



MONITORING REPORT

Project: BG 1000152 Reduction of Greenhouse Gases by Gasification in Varna Municipality

Project proponent:	Overgas Inc. AD, 5 Philip Kutev str.; Sofia - 1407,
Bulgaria	
Verification period:	1st January 2012 – 30st November 2012
Emission reductions:	14 508 tCO₂e
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- 2. List of the applicable procedures and instructions from the Quality management system;**
- 3. Act for volume of natural gas delivered by Bulgargas EAD for monitored period of 2012;**
- 4. Certificates of the natural gas delivered by Bulgargas EAD for monitored period of 2012;**
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ABBREVIATIONS

AGDS	Automated Gas Distribution Station
CRM	Customer Relationship Management
ELM	Equipment Lifecycle Management
ERU	Emission Reduction Unit
FSERF	Fuel Switch Emission Reduction Factor
GDC	Gas Distribution Company
GDCIMS	Gas Distribution Companies Information Management System
GDN	Gas Distribution Network
GIS	Geographic Information System
GMB	Gas Measuring Board
GMS	Gas Measuring Station
GRB	Gas Regulation Board
GRMB	Gas Regulation and Measuring Board
GRMS	Gas Regulation and Measuring Station
GRS	Gas Regulation Station
LHV	Low Heating Value
LHV _{av}	Average Low Heating Value
PDD	Project Design Document
SAMTS	State Agency for Metrology and Technical Surveillance
SCADA	Supervisory Control and Data Acquisition

1. GENERAL INFORMATION FOR THE PROJECT

The project BG 1000152 is implemented under the Track 1 procedure of the Joint Implementation (JI) mechanism of the Kyoto Protocol according to the contract ERU 05/21 between the Kingdom of the Netherlands and Overgas Inc. AD. The project has been granted Letters of Approval by the Republic of Bulgaria and the Kingdom of the Netherlands and has passed an Initial and three Periodic Verifications.

This JI project is implemented under the Technical Scope 1 – Fuel Switch and aims at reduction of greenhouse gases by:

- fuel switch from liquid and solid fuels and part of the electricity used by industrial, public and administrative consumers and households to natural gas;
- improvement of the energy efficiency of the combustion installations of the end users.

The Project design document (PDD) of the project has been subject to Determination by KPMG Sustainability B.V. The Determination report states that the PDD has been prepared in accordance with the rules and requirements of Article 6 of the Kyoto Protocol and the guidelines for the implementation of Article 6 of the Kyoto Protocol in the Marrakech Accords (FCCC/CP/2001/13/ADD.2; 21 January 2002).

The project has been subject of Initial, First, Second, Third, and Fourth Periodic Verification by TÜV SÜD Industrie Service GmbH. A fifth periodic verification will take place in the year 2012 for the period from 01.01.2012 to 30.11.2012 based on this Monitoring report encompassing the period 1 January – 30 November 2012.

The project implementation envisages the generation of 362 566 Emission Reduction Units (ERUs) in the period 2008-2012.

The ERUs are generated by fuel switch from solid and liquid fuels and electricity to natural gas and by improvement of the energy efficiency of the combustion installations of the industrial, public and administrative, and residential end users in Varna. The production, transportation and distribution of the electricity replaced by natural gas are included within the project boundaries as it is described in the PDD (*Annex 1: Block scheme of the fuels' supply after gasification and project boundaries*). Its emission factors are calculated particularly for Bulgaria and are approved and officially published by the Ministry of Environment and Water for use in Joint Implementation projects¹.

Due to the negligible leakages during the transportation and delivery of the solid and liquid fuels, the intermediate storehouses for storage and sale are not included in the project boundaries. The natural gas leakages are also not included in the project boundaries since the constructed GDN is new, with high quality and reliability, and since the anticipated leakages are insignificant.

For the first 11 month of 2012 the amount of natural gas delivered to the end users reached **11 363,069** thousand sm³. During the monitoring period **14 508 ERUs** have been generated.

Brief Description of project activity

Overgas Iztok AD has licenses up to 3 June 2040 for the activities "Natural Gas Distribution" and "Natural Gas Delivery by End-Supplier" covering 14 municipalities in South-East Bulgaria including Varna Municipality.

