



VERIFICATION REPORT CARBON TRADE AND FINANCE SICAR S.A.

VERIFICATION OF THE “IMPLEMENTATION OF MODERN TECHNOLOGIES OF SINTER PRODUCTION AND BLAST FURNACES CHARGING AT OJSC “MMK”

REPORT No. RUSSIA-VER/0148/2011

REVISION No. 02

BUREAU VERITAS CERTIFICATION



VERIFICATION REPORT

“Implementation of modern technologies of sinter production and blast furnaces charging at OJSC “MMK”

Date of first issue: 25/08/2011	Organizational unit: Bureau Veritas Certification Holding SAS
Client: Carbon Trade & Finance SICAR S.A.	Client ref.: Mr. Ingo Ramming

Summary:

Bureau Veritas Certification has made the initial and the 1st periodic verification of the “Implementation of modern technologies of sinter production and blast furnaces charging at OJSC “MMK””, JI Registration Reference Number 0232, project applying the JI specific approach regarding baseline setting and additionality demonstration and assessment, on the basis of UNFCCC criteria for the JI, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria. The verification was commissioned by Carbon Trade & Finance SICAR S.A.

The verification scope is defined as a periodic independent review and ex post determination by the Accredited Independent Entity of the monitored reductions in GHG emissions during defined verification period, and consisted of the following three phases: i) desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final verification report and opinion. The overall verification, from Contract Review to Verification Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

The first output of the verification process is a list of 6 Corrective Actions Requests (CARs) presented in Appendix A.

In summary, Bureau Veritas Certification confirms that the project is implemented as per determined changes. Installed equipment being essential for generating emission reduction runs reliably and is calibrated appropriately. The monitoring system is in place and the project is generating GHG emission reductions. The GHG emission reduction is calculated accurately and without material errors, omissions, or misstatements, and the ERUs issued totalize 358,084 tons of CO₂eq for the initial and the 1st periodic monitoring period from January 1st 2009 to December 31st 2010.

Our opinion relates to the project's GHG emissions and resulting GHG emission reductions reported and related to the approved project baseline and monitoring, and its associated documents.

Report No.: RUSSIA-ver/0148/2011 rev.02	Subject Group: JI
Project title: “Implementation of modern technologies of sinter production and blast furnaces charging at OJSC “MMK”	
Work carried out by: Andrey Rodionov – Lead Verifier	
Work reviewed by: Vera Skitina – Internal Technical Reviewer	
Work approved by: Leonid Yaskin – Operational Manager	
Date of this revision: 26/08/2011	Rev. No.: 02
Number of pages: 19	

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1 INTRODUCTION

Carbon Trade & Finance SICAR S.A. (hereafter called "CTF SICAR") has commissioned Bureau Veritas Certification to verify the emissions reductions of its JI project "Implementation of modern technologies of sinter production and blast furnaces charging at OJSC MMK, (hereafter called "the project").

This report summarizes the findings of the verification of the project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

1.1 Objective

Verification is the periodic independent review and ex post determination by the Accredited Independent Entity of the monitored reductions in GHG emissions during defined verification period.

The objective of verification can be divided in Initial Verification and Periodic Verification.

UNFCCC criteria refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

1.2 Scope

The verification scope is defined as an independent and objective review of the project design document, the project's baseline study and monitoring plan and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations.

The verification is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project monitoring towards reductions in the GHG emissions.

1.3 Verification Team

The verification team consists of the following personnel:

Andrey Rodionov

Bureau Veritas Certification, Lead Verifier

This verification report was reviewed by:

Vera Skitina

Bureau Veritas Certification, Internal Technical Reviewer



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2 METHODOLOGY

The overall verification, from Contract Review to Verification Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

In order to ensure transparency, a verification protocol was customized for the project, according to the version 01 of the Joint Implementation Determination and Verification Manual, issued by the Joint Implementation Supervisory Committee at its 19 meeting on 04/12/2009. The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from verifying the identified criteria. The verification protocol serves the following purposes:

- It organizes, details and clarifies the requirements a JI project is expected to meet;
- It ensures a transparent verification process where the verifier will document how a particular requirement has been verified and the result of the verification.

The completed verification protocol is enclosed in Appendix A to this report.

