

SBP

Sustainable Biomass Partnership

NEPCon Evaluation of DONG Energy Thermal Power A/S Compliance with the SBP Framework: Public Summary Report

www.sustainablebiomasspartnership.org



Completed in accordance with the CB Public Summary Report Template Version 1.0

For further information on the SBP Framework and to view the full set of documentation see www.sustainablebiomasspartnership.org

Document history

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1 Overview

On a title page, include the following information:

CB Name and contact: NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia

Primary contact for SBP: Ondrej Tarabus ot@nepcon.net, +420 606 730 382

Report completion date: 15 June 2016

Report authors: Ondřej Tarabus and Christian Rahbek

Certificate Holder: DONG Energy Thermal Power A/S, Kraftværksvej 53, Skærbæk
DK-7000 Fredericia, CVR NR. 27446169, Denmark

Producer contact for SBP: Peter Kofod Kristensen

Certified Supply Base: N/A - Trader

SBP Certificate Code: SBP-01-22

Date of certificate issue: 27/Jun/2016

Date of certificate expiry: 26/Jun/2021

Indicate where the current audit fits within the certification cycle				
Main (Initial) Audit	First Surveillance Audit	Second Surveillance Audit	Third Surveillance Audit	Fourth Surveillance Audit
X	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2 Scope of the evaluation and SBP certificate

Dong Energy is an energy producer from Denmark combusting biomass at different power plants. The SBP certification scope however contain trading activities only. Dong is trading both pellets and chips and the material is sourced from different parts of the world. Wood pellets are mostly sourced from Baltic countries, Poland, Russia, Belorussia, Germany, Sweden, Portugal, Spain, US and Canada. The chips were so far traded only from Denmark but the organization foresee to source wood chips also from Norway, Germany, UK or Baltics countries. The organization is under the certification process of FSC and PEFC certificate with transfer system implemented. The point of purchase varies, and can be FOB, CIF or CFR. When the material is purchased it is delivered directly to the client by vessel or sold at the same port as purchased. The scope of the certificate does not include physical possession of the material. The material can be sold to different customers in Europe (e.g. Denmark, UK, Nederland, Germany or Sweden). The point of sale is also very variable. The material is mostly delivered to ports in Europe but it can be also sold out at the same port where the material was purchased.

Scope Item	Check all that apply to the Certificate Scope				Change in Scope (N/A for Assessments)
Approved Standards:	SBP Standard #4 V1.0; SBP Standard #5 V1.0 http://www.sustainablebiomasspartnership.org/documents				<input type="checkbox"/>
Primary Activity:	Trader without physical possession				<input type="checkbox"/>
Input Material Categories:	<input type="checkbox"/> SBP-Compliant Primary Feedstock	<input type="checkbox"/> SBP-Compliant Secondary Feedstock			<input type="checkbox"/>
	<input type="checkbox"/> Controlled Feedstock	<input type="checkbox"/> SBP non-Compliant Feedstock			
	<input type="checkbox"/> SBP-Compliant Tertiary biomass	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
	<input type="checkbox"/> SBP-approved Recycled Claim	<input type="checkbox"/> Post-consumer Tertiary Feedstock			
Chain of custody system implemented:	<input checked="" type="checkbox"/> FSC	<input checked="" type="checkbox"/> PEFC	<input type="checkbox"/> SFI	<input type="checkbox"/> GGL	<input type="checkbox"/>
	<input checked="" type="checkbox"/> Transfer	<input type="checkbox"/> Percentage		<input type="checkbox"/> Credit	<input type="checkbox"/>

Points of sales	<input type="checkbox"/> Harbour (including own handling of material)	<input checked="" type="checkbox"/> Harbour (e.g. FOB incoterms) legal owner is not responsible for handling of material at the harbour	<input type="checkbox"/> Other point of sale (e.g. gate of the BP, boarder, railway station etc.)	<input type="checkbox"/>
	-	- Different harbours all over the world	-	
Provide name of all points of sales	-	-	-	
Use of SBP claim:	<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	<input type="checkbox"/>
SBE Verification Program:	<input type="checkbox"/> Low risk sources only	<input type="checkbox"/> Sources with unspecified/ specified risk		<input type="checkbox"/>
	New districts approved for SBP-Compliant inputs:			
Sub-scopes				<input type="checkbox"/>
Specify SBP Product Groups added or removed:				
Comments:				

3 Specific objective

The specific objective of this evaluation was to confirm that the Biomass Trader's management system is capable of ensuring that all requirements of specified SBP Standards are implemented across the entire scope of certification.