¹ Baseline study of Joint Implementation projects in the Bulgarian energy sector. Carbon emission factor, April 2005,
http://www.moew.government.bg/recent_doc/climate/Baseline%20CEF%20Summary.pdf

By the end of November 2012, 134.583 km GDN of steel (11,243 km) and polyethylene (121,340 km) gas pipelines with the respective facilities were constructed in Varna Municipality, which represents 72,63% of the total length of pipeline planned for construction until the end of 2012.

Information about the number of active users by sectors at the 30.11.2012 and comparison to the end of 2011 is presented in Table 1:

Sectors	2011	2012
Industrial	12	12
Public and Administrative	66	67
Residential	1342	1349
Total for all sectors	1420	1428

Table 1. The number of end users by sectors

For the period from 01.01.2012 until 30.11.2012 supply of natural gas from the national supplier – Bulgargas EAD to the GDN of "Overgas East" AD in Varna is not interrupted. "Overgas East" AD has provided for that period in Varna continuous supply of natural gas to its customers through implementation of planned maintenance of GDN and all related facilities. Detailed information about these prevention activities is provided in item 5.4.

Short interruptions of gas supply for a limited number of clients has only to prophylactic and/or repair, when it is technically required, such as replacement of measuring device. In these cases, customers are notified in advance in an appropriate manner.

In 2012 there were a limited number of interruptions of natural gas supply in some short sections of the network due to failures of the pipeline network. In item 5.6 more detailed information on the number and nature of accidents is presented.

As a consequence of external factors beyond the control of Overgas Inc. (the warmer winter season, the continuing economic crisis and increasing of the price of natural gas) certain slow-down in the growth trends of the connection of new users to the GDN and of the natural gas consumption has been noticed exactly in residential sector. As the GHG emission reductions depend in direct proportion on the gas deliveries a slow down in ERUs generation also takes place.

2. MAIN PRINCIPLES OF THE MONITORING PLAN

The Monitoring Plan described in the PDD is based on the following principles:

- The total annual natural gas consumption by the end users by sectors is used as an activity indicator to control and determine the greenhouse gas emissions during the project implementation;
- The fuel switch emission reduction factor (FSERF) is used for converting the amount of delivered natural gas to the end users into ERUs for each sector;
- The FSERFs take into account the fuel switch effect and the reduced energy consumption due to the increase of the efficiency of the combustion installations;
- The natural gas amounts delivered to the end users in the three sectors are taken into account for the calculation of the total amount emission reductions generated by the project;
- The fulfillment of the contractual amount of ERUs is determined on the basis on the realized emission reductions;
- At constant low heating value, the change in the natural gas composition does not lead to change in the carbon dioxide emission factor. On an energy base the carbon dioxide emission factor is identical for all kinds of natural gas independently of its quality;
- In case of a change in the low heating value of the delivered natural gas, a recalculation of natural gas amounts is made according to the LHV used for the calculations in the PDD.

The monitoring of the JI project is performed by the personnel of the 'Ecology and sustainable development' Department of Overgas Inc. The employees have a high educational qualification and have participated in additional specialized trainings in the field of greenhouse gas emissions trading, environmental management systems, quality management systems, environmental impact assessment, etc.

3. REPORTING AND MANAGEMENT SYSTEMS

The Gas Distribution Companies Information Management System (GDCIMS) includes the modules **Customer Relationship Management (CRM)**, **Billing**, **Equipment Lifecycle Management (ELM)**, **Reports** and **Informations**.

The **CRM** module manages the database of all clients, including data for the combustion installation. The module serves also for tracking the customer's status – it displays the stage of customer's connection. The **CRM** module allows automatic issuing, generation and printing of documents and contracts. It contains statistic and marketing data for the users – site type, gas pressure data, mode of use, level of continuity, agreed and consumed amounts of natural gas, etc. In the module data for the appliances which use natural gas – type of the gas appliances and their main technical parameters are entered.

The **Billing** module uses a database for the consumption of natural gas by clients, generates invoices and allows remote control of the activities of natural gas delivery to the end users. The module works with data base which contains the main information necessary for the GDC's financial relations with the customer. The **Billing** module allows automatic invoice generation, which is made after conclusion of series of reports in the **Reports** module and printing letters of notification and bills for invoices. The payments are also indicated in it.