2.1 Review of Documents

The Monitoring Report (MR) submitted by CTF Consulting (subsidiary of Carbon Trade & Finance SICAR S.A.) and additional background documents related to the project design and baseline, i.e. country Law, Project Design Document (PDD), and Guidance on criteria for baseline setting and monitoring, Host party criteria, Kyoto Protocol to be checked by an Accredited Independent Entity were reviewed.

The verification findings presented in this report relate to the Monitoring Report Version 1.2 dated 12 July 2011 /1/ and the project as described in the determined PDD /2/.

2.2 Follow-up Interviews

During onsite visit in the frame of the project determination on 17/08/2010, Bureau Veritas Certification verifier collected the actual data and conducted the interviews with representatives of the OJSC MMK and CTF Consulting (see the list of interviewees in Section 5) both for the stage of determination and as verification of the project. The main topics of the interviews are summarized in Table 1. Later in the frame of the project verification for accurate definition of the data and acquisition of the additional information the phone conferences were conducted.



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Desk review approach has been applied for the verification on 15-20/08/2011.

Table 1. Interview topics related to verification

Interviewed organization	Date	Interview and/or inspected topics
OJSC MMK	17/08/2010	<ul style="list-style-type: none"> ➤ Status of project equipment ➤ Revisions of Monitoring plan ➤ Collected data ➤ Passports and evidence of calibration of measuring equipment ➤ Data logs (samples) ➤ Data reports (samples) ➤ QC and QA procedures ➤ Use of calculation tool ➤ Emission calculations ➤ QC and QA procedures ➤ Monitoring report
CONSULTANT CTF Consulting	N/A	Ditto
(Local Stakeholder)	N/A	N/A

2.3 Resolution of Clarification, Corrective and Forward Action Requests

The objective of this phase of the verification is to raise the requests for corrective actions and clarification and any other outstanding issues that needed to be clarified for Bureau Veritas Certification positive conclusion on the GHG emission reduction calculation.

If the Verification Team, in assessing the monitoring report and supporting documents, identifies issues that need to be corrected, clarified or improved with regard to the monitoring requirements, it should raise these issues and inform the project participants of these issues in the form of:

- (a) Corrective action request (CAR), requesting the project participants to correct a mistake that is not in accordance with the monitoring plan;
- (b) Clarification request (CL), requesting the project participants to provide additional information for the AIE to assess compliance with the monitoring plan (were not raised in this assignment);



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(c) Forward action request (FAR), informing the project participants of an issue, relating to the monitoring that needs to be reviewed during the next verification period.

To guarantee the transparency of the verification process, the concerns raised are normally documented in more detail in the verification protocol in Appendix A. No issues of concern were reported in this verification.

3 VERIFICATION CONCLUSIONS

In the following sections, the conclusions of the verification are stated.

The findings from the desk review of the original monitoring documents and the findings from interviews during the follow up visit are described in the Verification Protocol in Appendix A.

The Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Verification Protocol in Appendix A. The verification of the Project resulted in 6 Corrective Action Requests.

The number between brackets at the end of each section corresponds to the DVM paragraph.

3.1 Remaining issues and FARs from previous verifications

Not applicable.

3.2 Project approval by Parties involved (90-91)

The project has no approval by host Party.

The project has approval by Party B which was received on 15th April 2011 namely the Declaration of Approval from State of the Netherlands, acting through the Ministry of Economic Affairs, Agriculture and Innovation and its implementing agency "NL Agency", being the Designated Focal Point for Joint Implementation (JI) in The Netherlands /5/.

The abovementioned written approval is unconditional.

Outstanding issues related to Project approval by Parties involved (90-91), PP's response and the AIE conclusion are summarized in Appendix A Table 2 (refer to CAR 01 and CAR 02).



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3.3 Project implementation (92-93)

The implementation status of the project corresponds with implementation schedule of the determined PDD as described in Appendix A, paragraph 92, and the starting date of operation is 27/08/2004.

The progress of the proposed JI project achieved is steady. The blast furnace complex with auxiliary equipment supporting its operation is commissioned and operating in line with implementation schedule of determined PDD.

