



SOCIALCARBON VALIDATION REPORT

For the SOCIALCARBON Project
Activity

Grouped Hydropower Plants in
Chongqing, Yunnan, Sichuan and
Guizhou Provinces, P. R. China

In
P. R. China

Version No. 02, 2010-10-15

TÜV Rheinland Japan Ltd.



SOCIALCARBON®

Validation Report Template
1st February 2009

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TÜV Rheinland Japan Ltd.	15 th October 2010
Report Title:	Approved by:
SOCIALCARBON Validation Report of Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou Provinces, P. R. China	Dr. Manfred Brinkmann
Client:	Project Title:
Swiss Carbon Value Ltd.	Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou Provinces, P. R. China
Summary:	
The validation team of TÜV Rheinland Japan Ltd. (TÜV Rheinland) has performed a validation of the “Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou Provinces, P. R. China” on the basis of f SOCIALCARBON® STANDARD version 4.1 as well as criteria given to provide for consistent project operations, monitoring and reporting. The validation report is summarizing the findings of the validation. The Validation was executed in the following steps so far: - Desk review of preliminary Social Carbon Report dated on 31st August 2010. - Issue of checklist with corrective action requests (CARs) and clarification requests (CLs). - Resolution of outstanding issues and the issuance of the Final Validation Report and Opinion. The conclusions of this report shows that the Zero Point evaluation, as it was described in the project documentation and Social Carbon Report dated on 15th October 2010, is in line with all applicable criteria for the validation. All details of the Indicators are accurate and the calculations are correct. The Social Carbon template and Social Guidelines were used correctly. The characterization of the “Zero Point” for the Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou Provinces, P.R.China as described in the referenced documents is	

accurate.	
Work carried out by:	Number of pages:
• Mr. Libo Ma (Team Leader) • Mr. Jiang Zhu (Team Member)	25

Abbreviations

CAR	Corrective Action Request
CEF	Carbon Emission Factor
CL	Clarification Request
CO ₂	Carbon Dioxide
CO ₂ e	Carbon Dioxide Equivalent
CCPG	Central China Power Grid
CSPG	China Southern Power Grid
DNA	Designated National Authority
DOE	Designated Operational Entity
DR	Document Review
EIA	Environmental Impact Assessment
ER	Emission Reduction
FSR	Feasibility Study Report
GHG	Greenhouse Gas(es)
GWh	Giga Watt Hours
GWP	Global Warming Potential
I	Interview
kW	Kilo Watt
kWh	Kilo Watt Hours
MWh	Mega Watt Hours
NDRC	National Development and Reform Commission of China
NGO	Non-governmental Organization
PD	Project Description
PP	Project Participants
SCR	Social Carbon Report
SHP	Small Hydropower Project
t	Tonne
VCS	Voluntary Carbon Standard
VCU	Voluntary Carbon Unit

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1 INTRODUCTION

The Swiss Carbon Value Ltd. has commissioned TÜV Rheinland Japan Ltd. to perform a Social Carbon Report validation of the “Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou provinces, P. R. China” (hereafter called “the Grouped Project”) in P. R. China.

This report describes the validation process and the findings of the validation performed on the basis of SOCIALCARBON[®] STANDARD version 4.1 as well as criteria to provide for consistent project indicators, operations, monitoring and reporting.

1.1 Objective

The purpose of the validation is to provide an independent third party assessment in order to evaluate the accuracy and consistency of the Indicators of the Social Carbon Standard. In particular, the validation addresses the site data related to the scope of the project and the specific report prepared to address the “Zero Point” of the project in order to document the initial Indicators and the compliance with the requirements of the Social Carbon Standard.

Validation is seen as necessary to provide assurance to stakeholders on the quality and veracity of the project and indices obtained.