ELM is an information module for maintenance of the networks and the devices. It allows generation of information about the equipments in the GDN. The information contains data about the factory number of each equipment, maximum hourly consumption, input and output pressure, date of exploitation initiation, manufacturer and type of gas meter, etc. The module tracks the elements for electric and chemical protection and the status of the odorizing system. The module also generates information about exploitation status of the GDN, inspection and setting, as well as determined revision with disassembling of the equipment of the GDN.

The **Reports** module serves for preparation of various information. The readings of the gas meters of the end users are input in this module for the calculation of their monthly consumption of natural gas.

The **Informations** module generates various informations using the data managed by the other modules. This module is used for the generation of the data for the natural gas consumption by sectors, used for the calculation of the ERUs generated by the project.

The Automated System for Dispatch Control Overcomm 2.0 of the **SCADA (Supervisory Control and Data Acquisition)** system contributes for the high reliability of the measurements and accuracy of the data of controlled variables: pressure, temperature and consumption. It reports occurrence of deviations from the technological parameters in the value of a measured parameter and deviations in the operation of the measuring devices. The dispatch management is centralized; it is based in Sofia and it services all the GDCs affiliates of Overgas Inc. AD.

4. QUALITY MANAGEMENT AND ASSURANCE SYSTEM

The Quality Management System developed in Overgas Inc. AD allows for the proper documentation and management of the activities done in the company and Overgas Iztok AD. The personnel is acquainted with and trained to implement and follow the approved procedures, instructions and work documents in the scope of their activity.

The maintenance of **GDCIMS** and Overcomm 2.0 systems, as well as the activities relevant to the exploitation, technical maintenance and servicing of the GDN and to the control over the deliveries of natural gas, are performed in accordance with the quality management system of Overgas Inc. AD and the GDCs. The procedures from the QMS are in compliance with the existing national legislation regulating the activities of Overgas Iztok AD. All activities are implemented by the appropriate staff in the company, which is selected and trained in accordance with the above mentioned procedures.

The QMS includes also a procedure for selection of employees requiring a high degree of education, professional experience, knowledge and skills for occupying a particular position.

A list of the procedures and instructions of Overgas Inc. AD's quality management system that are related to the monitoring of the JI project BG 1000152 is presented in *Annex 2: List of the applicable procedures and instructions from the Quality management system*.

Brief information about the quality control and quality assurance procedures relevant to the exploitation, technical maintenance and servicing of the GDN and to the control over the deliveries of natural gas is presented below in the respective sections of the monitoring report.

5. PARAMETERS MEASURED AND MONITORED

For the preparation of the Monitoring report data were used from the monitoring and the measurement results of:

- Amounts of natural gas entered into the GDN – measured monthly at the Gas Measuring Station (GMS);
- Average low heating value of the natural gas – measured monthly by a licensed laboratory of the Public supplier Bugargas EAD;
- Amounts of natural gas transmitted and delivered to the end users by sectors – measured monthly at each user's gas measuring station or board.

5.1. Data archiving

The data about the amount of natural gas delivered to the end users, as well as other data, necessary for the elaboration of the Monitoring report, are entered, stored and archived in the GDCIMS by authorized employees of Overgas Inc. and/or the Overgas Iztok AD.

This information system contains all the information relevant to the technical maintenance and the consumption of natural gas by each client of the GDC from the stage of preliminary survey.

All the information entered in the modules of the ISMGDC is stored on a back-up hard drive at Overgas Iztok AD. The data are subsequently recorded on servers and a back-up copy is made on a back-up server every day.

Paper and digital copies of the Monthly statements for delivery and Certificates of natural gas from Bulgargas EAD are archived and stored at Overgas Iztok AD and at Overgas Inc. AD's headquarters. Paper copies of the monthly invoices and statements for delivery to every user are stored at Overgas Iztok AD, while digital copies can be generated by the ISMGDC.

All the documentation regarding the JI project BG 1000152, relevant to the determination, monitoring, reporting and verification of the project is archived and kept on paper and digital copies at the *Ecology and Sustainable Development Dept.* This information will be submitted to the company's archive after the project implementation.