Implementation of the equipment consisted of the following stages:

- Installation of BLT at BF #4 with date of accomplishment November 2006;
- Installation of SCaSU at SP #3 with date of accomplishment December 2006;
- Installation of BLT at BF #6 with date of accomplishment March 2007;
- Installation of SCaSU at SP #2 with date of accomplishment July 2007;
- Installation of BLT at BF #9 with date of accomplishment December 2007;
- Installation of BLT at BF #10 with date of accomplishment August 2010;
- Installation of BLT at BF #2 with date of accomplishment March 2010.

The project started generation of emission reductions on 01/01/2009, as confirmed by measuring data in accordance with monitoring plan.

Outstanding issues related to Project implementation (92-93), PP's response and the AIE conclusion are summarized in Appendix A Table 2 (refer to CAR 03).

The issued CAR 03 concerns the project implementation schedule.

3.4 Compliance of the monitoring plan with the monitoring methodology (94-98)

The monitoring occurred in accordance with the original monitoring plan of the determined PDD which was revised against that provided in the PDD regarding which the determination has not been deemed final in the JI terms.

For calculating the emission reductions key factors such as the project BFP specific consumption of materials, fuel and energy carriers and iron output by blast furnace complex (refer to MR Table B 2.1) were taken into account.



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Data sources used for calculating emission reductions, as provided in Appendix A para 95 (b) are clearly identified, reliable and transparent /6-8/.

Emission factors are selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice.

The calculation of emission reductions is based on conservative assumptions and the most plausible scenarios in a transparent manner as described in Appendix A paragraph 95 (d).

Outstanding issues related to Compliance of the monitoring plan with the monitoring methodology (94-98), PP's response and the AIE conclusion are summarized in Appendix A Table 2 (refer to CAR 04 and CAR 05).

The issued CARs concern notation of values (CAR 04) and evidence of initial data (CAR 05).

3.5 Revision of monitoring plan (99-100)

Monitoring of GHG emission reductions was carried out as per the Monitoring Plan of the determined PDD although there are some revisions (refer to MR, Section C).

The verifier positively determined these revisions and found them as improving the applicability of information collected compared to the original monitoring plan without changing conformity with the relevant rules and regulations for the establishment of monitoring plans.

These revisions from original monitoring plan (refer to PDD, version 1.4 dated 29/09/10, Section D) are appropriately justified (refer to MR, Section C).

3.6 Data management (101)

The data and their sources, provided in the Monitoring Report Version 1.2 dated 12/07/2011 /1/, are clearly identified, reliable and transparent.

The implementation of data collection procedures is in accordance with the monitoring plan, including the quality control and quality assurance procedures. These procedures are mentioned in the section B.3 of monitoring report /1/.

The function of the monitoring equipment, including its calibration status, is in order. The internal quality system of OJSC "MMK" is functioning in accordance with the appropriate national standards and regulations in the



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metallurgical industry. Electricity and gas meters for commercial accounting and gauges are calibrated /18-23/ and by accredited organizations.

The evidence and records used for the monitoring are maintained in a traceable manner.

The data collection and management system for the project is in accordance with the monitoring plan. Executive director of OJSC MMK manages of the monitoring team through coordinating activities of the shop and departments, namely: Operating departments (BPCP, BFP, EAFP); Scientific and Technological Center (Central Lab); Center of Energy Saving Technologies; Technological department and etc. provides initial internal verification of accounting data and calculation of emissions based on yearly monitoring data base and in accordance with specialized corporate procedure SSGO-01-2010. Persons responsible for implementation of monitoring activities within the departments (refer to MR Section B.3) are appointed. Heads of departments are responsible for the quality, completeness and reliability of the information provided.

Outstanding issues related to Data management (101), PP's response and the AIE conclusion are summarized in Appendix A Table 2 (refer to CAR 06).

The issued CAR 06 concerns evidence of calibration.

3.7 Verification regarding programmes of activities (102-110)

Not applicable.

4 VERIFICATION OPINION

Bureau Veritas Certification has performed the initial and 1st periodic verification of the "Implementation of modern technologies of sinter production and blast furnaces charging at OJSC "MMK" JI Project, which applies the JI specific approach. The verification was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

The verification consisted of the following three phases: i) desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final verification report and opinion.