1.2 Scope and Criteria

The validation is based on independent site visit¹ and evaluation as well as on document evaluation and review. The following are the reference documents:

- Guide for Completing Social Carbon Reports, Version 03.1, September 2010;
- Indicators for Micro and Small Scale Hydropower Grouped Project, Version 1.0, August 2010;
- Zero-Point Social Carbon Report of Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou provinces, P.R.China, 15th October 2010;
- VCS Project Description of Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou provinces, P.R.China, 13th October 2009;
- Additional information for auditors of SOCIALCARBON Reports, Version 1.0.

The validation is not meant to provide any consulting towards the project participants. However, stated requests for clarifications and/or corrective actions may have provided input for improvement of the project design.

¹ According to the email confirmation by Cecilia Michellis on 3rd July 2010, no site visit is required for validation of the proposed SOCIALCARBON Report considering the specific circumstance that the auditor responsible for validation/verification of the PDD and that he also conducted interviews there himself.

1.3 Validation Team

The validation team consists of the following personnel:

Role	Full Name	Appointed for Sectoral Scopes	Affiliation
Team Leader	Mr. Ma Libo	1	TÜV Rheinland (China) Ltd.
Team Member	Mr. Zhu Jiang	1	TÜV Rheinland (China) Ltd.
Technical Reviewer	Ms. Deng Cuiping	01, 05	TÜV Rheinland (China) Ltd.

1.4 Social Carbon Project Description

The Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou provinces, P.R.China is a grouped project under VCS 2007.1, which consists of 95 run-of-river hydropower stations in less-developed rural areas of south-western China. There are four sub-groups (i.e. 9 projects are located in Yunnan Province, 67 in Chongqing City, 13 in Sichuan Province and 6 in Guizhou Province), which are determined by the geographical boundary.

Most of the grouped projects are developed as run-of-river hydropower projects, consisting of intake structure, the water conveyance system and the power house. Only two projects (i.e. Project No. 74 and 75) involve construction of new reservoirs while the power densities of both projects² are greater than 10W/m². The total installed capacity of each grouped project is below 15MW. The electricity generated from the Grouped Project will be supplied to Central China Power Grid (CCPG) and China Southern Power Grid (CSPG), where geographic and system boundaries can be clearly identified. The CCPG and CSPG are both dominated by thermal power plants as per the *China Electrical Power Yearbook 2003~2007/9//10/*. By exporting renewable electricity to the CCPG and CSPG respectively, the project activity achieves greenhouse gas (GHG) emissions reductions by displacing electricity from fossil fuel based power plants connected to the grid.

The Grouped Project is considered to be contributed to sustainable development, by utilization of renewable hydro resources in local area for the generation of electricity that would be have been provided by business-as-usual fossil-fired power to meet the growing power demand within CCPG and CSPG. The project sites were locaed at rural area where the infrastructure construction was very poor. The entrance road for each sampled project site was built by the project owner and has brought much convenience for local villigers. The local residents around the project site were living at very poor conditions and the local governmental financial sources were very

² It has been validated that the power density of Project No.74 and No.75 was calculated as 16 W/m² and 58 W/m² with the surface area of the reservoirs were determined according to the Environmental Impact Assessment Reports.

limited. The Grouped Project has created considerable amount of permanent and temporary job opportunities for local residents. In the rural area, the electricity generated from the project activity will be supplied to local people and avoid firewood combustion and thus protecting the forest in local region. In addition, local government will also benefit from the additional income tax for electricity sale of the project activity. It is thus concluded that the implementation of the project activity will help in achieving sustainable development in social, environmental and economic aspects for local community.

According to the SCR/1/, the grouped project is split into 6 clusters by geography and one cluster per year will be assessed. The actions taken in one cluster will be assessed and be part of Social Carbon Report of the following year. The first cluster consists of 9 projects in Yunnan Province (i.e. Project No. 89~98). Three sampled projects (i.e. Project No. 94, 96 and 98) are included in the community assessment of this Zero-Point Social Carbon Report/1/.