5.2. Measurements of the monthly amounts of natural gas that enters into to GDN and the gas' low heating value

The measurement of the natural gas delivered by Bulgargas EAD is performed monthly on the basis of a contract for delivery signed with Overgas Iztok AD. The delivered amounts are measured at the GMS by calibrated gas meters and electronic volume correctors, which are property of Bulgargas EAD.

To improve the management of the process of distribution and delivery of natural gas to the end users at the GSM electronic volume correctors, property of Overgas Iztok AD are also installed. The devices are of the same type as the ones of Bulgargas EAD and are calibrated after it. They are connected to GPRS modems, which transmit in real time to the Central Dispatch Management via the GSM network data for gas consumption, temperature and pressure. The devices store archives with hourly, daily and monthly data for the amounts of natural gas and the technological parameters of the gas.

With regard to the amounts of natural gas that enters into the GDN, a **Delivery Statement** is prepared and signed by both parties. The Delivery Statement includes information about the natural gas amount preliminarily ordered by the GDC and the actual amount invoiced and received. Copies of the acts are presented in *Annex3: Act for volume of natural gas delivered by Bulgargas EAD for monitored period of 2012.*

The monthly Delivery Statements are accompanied by monthly **Average certificate of the natural gas** issued by Bulgargas EAD. This certificate includes information about the composition of the natural gas and it's Low Heating Value. Copies of the certificates are presented in *Annex 4: Certificates of the natural gas delivered by Bulgargas EAD for monitored period of 2012.*

For taking into account the influence of the low heating value of the natural gas delivered by Bulgargas EAD over the greenhouse gas emission reductions realized, the annual weighted average of the natural gas low heating value is calculated on the basis of the monthly certificates and the monthly statements for natural gas delivery.

5.3. Measurement of the monthly amount of transported and delivered natural gas to the end users

The conditions and the order for reporting the delivered by each GDC natural gas amounts are regulated by **Rules for working with the users, General terms and conditions for selling natural gas to users for residential needs, Contract for distribution and delivery of natural gas**, and **Contract for transportation**.

The natural gas amounts are measured in cubic meters at standard conditions. "Cubic meter at standard conditions" means the amount of natural gas in a volume of one cubic meter at a temperature of **293.15 K** and absolute pressure of **0.101325 MPa**.

According to the **Rules for working with the users** and regulations from Overgas Inc. AD's quality management system, two methods are applied to transform the measured amounts of natural gas into standard conditions:

- Use of special devices called volume correctors;
- Use of a fixed factor, based on the meteorological characteristics.

The transformation of the measured natural gas amounts into standard conditions for the industrial users is done using volume correctors within the measuring devices. The measurement of the amounts of natural gas delivered to the residential and "small" industrial users (at 100 mbar pressure and maximum hourly consumption less than 25 m³/h) is done with the fixed factor, whose definition is described in the **Rules for working with the users** and in the **PDD**.

In the presence of a volume corrector within the measuring device, the volume of the gas consumed V_{st} is read directly from the electronic corrector or from the counter of the gas meter if it is equipped with a built-in temperature mechanical corrector.

In the absence of a volume corrector within the measuring device, the volume of the natural gas consumed is calculated by the formula:

$$V_{st} = V_p * K_{tp} \quad (1),$$

where:

V_p the natural gas amount read on the gas meter;

K_{tp} the product of the temperature (K_t) and pressure (K_p) correction factors.

The natural gas consumption of the users in the industrial, public and administrative, and residential sectors is read manually every month by employees of Overgas Iztok AD. In case of an industrial or institutional client the reading of the metering device is done in the presence of a representative of the client, who confirms the accuracy of the reading. These users receive a monthly statement about the amount of natural gas delivered which is signed by the client and a representative of Overgas Iztok AD.

The readings of the gas meters are recorded in a protocol, which also contains the ID of the gas meter of the respective user and the gas meter's readings of the previous month. The consumption data for each user are typed manually in the **Reports** module of the GDCIMS by authorized employee of the GDC. The **Billing** module of this system serves for generation of monthly invoices for all users in the three sectors.