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CTF Consulting is responsible for the preparation of the GHG emissions data and the reported GHG emissions reductions of the project on the basis set out within the project Monitoring Plan indicated in the final PDD version 1.4 dated 29/09/2010. The development and maintenance of records and reporting procedures in accordance with that plan, including the calculation and determination of GHG emission reductions from the project, is the responsibility of the management of the project.

Bureau Veritas Certification verified the Project Monitoring Report version 1.2 dated 12/07/2011 for the reporting period as indicated below. Bureau Veritas Certification confirms that the project is implemented as per determined changes. Installed equipment being essential for generating emission reduction runs reliably and is calibrated appropriately. The monitoring system is in place and the project is generating GHG emission reductions.

Bureau Veritas Certification can confirm that the GHG emission reduction is accurately calculated and is free of material errors, omissions, or misstatements. Our opinion relates to the project's GHG emissions and resulting GHG emissions reductions reported and related to the approved project baseline and monitoring, and its associated documents. Based on the information we have seen and evaluated, we confirm, with a reasonable level of assurance, the following statement:

Reporting period: From 01/01/2009 to 31/12/2009

Baseline emissions	: 10,992,490	t CO ₂ equivalents.
Project emissions	: 10,774,854	t CO ₂ equivalents.
Emission Reductions (2009)	: 217,636	t CO ₂ equivalents.

Reporting period: From 01/01/2010 to 31/12/2010

Baseline emissions	: 12,473,680	t CO ₂ equivalents.
Project emissions	: 12,333,232	t CO ₂ equivalents.
Emission Reductions (2010)	: 140,448	t CO ₂ equivalents.

5 REFERENCES

Category 1 Documents:

Documents provided by CTF Consulting that relates directly to the GHG components of the project.

- /1/ Monitoring Report (Versions 1.2 dated 12/07/2011)
"Implementation of modern technologies of sinter production and blast furnaces charging at OJSC "MMK". Monitoring period



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01/01/2009 – 31/12/2010.

Excel spreadsheet with calculation of emission reduction. Provided by MR Developer.

/2/ PDD_MMK_BLT_eng_ver 1.4_29 09 10

/3/ Final Determination Report RUSSIA/0084/2010 v.01 dated 06/10/2010

Category 2 Documents:

Background documents related to the design and/or methodologies employed in the design or other reference documents.

/4/ JISC Guidance on criteria for baseline setting and monitoring. Version 02.

/5/ Approval by Party B dated 15/04/2011

/6/ Technical report (paper form) of blast furnace shop for 1988

/7/ Technical reports (paper form) of blast furnace shop for 2004-2006

/8/ Technical reports (electronic form) of blast furnace shop for 2009 and 2010

/9/ List of workers who trained for working on sinter stabilization equipment, 18.08.2010

/10/ Certificate of Mr Nazarov who successfully passed an examination for working on sinter stabilization equipment, 01.12.2006

/11/ Table "Quality of sinter" for 2010

/12/ Plan of training for Metrological service, 19.04.2010

/13/ Planed cost breakdown for steelmaking pig iron in August 2004

/14/ Planed cost breakdown for steelmaking pig iron in December 2004

/15/ Planed costs for implementation of sinter stabilization equipment for 2004

/16/ Initial conditions for estimate of ERUs for JI projects, 2008

/17/ PD MMK 3-CCGO-01-2010, State of Monitor ERUs for 2010

/18/ Schedule of calibration measurement equipment for 2010

/19/ Schedule of checking up measurement equipment for 2010

/20/ Passports of scales ##251-253, 018, 020 of December 9, 2004

/21/ Passport of scale #320 of June 14, 2007

/22/ Passport of bunker scale #4-VK3 of February 22, 2005

/23/ List of scales of BF shop as of January 15, 2010

/24/ List of counter which is used for calculation of electric energy consumption, 01.05.2010

/25/ List of Measurement instrumentation of BF shop as of January 19, 2010

/26/ Power rates for 2004

/27/ PD MMK 3-TY-05-2008, State of Metrological service in OJSC MMK for 2008

/28/ Permission of "Rostekhnadzor" #1855 for harmful substances emission from January 01 2009 to January 01, 2010