1.5 Indicators of the Social Carbon

Zero-Point Social Carbon Report of Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou provinces, P.R.China" was completed on 15th October 2010 by South Pole Carbon Asset Management Ltd.³ with evaluation of the complete initial set of Indicators of the Social Carbon in order to characterize the "Zero Point" of the Grouped Project. The diagnosis has a reference data of 16th August 2010 and was concluded at 15th October 2010.

The evaluation included the Social Resources (3.a), the Human Resources (3.b), the Financial Resources (3.c), the Natural Resources (3.d), the Technological Resources (3.e) and the Carbon Resources (3.f), as prescribed in the Social Carbon Methodology with the number in brackets indicating the reference of the Indicators as defined in the reference document " Indicators for Micro and Small Scale Hydropower Grouped Project, Version 1.0 dated on August 2010/6/". The Indicators for the Zero Point of the Grouped Project are as follows:

(3.a). Social Resources

1. P - Population displacement and activities: *Evaluates the need of people's displacement during the project implantation, just as the adopted procedures in order to avoid negative impacts and maximize the positive ones.*

Index: 6
Weight for the indicator: 6
Total Index: 6

³ The South Pole Carbon Asset Management Ltd. is an approved organization under SOCIALCARBON Standard who is competent to competent to apply Social Carbon Methodology. see details at <http://www.socialcarbon.org/Who-Are-We/Partners-and-Approved-Organizations/>

2. C – Social Impact of the project: *Evaluates the relevant socio-economic impacts occurred due to the provision of electricity to:*

- *Use of electricity in households (i.e for lighting, cooking, electronic equipments)*
- *Public services (i.e. schools, offices, health centers, etc.)*
- *Systems for water pumping (i.e. human consumption and productive activities such as irrigation and mills)*
- *Impacts on the development of industries*

Also evaluates if there is a framework or plan for the assessment of social effects of the project, including:

- *Characterization of the beneficiaries*
- *Characterization of intervention and projected effects*
- *Severity of the effects*

Index: 4
Weight for the indicator: 2
Total Index: 3

3. P - Communication with stakeholders: *Evaluates the process for contacting stakeholders in the planning, implementation and operation stages. The indicator also assesses the existence of an integrated approach among the items that will be evaluated next – acceptance, demands and campaigns – with systems for feedback.*

Index: 3
Weight for the indicator: 6
Total Index: 4.5

4. C – Acceptance: *Evaluates the level of support or acceptance from the neighboring population in regard to the entrepreneur.*

Index: 6
Weight for the indicator: 2
Total Index: 4

5. C – Socio Economic Issues: *Assesses the comprehensiveness of local socio-economic conditions and the compatibility of the activities proposed for planning and implementing the additional programs with these conditions.*

Definitions and additional information:

Knowledge about the socio-economic conditions of the project should contain a brief description of:

- *Relevant aspects of the social environment (i.e. political context, institutional structure, demographics, land uses, current conditions and social trends);*
- *Local and regional economics;*
- *Existing social and cultural values.*

Index: 5
Weight for the indicator: 2
Total Index: 3.5

6. P - Benefits Sharing: *Evaluates how many clusters are benefiting from the additional programs.*

Index: 1
Weight for the indicator: 1
Total Index: 1

7. A - Additional Social Programs: *The index is obtained as the average of the three aspects (programs, beneficiaries, impact/relevance).*

Index: 2
Scope and relevance: -
Beneficiaries: -
Total Index: 2

(3.b). Human Resource

8. P - Capacity of local project owners: *Evaluates if the carbon project is subject to risks or bad performance due to project owners' lack of capacity or availability of human resources for managing the operational activities or participating in the carbon project design activities.*

Index: 4
Weight for the indicator: 6
Total Index: 5

9. C - Capacity of local community members: *Evaluates if the members of the community are grouped or organized facilitating the implementation of programs.*

Index: 3
Weight for the indicator: 2
Total Index: 2.5

10. P - Capacity of local organization(s): *Evaluates the institutional capacity of local organizations responsible for developing and implementing the plan for additional actions to benefit local stakeholders.*