5.4. Accuracy of the measurement data and measurement reliability

The high accuracy of the measurements of different parameters and data is guaranteed by the reliable and precise work of the gas meters, manometers, temperature converters, electronic correctors and pressure converters at the Gas Regulation Stations (GRS), Gas Regulation Boards (GRB), Gas Measuring Stations (GMS), Gas Measuring Boards (GMB), Gas Regulation and Measuring Stations (GRMS) and Gas Regulation and Measuring Boards (GRMB).

The delivered amounts of natural gas to the end users are measured on the user's property borderline with measurement devices (gas meters), which are subject to a type approval, to an initial control and to a subsequent periodic control in a defined time interval according to the legislation of the Republic of Bulgaria.

The devices for natural gas measurement (gas meters) are subject to check-up by the State Agency for Metrology and Technical Surveillance (SAMTS) or by an authorized person as per art. 43, par. 4 of the **Law on Measurements** in the terms, defined with an Order of the chairman of SAMTS.

As per Order № A-441 of 13 October 2011 of the chairman of SAMTS the regularity for check-ups of the volume gas meters with deformable chambers (diaphragm) is four years and with roots bodies (pistons) and of turbine gas meters for gas and additional devices for them is two years.

For measurement of the users' natural gas consumption, Overgas Iztok AD is using diaphragm, roots and turbine gas meters. The company has a certificate for gas meters type approval, as well as a passport with ID for each device. Overgas Iztok AD prepares annual schedules for subsequent metrological control of the measurement devices.

For 2012 the metrological check-ups of **753** diaphragm and **51** roots meters, as well as of **47** electronic volume correctors have been scheduled. For the monitored period of 2012 metrological check-ups of **692** diaphragm and **53** roots and turbine gas meters for natural gas, as well as of **54** electronic volume correctors, has been performed.

The metering device of Bulgargas EAD measuring the amount of natural gas entering into the GDN, which is used as cross-check parameter for the plausibility of the total consumption, is also calibrated.

In case a calibration of a metering device or a volume corrector is necessary, the device is disassembled and sent to a licensed laboratory for metrological check. Such devices are replaced by calibrated devices at the moment they are disassembled. A bilateral protocol is signed for the change, containing the readings of the unmounted and of the new device

In case of failure of a metering device or a volume corrector, an average correction factor is applied for the determination of the consumption by the user. This factor is calculated using the consumption of similar users with similar metering devices in the same area or the consumption of the same user in the same month the previous year. A bilateral protocol stating the agreed consumption of natural gas was issued and signed by the consumer and a representative of the GDC. In 2012 there is no case of failure of metering device.

The reliability of the measured parameters is guaranteed by the implementation of **Instruction G-02.02.04 for execution of technical maintenance of devices on GDM** of Overgas Inc. AD. According to this instruction, the technical service and repair of the GRSs, GRBs, GRMSs and GRMBs should be requested by the GDCs. The regularity, scope and responsibilities for servicing and maintenance of the technical devices for measurement of natural gas amounts are described in the instruction.

In conformity with this instruction, revision with disassembling the equipment is performed with regard to the integrated system for centralized repair by the service company Overgas Serviz AD on the basis of contracts with Overgas Iztok AD and annual **Schedules for revision with disassembling the equipment in the GDN devices (Annex II to the Instruction G-02.02.04)**, co-coordinated and approved by Overgas Iztok AD. For each revision with disassembling a bilateral **Statement for performed revision with disassembling and setting the equipment in GDN devices (working document G-02.02.04-RD1)** is prepared. In 2012 a total number of **11** revisions including disassembling and setting the equipment in devices in the GDN in Varna were performed and the respective statements have been issued.

In accordance with **Instruction G-02.02.04**, the data from the signed Statements is recorded in the **Exploitation register of the GDN territory (working document G-02.02.02-RD1)** information for every technical servicing of the equipment is performed.

In 2012, preventive maintenance of **263** equipments was performed (GRSs, GRBs, GRMSs, GRMBs, GMSs and GMBs) in order to ensure the continuity of the gas supply and the reliability of the equipment operations in the GDN. During this preventive maintenance taps, filters, valves and gaskets of the equipments were checked and in case of necessity were replaced.

