



# D7 REPORT: APPENDIX 2: CERTIFICATION ACTIVITY COSTS

## ACTION A.5

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## CERTIFICATION ACTIVITY COSTS



## 1. INTRODUCTION

The costs related to the certification activity include:

- Costs related to the documental review phase
- Costs related to the on-site visit phase
- Costs related to the independent technical review phase
- Costs related to the reporting
- Costs related to the travel and, eventually, accomodation expenses
- Costs related to the issuance of the certificate
- Costs related to the back office activities (i.e. contract review, planning of the visit).

Any phase can be associated to a specific time schedule evaluated in terms of man/days requested and to any man/days is associated a price. The total amount of man/days needed in order to perform all the certification activities reported above, gives the idea of the certification costs.

The total amount of man/days is different from one certification scheme to another, since the certification activities required and so the certification phases, could be not all the ones reported in the list.

The price of a single man/days and the total amount of the man/days required in order to perform the certification activities can be slightly different by a Certification Body (CB) to another CB.

In order to try to uniform the number of man/days required for the certification activities related to a specific certification scheme, a man/days calculation criteria are established.

## 2. MAN/DAYS CALCULATION CRITERIA FOR CARBON STORAGE CERTIFICATION



Inside the "Appendix 1: Certification Body Accreditation Minimum requirements" has been established the man/days calculation criteria for the carbon storage certification, which are reported below:

- Area extension;
- Number of best practices applied;
- Location of the facility(ies) (difficulties connected to reach the place of the on site visit or different locations very distant eachother).

### **3. CERTIFICATION PHASES FOR CARBON STORAGE CERTIFICATION**

In case of the carbon storage certification the certification activities phases are the once reported inside the introduction:

- Costs related to the documental review phase
- Costs related to the on-site visit phase
- Costs related to the independent technical review phase
- Costs related to the reporting
- Costs related to the travel and, eventually, accomodation expeses
- Costs related to the issuance of the certificate
- Costs related to the back office activities (i.e. contract review, planning of the visit).

### **4. CALCULATION OF THE CERTIFICATION COSTS FOR CARBON STORAGE CERTIFICATION**



Inside the table below are reported the certification criteria in connection to their corresponding different types of certification complexity.

|                               |                                         | CERTIFICATION COMPLEXITY                |                                                                   |                                                                     |
|-------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|
|                               |                                         | LOW                                     | MEDIUM                                                            | HIGH                                                                |
| <b>CERTIFICATION CRITERIA</b> | <b>AREA EXTENSION</b>                   | < = 100 hectare                         | > 100 hectare and <= 500 hectares                                 | > 500 hectares                                                      |
|                               | <b>NUMBER OF BEST PRACTICES APPLIED</b> | 1 best practice involved to be checked; | 2-3 best practices involved to be checked;                        | more than 3 best practices involved to be checked;                  |
|                               | <b>LOCATION OF THE FACILITY(IES)</b>    | Simply logistic to reach the areas      | Difficult logistic to reach the areas but NOT far away each other | Difficult logistic to reach the areas and areas far away each other |

In general terms the global certification complexity of a specific carbon storage project is calculated considering the complexity that the majority of the certification criteria have rated (example: If 2 of the certification criteria have low certification complexity and 1 element has medium complexity the global certification complexity of the project is low. It could be also considered a sort of an average value: in case, for example, 1 element is graded as low complexity and other two are graded as high complexity, the global certification complexity can be considered to be graded as medium).

The table below shows the different types of certification complexity and the corresponding number of man/days for each certification phase/activity.

|  | CERTIFICATION COMPLEXITY |
|--|--------------------------|
|--|--------------------------|

|                                     |                                                                                                                                     | LOW     | MEDIUM                                                                                                               | HIGH    |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------|----------------------------------------------------------------------------------------------------------------------|---------|
| CERTIFICATION PHASES/<br>ACTIVITIES | Documental review,<br>independent technical<br>review, reporting, back<br>office activities<br>(contract review,<br>planning, etc.) | 0,5     | 1,00                                                                                                                 | >= 1,5  |
|                                     | On-site visit                                                                                                                       | 1       | 1,5 if the number of areas is<br>more than 2, it shall be added<br>at least 4 hours (0,5) for each<br>new area added |         |
|                                     | Travelling<br>accomodation                                                                                                          | - 1,00* | 1,50 – 2,00*                                                                                                         | > 2,00* |

\* Travel time are just reported as indicative idea but can be changed according to the number of the areas to be visited and their locations and travelling times in order to reach them, and could be quoted with a man/day rate different (usually lower) from the man/day rate value used for the other phases of the certification activities.

The total amount of the man/days required in order to perform the certification activities is the sum of all the man/days linked to the certification phases, with the exception of the man/days needed for travelling, as per what reported inside the table above.

So to the total amount of the man/days calculated for the certification complexity as per the information reported inside the table above, shall be added the cost for the issuance of the certificate. (around 100,00 – 300,00 euro) and the travelling-accomodation time/costs.

A certification activities of low complexity can be quoted considering a base of 1,5 man/days to up. (It could be higher due to the travelling time).



A certification activities of high complexity can be quoted considering a base of 3 man/days to up (it depends of numbers of areas to be visited, area extension (hectares), number of best practices involved and travelling time).

Considering a man/day reference rate among € 800,00 and € 1000,00 euro (referring certification activities performed in Europe):

- the certification activities of low complexity can be quoted from a base of around 1.200,00 euro – 1.500,00 euro to up. (To be added travelling/accomodation costs and certificate cost).
- the certification activities of high complexity can be quoted from a base of around 2.400,00 euro – 3.000,00 euro to up. (To be added travelling/accomodation costs and certificate cost).