Index: 6
Weight for the indicator: 2
Total Index: 4

11. A - Additional Human Programs: *The index is obtained as the average of the three aspects (programs, beneficiaries, impact/relevance).*

Index: 2
Scope and relevance: -
Beneficiaries: -
Total Index: 2

(3.c). Financial Resource

12. P – Market: *Evaluates eligibility of credits to compliance or to voluntary markets.*

Index aspect 1: 3
Weight for the indicator: 6
Total Index: 4.5

13. P - Sale of Credits: *Evaluates uncertainties regarding the value of commercialized credits generated by the project and their attractiveness to potential buyers.*

Index: 4
Weight for the indicator: 6
Total Index: 5

14. P - Funds for additional programs: *Evaluates if source of funds are clearly defined and if available for implement programs to achieve continual improvement goals.*

Index: 2
Weight for the indicator: 6
Total Index: 4

15. P - Costs for additional programs: *Assess if programs to achieve continual improvement goals have financial planning, such as financial analyses and budgets.*

Index: 2
Weight for the indicator: 2
Total Index: 2

(3.d). Natural Resource

16. P - Environmental Impacts: *Evaluates magnitude of environmental impacts of the project, existence of environmental impact statements/studies, and maintenance of environmental evaluation procedures.*

Index: 5
Weight for the indicator: 6
Total Index: 5.5

17. P - Environmental Legislation: *Evaluates accordance of the project with environmental laws and norms, including agreements with public authorities, such as environmental licenses, requested authorizations for installation, etc.*

Index: 6
Weight for the indicator: 6
Total Index: 6

18. A - Additional Environmental Programs: *Evaluates the quality and results of additional environmental programs.*

Definitions and additional information:

Quality: evaluation of the effectiveness of projects/programs.

Results: evaluate the relevance of the benefits/effects generated by the projects/programs, considering:

a) In how many areas the project delivers benefits (scope):

- *Erosion, landslides, silting.*
- *Water Quality*
- *Floods*
- *Others (please specify)*

b) Who are the beneficiaries.

Index: 1
Scope and relevance: -
Beneficiaries: -
Total Index: 1

(3.e). Technological Resource

19. P - Transfer of New Technology

Evaluates the level of technological innovation and the technologies employed in the project, the origin of the equipment, existence of royalties and technological licenses, and the necessity of international technical assistance. In cases where the technology employed is already known (a common scenario of hydro power plants), it evaluates if there are innovations regarding operational procedures and maintenance, actions for mitigation of impacts, or other aspects that show a break from the common practice of the sector. The existence of research and development projects (R&D) related to the project are also considered in this indicator.

Index: 3
Weight for the indicator: 6
Total Index: 4.5

20. C – Access to electricity

Evaluate the level of access that local people and organizations have to the electricity provided by the project and, considering:

- a) If the cost of electricity is affordable for local population*
- b) If grid connection are available*
- c) Quality and continuity of the energy provided*

Index: 5
Weight for the indicator: 2
Total Index: 3.5

21. C - Irrigation benefits: *Evaluates how the project deals with irrigation needs.*

Index: 6
Weight for the indicator: 2
Total Index: 4

22. C - Spread of electrical appliances: *Evaluates the spread of electrical appliances among the local population. This is a measure for the benefits from electrification on the household level.*

Index: 4
Weight for the indicator: 2
Total Index: 3

23. C - Spread of IT and communications technology: *Evaluates the spread of IT and communication technology among the local population. This is a measure for the benefits from electrification. IT and communications are especially important for the development of new businesses.*

Index: 3
Weight for the indicator: 2
Total Index: 2.5

24. A - Additional Technology Programs: *Evaluates the quality and results of additional technology programs.*

In how many areas the project delivers benefits (scope):

- *Transference of new technologies*
- *Promoting more efficient technology*
- *Spread of electrical appliances, IT and communication technology*