5.5. Balance of the amount of natural gas which entered into the GDN and delivered to the end users

According to **Procedure P 03.00.00-2 for Control of Natural Gas Retail Sales** the amount of natural gas delivered to the clients and the amount of natural gas that entered into the GDN are compared. The data are collected from the GDCIMS and from the monthly statements of Bulgargas EAD, and the reasons for the deviations are analyzed. The main reason is the different time of reporting. The monthly amounts of natural gas delivered to the GDCs are compared also to the data for the weekly amounts, which are received by the SCADA dispatch system in order to serve for the preparation of weekly operation reports.

The annual balance of the amount of natural gas input into the GDN and delivered to the end users in Varna for the first 11 month of 2012 is presented in *Table 2*. The balance is prepared on the basis of the registered data for the natural gas amounts at the entrance (AGDS) and at the exit (end users' installations) of the GDN.

	Natural gas, thousand sm³	%
Entered into the GDN	11181.000	100.00%
Delivered to the users	11363.069	101.63%
Difference	-182.069	-1.63%

Table 2: Balance of natural gas amounts, entered into the GDN and delivered to the end users in Varna from 01.01.2012 to 30.11.2012

The difference between the amounts of natural gas at the entrance and at the exit of GDN of Overgas Iztok AD is insignificant and due to the different time of reporting and changing the pressure in the pipeline. The simultaneous reporting of the readings for all end users is impossible, since the users' gas regulation and measuring stations and boards do not have remote reading. The natural gas amount needed for initial filling when commissioning large GDN sections also leads to deviations in the parameters.

The balance of the amounts of natural gas at the entrance and at the exit of GDN confirms the plausibility of the total gas consumption of the users.

5.6. Insignificance of the leakages, procedures for prevention and accidents' elimination

According to **Instruction G-02.02.02 for Technical maintenance of linear parts of GDN** walk-through checks for breaking the integrity of the gas pipelines and for gas leakages and check-ups of the equipment status, etc. were performed daily, weekly, monthly or on every three months depending of the location of the pipelines. At the end of each walk-through check the information is recorded into the **Exploitation register of the GDN (working document G-02.02.02-RD1)**.

The deviations from the normal operation of the measuring devices and the telecommunications reported by the **SCADA** system are registered in **Form for the current status of the equipment or a part of the GDN (working document F5-I1-6.3-012)** and **Failures of the telecommunication devices and the automated system for dispatch management (working document F6-I1-6.3-012)**. According to the information in these documents, occurrence of any deviations or failures in the functioning of the equipment and sections of the GDN, as well as of the telecommunications are dully watched and eliminated so their normal operation is restored.

In 2012 totally 45 km underground gas pipeline networks were investigated for natural gas leakages. According to the elaborated Statements for inspection for leakages, no breaks and leakages have been found during the investigations.

The cases of natural gas leakage along the GDN are very rare and are due to accident leakages after breaking a distribution pipeline and to the scavenging before repairs and connections. The accidents are registered by Overgas Iztok AD in Statements of ascertainment.

According to the information for accidents in 2012 from the Statements of ascertainment for the accidents occurred, the amounts of natural gas leaked are minimal. There are 9 cases of accidents in the GDN for 2012. In 8 of them are related to natural gas accidental leakages.

Information for the natural gas leakages during the accidents on the territory of Varna in 2012 is presented in *Table 3*:

	2012
Amount of natural gas leaked, thousand sm ³	1.1167
Amount of natural gas entered into the GDN, thousand sm ³	11181.000
Share of the natural gas, %	0.01%

Table 3: Data for the amount of natural gas leaked during accidents in the GDN in Varna in 2012

6. PROCEDURES FOR EMERGENCIES

The actions in case of occurrence of large-scale accidents are regulated in compliance with the document **Plan for rescue, emergency and reconstruction works on the territory of GDC (Annex 2 to Procedure P 02.00.00-3)**. The plan includes preventive actions for non-admission of accidents' occurrence, forecasting the type and the consequences of accidents in the GDN, defining the actions and the obligations of the operational personnel.