## 4.1 EXAMPLES OF POSSIBLE CASES

### *CASE 1*

One project of 10 hectare (**low project complexity**) with just one best practice involved to be checked (**low project complexity**) with difficult logistic to reach it (**medium complexity**).

So in this case we have two certification criteria at low complexity and other one at medium complexity, so that the global complexity is low, so that we can consider 1.5 man/days, corresponding to: 1.200,00 euro – 1.500,00 euro + cost of issuance of the certificate + eventual travelling time/accomodation costs.

### *CASE 2*



One project with 600 hectares (**high complexity**), two best practices involved to be checked (**medium complexity**) and simply logistic to reach them the 3 areas involved (**low complexity**).

So in this case we have 1 element at high complexity, 1 element at medium complexity, one at low complexity so that the global complexity is medium but since there are 3 areas to be visited it shall be added 0,5 to the on site visit time, so that 3 man/days, corresponding to: 2.400,00 euro – 3.000,00 euro + cost of issuance of the certificate + travelling time/accomodation costs.

### *CASE 3*

One project with 700 hectares and two areas to be visited (**high complexity**), with one best practice involved to be checked (**low complexity**) with simply logistic to reach them (**low complexity**).

So in this case we have one certification criteria at high complexity and two at low complexity, so that the global complexity can be considered medium complexity.

Since there are at least two certification criteria at low complexity but there is another one at high complexity we can consider the number of man/days related to the medium complexity with just 2 areas involved but very big areas (in this case the travelling time could have a relevant impact on the final certification cost) so it can be considered 2,5 man/days, corresponding to: 2.000,00 euro – 2.500,00 euro + cost of issuance of the certificate + travelling time/accomodation costs.

### *CASE 4*

One project of 400 hectares (**medium complexity**) with three best practices involved to be checked (**medium complexity**) and three areas to be visited with difficult logistic to reach them and far away eachother (**high complexity**).



In this case we have 1 certification criteria at high complexity and 2 at medium complexity so that the global complexity is medium, so we can consider the number of man/days related to the medium complexity adding 0,5 for the third area: 3 man/days, corresponding to: 2.400,00 euro – 3.000,00 euro + cost of issuance of the certificate + travelling time/accomodation costs. In this case the travelling time could have a relevant impact on the final certification cost due to the difficult logistic to reach the areas which are also faraway eachother.

## 4.2 SAMPLING OF SITES IN CASE OF MULTISITE OR GROUP ORGANIZATION

In case of multisite or group organization shall be used the tables at paragraph 4, but it can be applied a sampling of the sites involved in the carbon farming project.

The site sampling shall be representative of the project complexity under evaluation, so that for example different best practices involved and methodologies applied shall be taken into consideration for the choice of the sites sampled.

The sample shall be selected in the following way:

- At least 25% of the sample shall be random selected;

During the monitoring activities audits it should be avoid to check the same sites visited during the previous audit, unless there isn't any justified reason; for example major non conformities detected.

In this case it could also be considered the possibility to reduce the percentage of sample random sampled.

Considering the criteria reported below, the other part of the sample should be selected in a way that the differences among the selected sites are as largest as possible:

- different best practices involved;
- different sites dimension;
- serious non conformities previously detected;





- any change occurred with respect to the project validated (applicable just for monitoring activities audits).

In case of first certification the minimum number of sites to be visited per audit shall be: the square root of the total number of sites, rounded to the superior unit:

$$y = \sqrt{x} \quad y = \text{number of sites to be visited}; x = \text{total number of the sites.}$$

In case of the monitoring activities audits the minimum of sites to be visited per audit shall be: the square root of the total number of the current sites reduced of 0.6, rounded to the subsequent entire number:

$$y = 0.6 \sqrt{x} \quad y = \text{number of sites to be visited}; x = \text{total number of the sites.}$$

In case of the renewal of the crediting period audits the minimum of sites to be visited per audit shall be the square root of the total number of the current sites reduced of 0.8, rounded to the subsequent entire number:

$$y = 0.8 \sqrt{x} \quad y = \text{number of sites to be visited}; x = \text{total number of the sites.}$$

The sample dimension shall be increased where the risk analysis performed by the Certification Body underlines an increase of the risk due to one or more than one of the following factors:

- a) many non conformities issued;
- b) many discrepancies detected against the project under validation and the project description or against the project previously validated;
- c) any complaint or warning received.

Any new site added to the project leads to a re-validation of the project and shall be sampled apart from the previous sampling, using the same formula reported above for the first audit.



### **4.3 MAN-DAYS REDUCTION IN CASE OF MONITORING AUDITS (AUDITS SUBSEQUENCE TO THE MAIN CERTIFICATION/VALIDATION OF THE PROJECT)**

Reduction of 2/3 respect on the man/days applied for the main certification can be considered for the monitoring audits.

In case of renewal audit for the renewal of the crediting period it can be considered the reduction of 1/3 respect on the number of man/days applied for the main certification.

### **4.4 MAN-DAYS REDUCTION IN CASE OF PRESENCE OF OTHER CERTIFICATIONS**

In case the organization is just certified for any certification for which the audit team has just previously checked the raw data used for the calculation of CO<sub>2</sub> reductions of the carbon storage project, the number of man/days can be reduced of up to 20% against the number of man/days to be applied in the absence of any overlapping certification.