Index: 1
Scope and relevance: -
Beneficiaries: -
Total Index: 1

(3.f). Carbon Resource

25. P – Additionally: *Consists of reduction of greenhouse gas emissions or increase in removal of CO₂ beyond what would occur in absence of project activity. This item evaluates tools used for assessing additionally and compliance with national and international standards.*

Index: 6
Weight for the indicator: 6
Total Index: 6

26. P - Emission Reductions Calculations & Monitoring: *Evaluates methodologies used to calculate emissions and monitor compliance with national and international standards.*

Index: 6
Weight for the indicator: 6
Total Index: 6

27. P - Validation & Verification: *Evaluates existence of total or partial validation/verification of project by a third party, if third party is accredited by UNFCCC, and compliance procedures for validation/verification with national and international standards.*

Index: 6
Weight for the indicator: 6

Total Index: 6

28. P - Project Performance: *Evaluates performance of project, verified by comparison with estimates of emissions reductions under the PDD.*

Index: 5

Weight for the indicator: 6

Total Index: 5.5

29. A - Additional Climate Change Programs: *Evaluates the quality and results of additional climate programs.*

Definitions and additional information:

Quality: evaluation of the effectiveness of projects/programs.

Results: evaluate the relevance of the benefits/effects generated by the projects/programs, considering:

a) In how many areas the project delivers benefits (scope):

- *mitigation*
- *adaptation*
- *climate change awareness*

b) Who are the beneficiaries.

Index: 2

Scope and relevance: -

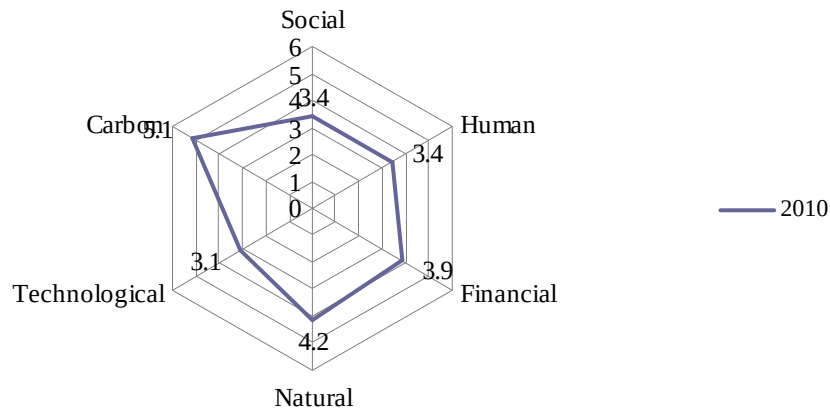
Beneficiaries: -

Total Index: 2

(3.g). Project Performance

Project Performance by Resources

Resource	Critical	Transitory	Sustainable	Average	General Performance
Social	28.6%	42.9%	28.6%	3.4	Transitory
Human	50.0%	25.0%	25.0%	3.4	Transitory
Financial	25.0%	25.0%	50.0%	3.9	Transitory
Natural	33.3%	0.0%	66.7%	4.2	Sustainable
Technological	33.3%	50.0%	16.7%	3.1	Transitory
Carbon	20.0%	0.0%	80.0%	5.1	Sustainable
Total	32%	24%	44%	3.8	Transitory



1.6 Social Carbon Project Criteria

Application of the indicators:

- a Group working: Participatory meetings with representatives of the organization and/or community involved in the project. The meeting is conducted by a professional whose function is to guide the participants through a discussion of the elements contained in the indicators. The results of the discussion must be noted, compiled and scored according to the indicators.
- b Interviews: Some key informants are interviewed in a semi-structured manner, with the aim of obtaining information through indirect means about the six resources of Social Carbon Methodology. The results of the interviews must be noted, compiled and scored according to the indicators.
- c Questionnaires: May be applied by professionals to the community involved, as well as to key informants in the organization, to collect information. The results of the research must be noted, compiled and scored according to the indicators.