In accordance with the legislation the activities in GDC in time of accidents and emergency situations are implemented following **Procedure P 02.00.00-3 for elimination of an accident and its consequences**. In case of accident or emergency situation, information for the implemented changes and the reasons for them are elaborated, as well as protocols after investigating the reasons for the accidents occurred. In case of accident or emergency situation Overgas Iztok AD cooperates also with the users, the public supplier Bulgargas EAD and the state and municipal bodies.

The emergency readiness of Overgas Iztok AD is ensured by the development of an Emergency plan. This Emergency plan is agreed following the respective order with the Regional Service for Fire Safety and Rescue and with Civil Protection. Overgas Iztok EAD provides for the emergency technical equipment and instrumentation, as well as an emergency reserve of technological materials – elements of the GDN and implements control over the emergency readiness – over the status of the technical equipment, the reserve and the efficiency of actions on the emergency plan. The emergency readiness in the GDC is regulated also by the state legislation and is subject of periodical planned and sudden control.

7. PROCESSING OF INITIAL DATA

The data on the amount of natural gas delivered to the end users is received in Overgas Inc. AD monthly according to the **Procedure P 03.00.00-2 for Control of Natural Gas Retail Sales**. They are entered into the GDCIMS by authorized employee of Overgas Iztok AD. The data about the amount of consumed natural gas in each sector, used for the calculation of the generated greenhouse gases emission reductions of the project, are taken from the **Information** module of the GDCIMS.

To report the influence of the low heating value of the natural gas delivered, the amount of the consumed natural gas had to be corrected as it is envisaged in the Monitoring plan of the PDD. Toward that goal, a correction factor was used.

The data on the amount of the delivered natural gas by Bulgargas EAD in the Monthly Statements on delivery and the average low heating value of the natural gas in the Certificates of the natural gas are used for calculation of the correction factor. The correction factor calculation is made according to **Formula 2** and **Formula 3**.

The average weighted value of natural gas's low heating value **LHVav** is calculated on the basis of the monthly certificates and the monthly statements on delivery of natural gas to Overgas Iztok AD by Bulgargas EAD.

$$LHV_{av} = \sum Q_{NG\ m} * LHV_{NG\ m} / Q_{NG\ y} \quad (2),$$

where:

$Q_{NG\ m}$ is the amount of natural gas delivered for the month m in 1000 sm^3 ;
 $LHV_{NG\ m}$ is the low heating value of the natural gas during the month m in GJ/1000 m^3 ;
 $Q_{NG\ y}$ is the amount of natural gas delivered for the year y in 1000 sm^3 ;

The correction factor for taking into account the influence of the low heating value of the delivered natural gas K is calculated according the formula:

$$K = LHV_{av} / LHV_{NG} \quad (3),$$

where:

LHV_{NG} is the low heating value of the natural gas, used in the calculations in the PDD in GJ/1000 m^3 .

Information about the amounts entered into the GDN and its low heating value by months from the monthly statements and the certificates of the natural gas is presented in Table 4. The calculated annual weighted average for 2012 is also presented in the table.

Month	Purchased natural gas, thousand sm^3	LHV, kcal/ m^3
January	1953	8075
February	1994	8071
March	1380	8077
April	795	8095
May	579	8117
June	653	8142
July	609	8142
August	746	8132
September	736	8118
October	655	8126
November	1063	8105
December	-	-
Total	11181	-
LHVav	-	8098

Table 4: Amounts of natural gas entered into the GDN and low heating value of the gas in 2012

The data for calculation of the correction factor K for 2012 are presented in Table 5.

Average low heating value of the delivered natural gas, kcal/ m^3	8 098
Average low heating value of the delivered natural gas, GJ/1000 sm^3	33.906
Low heating value of the natural gas used in PDD, GJ/1000 sm^3	33.400
Correction factor for taking into account the influence of the low heating value of the natural gas	1.0151

Table 5: Correction factor for taking into account the influence of the natural gas low heating value in 2012

8. CALCULATION OF THE EMISSION REDUCTIONS

According to the monitoring plan, the amount of greenhouse gas emission reductions is calculated by multiplying the annual consumption of natural gas in each sector by the FSERF for the respective sector for the reported year. For reporting, the amounts of natural gas delivered to the end users in every sector are corrected by a factor taking into account the

low heating value of the gas. The calculation of the factor is made as described in **Item 7 – Processing of Initial Data** of the Monitoring report.

