission reductions using approved methodologies and tools and scientifically appropriate protocols as required by the scheme.

Preparing a monitoring plan consistent with the rules of the scheme in question, to gather the necessary data and reporting data in a complete, transparent and accurate manner.

Providing TÜV NORD CERT GmbH with:

- the necessary and requested access to client books, records, information systems and facilities such that TÜV NORD CERT GmbH is able to validate the data and assumptions presented in the Programme of activities / Component project activity documents.
- all information, documentation, data or other material or taking all measures required by the scheme unless TÜV NORD CERT GmbH is expressly responsible for providing such measures. In case of

**SERVICE DESCRIPTION OF THE CDM PROGRAMME
OF ACTIVITIES AND COMPONENT PROJECT
ACTIVITY RENEWAL OF CREDITING PERIOD
PROCESS**

deadlines set by the scheme concerning material to be provided or measures to be taken by the client, the client shall provide TÜV NORD CERT GmbH with material 3 working days before expiry of the deadline.

Complying with TÜV NORD CERT GmbH's requests to conduct interviews, meetings and/or discussions with client's employees and agents on any matters relating to the service, within such deadlines as TÜV NORD CERT GmbH shall establish.

All obligations of the client shall be performed according to the scheme in force when performing the obligations. In case of changes to the scheme affecting performances already rendered the client shall amend or render anew its performances accordingly.