The researcher responsible for drawing up the Zero-Point Social Carbon Report may choose a single method of applying indicators, or combine them to obtain better results. Other methods for applying indicators are subject to approval by the Social Carbon Team.

2 METHODOLOGY

The validation of the project was carried out from July 2010 to September 2010.

- Preparations: 2010-07-05 to 2010-09-02
- Draft Reporting: 2010-09-16
- Final Reporting: 2010-10-15

The validation consists of the following three phases:

- Desk review of the project design and Social Carbon reference documents as indicated in item 1.2 above.

- Issue of checklist with corrective action requests (CARs) and clarification requests (CLs).
- Resolution of outstanding issues and the issuance of the Final Validation Report and Opinion.

2.1 Review of Document

The following table outlines the main documentation reviewed during the validation:

- | | |
|------|--|
| /1/ | South Pole Carbon Asset Management Ltd., Zero-Point Social Carbon Report of Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou Provinces, P. R. China, 31 st August 2010, and 15 th October 2010. |
| /2/ | South Pole Carbon Asset Management Ltd., Indicator Results Spreadsheet, 22 nd September 2010 and 15 th October 2010. |
| /3/ | South Pole Carbon Asset Management Ltd., VCS Project Description of Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou Provinces, P. R. China, 13 th October 2009. |
| /4/ | TÜV Rheinland, Final Validation Report of Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou Provinces, P. R. China, 5 th November 2009. |
| /5/ | SOCIALCARBON Standard, Guide for Completing Social Carbon Reports, Version 03.1, September 2010; |
| /6/ | SOCIALCARBON Standard, Indicators for Micro and Small Scale Hydropower Grouped Project, Version 1.0, August 2010; |
| /7/ | VCS Board, Voluntary Carbon Standard 2007.1, 18 th November 2008. |
| /8/ | CDM Executive Board, AMS-I.D. version 13, Grid connected renewable electricity generation. |
| /9/ | China Electric Power Yearbook 2002~2007. |
| /10/ | China Energy Statistical Yearbook 2004~2007. |
| /11/ | Chinese DNA, 2008 Baseline Emission Factors for Regional Power Grids in China, 18 th July 2008 ⁴ . |
| /12/ | China Government, Environment Impact Assessment Law, 28 th October 2002. |
| /13/ | South Pole Carbon Asset Management Ltd., Partnership Agreement with China Association for NGO Cooperation (CANGO), 6 th July 2010. |
| /14/ | China Association for NGO Cooperation, Donation Demand Survey, 26 th July 2010 to 3 rd August 2010. |
| /15/ | China Association for NGO Cooperation, Local Residents Interview Questionnaires and Records, 26 th July 2010 to 3 rd August 2010. |
| /16/ | South Pole Carbon Asset Management Ltd., Onsite Interview Video of Lishadi Small Hydropower Plant. |

⁴ <http://cdm.ccchina.gov.cn/web/NewsInfo.asp?NewsId=3239>

- /17/ South Pole Carbon Asset Management Ltd., Onsite Interview Video of Xiaojiehe Small Hydropower Plant.
- /18/ TÜV Rheinland, Local Stakeholder Interview Records of Xiaojiehe, Husahe and Lishadi Hydropower Project, 7th July, 12th July and 14th July 2009.

2.2 Follow-up Interviews⁵

Identify any personnel who have been interviewed and/or provided additional information to the presented documentation.