8.1. ERUs generated by the project

The amount of the emission reductions generated in the year is calculated by the formula:

$$ERU_{z,y} = FSERF_{z,y} * Q_{NG\ z,y} * K(4),$$

where:

- $ERU_{z,y}$** is the amount of emission reduction units for the year **y** in the sector **z**, tCO₂e;
 $FSERF_{z,y}$ is the fuel switch emission reduction factor for sector **z**, for the year **y**, tCO₂e/1000sm³;
 $Q_{NG\ z,y}$ is the amount of natural gas delivered to sector **z**, in the year **y**, 1000 sm³;
K is the correction factor for taking into account the change of the low heating value of the delivered natural gas.

The amount of natural gas delivered from 01.01.2012 to 30.11.2012 to the end users by Overgas Iztok AD, included in the JI project BG 1000152 is 11363.069 thousand sm³. The calculations of the greenhouse gas emission reductions for 2012 are presented in Table 6.

Sector	Natural gas consumption, thousand sm ³	Correction factor for 2012	Corrected natural gas consumption, thousand sm ³	FSERF, tCO ₂ /thousand sm ³ for 2012	Greenhouse gas emission reductions, tCO ₂ e
Industrial sector	4729.646	1.0151	4801.254	0,89	4258
Public and administrative sector	5140.182	1.0151	5218.006	1,06	5514
Residential sector	1493.241	1.0151	1515.849	3,12	4736
Total	11363.069		11535.109		14508

Table 6: ERUs realized from 01.01.2012 to 30.11.2012, tCO₂e

The lack of double counting of greenhouse gas emission reductions is guaranteed by setting aside in the National Allocation Plan for the period 2008-2012 a special Reserve of allowances. The canceling of allowances from this Reserve is performed by the EEA in accordance with the data presented in the Monitoring and Verification reports of all approved JI projects, implemented in Bulgaria.

In the Table 7 is presented comparison between monitored ERUs in 2012 and estimated amount of ERUs in PDD. The main deviation is observed in Residential sector.

Sector	Greenhouse gas emission reductions in 2012, tCO ₂ e	Estimated GHG emission reductions in PDD for 2012 tCO ₂ e
Industrial sector	4258	5393
Public and administrative sector	5514	14981
Residential sector	4736	87487
Total	14508	107861

Table 7: Comparison between ERUs realized in 2012 and estimated in PDD, tCO₂e

8.2. Results of the conducted monitoring

- In the period reported, from 1st January 2012 to 30st November 2012, the implementation of BG 1000152 project lead to generation of **14508 ERUs** (Item 8.1).
- The monitoring shows that the project boundaries, determined in the PDD, have not been changed (Item 1.3).
- The reporting of the amounts of natural gas, which enters into the GDN, is implemented at high degree of accuracy and is controlled by Bulgargas EAD and Overgas Iztok AD (Item 5.2).
- The data used for the calculation of the ERUs generated by the project implementation are accurate and reliable (Item 5.4).
- The leakages from the natural gas distribution are insignificant and have no impact on the final results (Item 5.6).
- In 2012 the low heating value of the delivered natural gas has been in the range of $8000 \pm 100 \text{ kcal/sm}^3$ (Table 4).

The calculation of the greenhouse gas emission reductions are performed in accordance with the Monitoring plan of the determined PDD and the **Manual for elaboration of monitoring reports on the Joint Implementation projects of Overgas Inc. AD.**

The Excel worksheet file *Annex5_MR_Varna_2012_ve1_05December2012_protected.xls*, containing the detailed calculations of the amount of the realized greenhouse gases emission reductions is integral part of the present Monitoring report.

9. ENVIRONMENTAL IMPACT

The switch from the traditional energy sources to natural gas leads to a reduction of the overall amount of the emissions and to an enhancement of the natural and urban environments. The amounts of the emission reductions of pollutants and greenhouse gases resulted the replacement of the traditional fuels with natural gas are calculated annually. The information is submitted to the Public Communications Management Process of Overgas Inc. AD and to the GDCs.

Elaborated by:



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