/29/ Permission of "Rostekhnadzor" #CH-2123 for harmful substances



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- emission from January 01 2010 to January 01, 2011
- /30/ Permission of "Rostehnadzor" #116 for harmful substances emission from January 01 2005 to January 01, 2006
- /31/ Conclusion of "Rostehnadzor" #167 for implementation of sinter stabilization equipment in shop 2 and 3, 04.09.2006
- /32/ Conclusion of "Rostehnadzor" #226 for implementation of BLT charger, 04.09.2006
- /33/ Order #529 about validation of "Rostehnadzor" conclusion #226, 05.09.2006
- /34/ Explanatory note at form 2-TP air for 2008
- /35/ Explanatory note at form 2-TP air for 2009
- /36/ Explanatory note about estimation of maximum permissible emission for implementation of BLT charger, volume 8, 2006
- /37/ Schedule of laboratory control to observe regulations of maximum permissible emission, 2010
- /38/ Acceptance certificate #43-07 for implementation of BLT charger in BF#4, 2007
- /39/ Acceptance certificate #6-07 for implementation of BLT charger in BF#6, 2007
- /40/ Acceptance certificate #30-07 for implementation of sinter stabilization equipment in agglfactory #2, 2007
- /41/ Acceptance certificate #23-08 for implementation of sinter stabilization equipment in agglfactory #3, 2007
- /42/ Act for equipment implementation

Persons interviewed:

List persons interviewed during the verification or persons that contributed with other information that are not included in the documents listed above.

- /1/ I. Sviridov – OJSC MMK, Acting Head of Energy Department of shop
- /2/ O. Maevskii – OJSC MMK, Key Specialist of Automation Department
- /3/ P. Dovjenco – OJSC MMK, Lead Engineer of UPT
- /4/ N. Konsov – OJSC MMK-Informservice, Key Specialist
- /5/ V. Juravlev - OJSC MMK, Key Specialist of blast-furnace production
- /6/ A. Mitchin – OJSC MMK, Project Manager
- /7/ M. Gainutdinova – OJSC MMK, Lead Economist
- /8/ O. Zudilin – OJSC MMK, Head of Agglfactory
- /9/ A. Rubakov – OJSC MMK, Deputy Head of Agglfactory
- /10/ O. Barbul – OJSC MMK, Deputy Head of Agglfactory
- /11/ V. Kozzioulin – OJSC MMK, Deputy Head of Environmental Protection Department



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- /12/ E. Ptisin – OJSC MMK, Lead Engineer of Environmental Protection Laboratory
- /13/ K. Myachin - CTF Consulting, Carbon Project Manager



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Appendix A: company PROJECT VERIFICATION Protocol

Table 1

Check list for verification, according to the JOINT IMPLEMENTATION DETERMINATION AND VERIFICATION MANUAL (Version 01)

DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
Project approvals by Parties involved				
90	Has the DFPs of at least one Party involved, other than the host Party, issued a written project approval when submitting the first verification report to the secretariat for publication in accordance with paragraph 38 of the JI guidelines, at the latest?	<p>CAR 01. The project has no approval by at least one of other than the host Party.</p> <p>CAR 02. Please include the information to the MR about the status of the JI project and its approval by the Parties involved.</p> <p>The revised MR has information that the project has approval by Party B which was received on 15th April 2011. Copy of the approval was sent by e-mail to AIE.</p>	<p>CAR 01</p> <p>CAR 02</p>	<p>OK</p> <p>OK</p>
91	Are all the written project approvals by Parties involved unconditional?	Written project approvals by Parties involved are unconditional.	OK	OK
Project implementation				
92	Has the project been implemented in accordance with the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website?	<p>Implementation schedule of the project equipment consisted of the following stages:</p> <ul style="list-style-type: none"> – Installation of BLT at BF #4 with date of accomplishment November 2006; – Installation of SCaSU at SP #3 with date of accomplishment December 2006; – Installation of BLT at BF #6 with date of accomplishment March 2007; – Installation of SCaSU at SP #2 with date of accomplishment July 2007; – Installation of BLT at BF #9 with date of accomplishment December 2007; – Installation of BLT at BF #10 with date of accomplishment August 2010; 	CAR 03	OK