Project No. 94: Zhenyuan County, Yunnan Province, P. R. China

	Date	Name	Organization	Topic
/i/	2009-07-07	Mr. Zhang Jizhong	General Manager of Xiaojiehe Hydropower Co., Ltd.	- Project background - Local hydropower development - Investment barriers - Project finance - Environmental impact - Sustainable development - Project management - Monitoring issues
/ii/	2009-07-07	Mr. Xu Shixing	Deputy Director of Zhenyuan County Water Conservancy Bureau	- Project approval - Environmental impacts - Sustainable issue
/iii/	2009-07-07	Mr. Xie Yongqin	Local villager	- Job opportunity - Irrigation issue
/iv/	2009-07-07	Mr. Tao Minghua		- Road construction - Environmental impacts

Project No. 96: Yingjiang County, Yunnan Province, P. R. China

	Date	Name	Organization	Topic
/v/	2009-07-12	Mr. Wu Shiyuan	Manager of Yingjiang County Tianchao	- Project background - Local hydropower development - Investment barriers

⁵ The local stakeholder interview for the 3 sampled project in Yunnan Province was carried out during the onsite assessment which is part of validation & verification against VCS 2007.1. The local stakeholder interview records have also been used as supporting evidence for the indicator assessment.

				Hydropower Co., Ltd.	- Project finance - Environmental impact - Sustainable development - Project management - Monitoring issues
/vi/	2009-07-12	Mr. Luo Hongqing		Yingjiang County Water Conservancy Bureau	- Project approval - Environmental impacts - Land compensation
/vii/	2009-07-12	Ms. Liu Hongmei		Local villager	- Job opportunity - Environmental impacts

Project No. 98: Fugong County, Yunnan Province, P. R. China

	Date	Name		Organization	Topic
/viii/	2009-07-14	Mr. Xiangquan Wu		Vice General Manager of Yunnan Fugong Huatai Electricity Development Co., Ltd.	- Project background - Local hydropower development - Investment barriers - Project finance - Environmental impact - Sustainable development
/ix/	2009-07-14	Mr. Liu Fei		Technical manager of Yunnan Fugong Huatai Electricity Development Co., Ltd.	- Project management - Monitoring issues - Irrigation issue
/x/	2009-07-14	Mr. Pu Lisen		Local villager	- Job opportunity - Land compensation - Road construction

2.3 Resolution of Any Material Discrepancy

The report includes Corrective action and Clarification Requests (CAR and CL) identified in the course of this validation.

A Corrective Action Request is established if:

- mistakes have been made in assumptions or the project documentation which directly will influence the project results,

- the requirements deemed relevant for validation of the project with certain characteristics have not been met or

A Clarification Request is issued where information is insufficient, unclear or not transparent enough to establish whether a requirement is met.

After resolution of these CARs and CRs by the project proponent the validator is now issuing the Final Validation Report and opinion.

In summary, 05 CARs and 07 CL were found during validation process. Please refer to Section 3.

3 VALIDATION FINDINGS

3.1 Project Design

Observation (CAR/CL)	Reference	Summary of project owner response	Validation team conclusion
CAR1 Please refer to Page 2 of the SCR, the project name is inconsistent with the validated VCS PD of 13 th October 2009.	SCR Section 1	The name has been corrected.	OK. The project name has been revised to be consistent with the validated VCS PD of 13 th October 2010. The CAR is therefore closed.
CAR2 Please refer to Page 3 of the SCR, the starting date of 28 March 2006 is the earliest crediting period start date within the whole group under VCS definitions. A brief description of the planning and implementation phases of the project shall be provided.	SCR Section 2.1	More information has been provided in Section 2.1	OK. The starting date of each project has been listed in the Annex III of the SCR, which is consistent with the validated VCS PD. All the projects have been put into commercial operation. The earliest project starting date within the group is 1 st December 2002. The CAR is therefore closed.
CAR3 Environmental Impact Assessment is required for hydropower project in China. The EIA report should be listed for the 3 projects which have been selected. Moreover, a list of environment impacts for the 3 samples should be clearly described according to the EIA report.	SCR Section 3.2	The EIA report has been listed for the 3 projects which have been selected. Moreover, a list of environment impacts for the 3 samples has been clearly described according to the EIA report.	OK. The environmental impacts have of the 3 sampled projects have been listed in the revised SCR. The CAR is therefore closed.