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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
		<p>– Installation of BLT at BF #2 with date of accomplishment March 2010.</p> <p>The achieved emission reduction for the 1st monitoring period 01/01/09 – 31/12/10 is 358,084 t CO₂ which is lower than the determined one in the PDD (568,063 t CO₂).</p> <p>CAR 03. Please include the project implementation schedule to MR and provide appropriate evidence of the commissioning of project equipment.</p>		
93	What is the status of operation of the project during the monitoring period?	<p>Pending response to CAR 03.</p> <p>The emission reductions have been generated and monitored from 01.01.2009.</p>	Pending	OK
Compliance with monitoring plan				
94	Did the monitoring occur in accordance with the monitoring plan included in the PDD regarding which the determination has been deemed final and is so listed on the UNFCCC JI website?	<p>The Monitoring System is operational in Magnitogorsk Iron and Steel Works OJSC. Monitoring of GHG emission reductions was carried out as per the Monitoring Plan of the determined PDD although there are some deviations. The deviations from monitoring plan are specified in section C of MR namely:</p> <ul style="list-style-type: none"> – changing of recording frequency of carbon content in metallurgical coke ; – purchase a part of required metallurgical coke from other coke producers. <p>Section C of MR includes appropriate justification for these deviations.</p> <p>CAR 04. Notation of values BE coke, NG for BF (2, 4, 6, 9, 10) in MR differs from the same in the determined PDD. Please correct.</p>	CAR 04	OK
95 (a)	For calculating the emission reductions or enhancements of net removals, were key factors, e.g. those listed in 23 (b) (i)-(vii) above, influencing the baseline emissions or net removals and the	AIE confirms that for calculating the emission reductions, key factors, those listed in 23 (b) (i)-(vi) DVM, influencing the baseline emissions and the activity level of the project as well as risks associated with the project were taken into	OK	OK



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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
	activity level of the project and the emissions or removals as well as risks associated with the project taken into account, as appropriate?	account (refer to PDD Section B.2).		
95 (b)	Are data sources used for calculating emission reductions or enhancements of net removals clearly identified, reliable and transparent?	<p>The data sources used for calculating emission reductions are not clearly identified, reliable and transparent.</p> <p>CAR 05. Please provide evidence of initial data used for calculation GHG reduction.</p> <p>Calculation of emission reduction was carried out on the excel spreadsheets "ERUs calculatuion MMK BLT 2009 Eng ver 1.0_11.04.11" and "ERUs calculatuion MMK BLT 2010 Eng ver 1.0_11.04.11" which were made available to AIE. The results of calculation of emission reduction are presented in MR Section D.</p>	CAR 05	OK
95 (c)	Are emission factors, including default emission factors, if used for calculating the emission reductions or enhancements of net removals, selected by carefully balancing accuracy and reasonableness, and appropriately justified of the choice?	The verifier confirms that the emission factors which are used for calculating the emission reductions are selected by carefully balancing accuracy and reasonableness, and the choice is appropriately justified by MR developer, such as emission factor for dry metallurgical coke produced is calculated in line with Tier 3 approach described in Section 4.2.2 of Chapter 4 of IPCC Guidelines on National GHG Inventories 2006.	OK	OK
95 (d)	Is the calculation of emission reductions or enhancements of net removals based on conservative assumptions and the most plausible scenarios in a transparent manner?	<p>Conservative assumptions are not explicitly addressed in the PDD.</p> <p>The calculation of emission reductions are based, in a transparent manner on plant specific data.</p> <p>Pending response to CAR 05.</p>	Pending	OK
Applicable to JI SSC projects only_Paragraph 96_not applicable				
Applicable to bundled JI SSC projects only_Paragraphs 97-98_No applicable				
Revision of monitoring plan				
Applicable only if monitoring plan is revised by project participant				