Social Carbon Validation Report Template

CL1 Following the Guide for Completing Social Carbon Reports, the characterization of the local community should be clearly described in Section 2.1 of the SCR.	SCR Section 2.1	Description has been provided in Section 2.1.	OK. More descriptions on characterization of the local community have been provided. The CAR is therefore closed.
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3.2 Indicators of the Social Carbon

CAR4 The indicator names are not completely consistent with the Indicators for Micro and Small Scale Hydropower Grouped Project Version 1.0 published in August 2010 (e.g. Indicator No. 2, 5 and 6 etc).	SCR Section 4	Relevant revisions have been done.	OK. All indicator names have been revised to be consistent with the Indicators for Micro and Small Scale Hydropower Grouped Project Version 1.0 published in August 2010. The CAR is therefore closed.
CAR5 Please refer to Page 14 and 15 of the SCR, the brief descriptions of the Indicators No. 13, 14 and 15 are not consistent with Indicators for Micro and Small Scale Hydropower Grouped Project Version 1.0.	SCR Section 4.3	Revisions have been done.	OK. The brief descriptions of Indicators No. 13, 14 and 15 have been revised to be consistent with the Indicators for Micro and Small Scale Hydropower Grouped Project Version 1.0. The CAR is therefore closed.
CL2 It is described in Page 6 of the SCR that "The diagnosis is based on an adapted version of the SOCIALCARBON Indicators for hydro power plants enterprises". However, it is understood by the validation team that the diagnosis is based on the Indicators for Micro and Small Scale Hydropower Grouped Project Version 1.0 published in August 2010 as indicated in Page 2 of the SCR. Please clarify such inconsistency.	SCR Section 3.1	Revisions have been done.	OK. It has been revised in the SCR. The CL is therefore closed.
CL3 Please refer to Section 3.3 of the SCR, the detailed information (i.e. date, time, place, etc) of the relevant interviews, questionnaires or meeting should be listed in table form for each project which is included in the community assessment.	SCR Section 3.3	Revisions have been done in Section 3.4	OK. It has been revised in the SCR. The CL is therefore closed.
CL4 Please refer to Section	SCR	Revisions have been	OK.

3.4 of the SCR, the actors involved should be listed in a table form.	Section 3.4	done.	It has been revised in the SCR. The CL is therefore closed.
CL5 Please refer to Page 18 of the SCR, it should be clarified how the priority of irrigation over power generation was evidenced.	SCR Section 4.5	Evidence has been provided.	OK. The Video of Lishadi Small Hydropower Plant has been provided. The local resident Mr. Luo Puye confirmed that the irrigation has priority over power generation. The CL is therefore closed.
CL6 Please refer to Page 20 of the SCR, it should be clearly stated the ratio of issued carbon credits to the predicted in the VCS PD.	SCR Section 4.6	Revisions have been done.	OK. The ratio has been revised as 87.6% in the revised SCR. The CL is therefore closed.

3.3 Results

CL7 Please refer to Page 25 of the SCR, the main perspectives identified during the diagnostic should be provided according the template for table to help in planning of future actions, which can be clearly understood.	SCR Section 6	The concrete action will be decided in the future. For current stage, the daft proposal is enough.	OK. According to the Guide for Completing Social Carbon Reports, Version 03.1/5/, it is acceptable for the process to begin with a presentation of the project and preliminary diagnostic, without considering specific actions to be carried out. The CL is therefore closed.
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4 VALIDATION CONCLUSION

The conclusions of this report shows that the Zero Point evaluation, as it was described in the project documentation and Social Carbon Report/1/ dated on 15th October 2010, is in line with all applicable criteria for the validation.

All details of the Indicators are accurate and the calculations are correct. The Social Carbon template and Social Carbon Guidelines were used correctly. The characterization of the “Zero Point” for the Grouped Hydropower Plants in Chongqing, Yunnan, Sichuan and Guizhou Provinces, P. R. China as described in the referenced documents is accurate.

Beijing, China
2010-10-15



Mr. Ma Libo
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