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DVM Paragraph	Check Item	Initial finding	Draft Conclusion	Final Conclusion
99 (a)	Did the project participants provide an appropriate justification for the proposed revision?	N/A		
99 (b)	Does the proposed revision improve the accuracy and/or applicability of information collected compared to the original monitoring plan without changing conformity with the relevant rules and regulations for the establishment of monitoring plans?	N/A		
Data management				
101 (a)	Is the implementation of data collection procedures in accordance with the monitoring plan, including the quality control and quality assurance procedures?	An information/process flow diagram, describing the entire process from raw data to reported totals is developed at the stage of PDD determination and is fulfilled without changes.	OK	OK
101 (b)	Is the function of the monitoring equipment, including its calibration status, is in order?	Magnitogorsk Iron and Steel Works OJSC has relevant plans, procedures and schedules for calibration of monitoring equipment. Measuring devices have records of calibration and are periodically exposed to due maintenance procedures. CAR 06. Please provide to AIE evidence of calibration of the monitoring equipment and include an appropriate information to MR.	CAR 06	OK
101 (c)	Are the evidence and records used for the monitoring maintained in a traceable manner?	Pending response to CAR 05.	OK	OK
101 (d)	Is the data collection and management system for the project in accordance with the monitoring plan?	The data collection and management system for the project is developed at the stage of PDD determination and is maintained in accordance with the monitoring plan.	OK	OK
Verification regarding programs of activities (additional elements for assessment) Paragraphs 102-105 Not applicable				
Applicable to sample-based approach only Paragraphs 106-110 Not applicable				



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Table 2 Resolution of Corrective Action and Clarification Requests

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1	Summary of project participant response	Verification team conclusion
CAR 01. The project has no approval by at least one of other than the host Party.	90	<u>Response 1</u> See below.	<u>Conclusion on Response 1</u> CAR 01 is closed. The project has approval by Party B which was received on 15th April 2011.
CAR 02. Please include the information to the MR about the status of the JI project and its approval by the Parties involved.	91	<u>Response 1.</u> The project has no approval yet in the Russian Federation as a Host Party. This is in process of receipt awaiting the announcement for submission of the project application to the Operator of carbon units (Sberbank) in accordance with procedure stipulated in the Decree #843 of 28, October 2009. The Declaration of Approval from State of the Netherlands, acting through the Ministry of Economic Affairs, Agriculture and Innovation and its implementing agency "NL Agency", being the Designated Focal Point for Joint Implementation (JI) in The Netherlands has been received for the project by 15 th April 2011. Appropriate information has been provided in the Monitoring report, version 1.2 of 12 July 2011 on page 3.	<u>Conclusion on Response 1</u> CAR 02 is closed based on due amendments made to the revised MR.



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CAR 03. Please include the project implementation schedule to MR and provide appropriate evidence of the commissioning of project equipment.	92	<u>Response 1</u> The project implementation schedule was introduced in the Monitoring report, version 1.2 of 12 July 2011 on page 3.	<u>Conclusion on Response 1</u> CAR 03 is closed based on due amendments made to the revised MR.
CAR 04. Notation of values BE coke, NG for BF (2, 4, 6, 9, 10) in MR differs from the same in the determined PDD. Please correct.	94	<u>Response 1</u> The dimensionality of the value of CO ₂ emissions has been changed from "thousand tones CO ₂ " to "tones CO ₂ " in the formulae D.1.1.2.-1, D.1.1.2.-5, D.1.1.2.-9, D.1.1.2.-13, D.1.1.2.-17, D.1.1.2.-21, D.1.1.2.-25, D.1.1.2.-26, D.1.1.4.-1, D.1.1.4.-5, D.1.1.4.-9, D.1.1.4.-13, D.1.1.4.-17, D.1.1.4.-21. The respective deviation from PDD was added in the Monitoring report, version 1.2 of 12 July 2011 on page 20. The notation of values BE coke, NG for BF (2, 4, 6, 9, 10) has been adjusted in accordance with the same in the determined PDD. The respective adjustment from PDD was added in the Monitoring report, version 1.2 of 12 July 2011 on page 50.	<u>Conclusion on Response 1</u> CAR 04 is closed based on due amendments made to the revised MR.
CAR 05. Please provide evidence of initial data used for calculation GHG reduction.	95 (b)	<u>Response 1</u> The appropriate evidences have been provided to AIE.	<u>Conclusion on Response 1</u> CAR 05 is closed. Evidences of initial data used for calculation GHG emissions reduction have been provided to AIE and positively verified.
CAR 06. Please provide to AIE evidence of calibration of the monitoring equipment and include an appropriate information to MR.	101 (b)	<u>Response 1</u> The appropriate evidences have been provided to AIE.	<u>Conclusion on Response 1</u> CAR 06 is closed. The appropriate evidences are provided.