The scope of the evaluation covered:

- Review of the Biomass Trader's management procedures;
- Review of FSC system control points, analysis of the existing FSC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations; and
- GHG data collection analysis.

4 SBP Standards utilised

4.1 SBP Standards utilised

Chain of Custody, SBP Standard 4, Version 1.0, March 2015

Collection and Communication of Data, SBP Standard 5, Version 1.0, March 2015

<http://www.sustainablebiomasspartnership.org/documents>

5 Chain of Custody system

The organization has implemented the FSC transfer system for biomass (wood pellets and chips) in the scope of the certificate. The process covers trade with biomass without physical possession. The material is purchased from different suppliers in all over the world and sold either at the same harbour (FOB, CFR or CIF incoterm conditions) or during the transport itself (which is much less common case).

Each purchased material is recorded including the certification status of the material and the sales always contain the same type and quantity of material as purchased.

The FSC and SBP claim is mentioned on the sales invoices. The sustainability characteristics for each batch are foreseen to be switched from supplier to customer directly.

6 Evaluation process

6.1 Timing of evaluation activities

The assessment was carried out on 24th May 2016. One day was needed for the onsite audit and additional half day for the documentation review.

Activity	Location	Auditors	Date/time
Opening meeting* <ul style="list-style-type: none"> - Presentation of participants - Changes in the organization since last audit - Changes in standards and requirements 	Main Office	OT/CAR	24.05.2016 8:00 - 8:30
Review of Documented Control Systems for FSC and SBP <ul style="list-style-type: none"> - FSC Product Group Schedule - FSC Supplier Records - FSC Volume data - SBP internal procedures - SBP Training - SBP Trademark 	Main office	OT/CAR	8:30 – 12:00
Lunch break			12:00 – 12:30
Interviews with staff responsible for purchase	Purchasing department	OT/CAR	12:30 – 13:30
Interviews with staff responsible for sales	Sales department	OT/CAR	13:30 – 14:30
Evaluation of energy data collection	Main office	OT/CAR	14:30- 16:00
Auditor summarizes the evaluation		OT/CAR	16:00 – 16:15

Closing meeting*	Main office	OT/CAR	16:15 – 16:45
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OT – Ondřej Tarabus, CAR – Christian Anton Rahbek

6.2 Description of evaluation activities

Auditor team was welcomed in Dong Energy head office in Skovrider. Audit started with an opening meeting attended by Peter Kristensen, Erik Elingaard, Morten Nielsen and Charlotte Muff Thygesen.

Lead auditor introduced the audit team, provided information about audit plan, methodology and aim of the assessment. CB’s approval related issues and confidentiality issues were covered as well.

After that auditor went through all applicable requirements of the standard covering management system, CoC, recordkeeping requirements, emission and energy data and verification of SBP compliant biomass. Later on the purchasing and sales offices were audited. During the process overall responsible person for SBP system and over responsible staff having key responsibilities within the system was interviewed.

During the closing meeting auditor explained the results of the audit and further actions were discussed.

On 15th June information about FSC CoC certification was obtained from the organization and the information was validated in the FSC database.

Composition of audit team:

Auditor(s), roles	Qualifications
Ondrej Tarabus, Lead auditor, evaluation against all applicable requirements	Czech citizen, graduated in University of Life Sciences Prague, The Faculty of Forestry. He has participated in several FSC assessments in Czech Republic, Slovakia, Italy, Germany, Vietnam, Egypt, Spain, Romania, Bosnia and Herzegovina, Austria, etc. and FSC FM audits in Czech Republic and Lithuania. Ondřej Tarabus successfully completed SBP training course and he has practical experience with carbon footprint certification as well as biofuels certification.
Christian Rahbek Trainee auditor	M.Sc. (Forestry) from University of Copenhagen. Has passed NEPCoN Lead Auditor Training for FSC and PEFC FM and CoC certification. Experience from more than 180 FSC and PEFC CoC audits in Denmark and Europe.

7 Results

7.1 Compilation of data on Greenhouse Gas emissions

Dong Energy is not responsible in absolute majority of the cases for any GHG emissions as the point of purchase is the same as the point of sale. Therefore no additional energy is involved during the legal ownership of the material.

However, there might be also case where Dong Energy would be responsible for transport of the material and in such case the responsible person would have to calculate the energy involved. During the onsite audit the responsible person provided good knowledge about how the energy and emission data shall be collected and calculated.

7.2 Competency of involved personnel

The main responsible person in the company is Lead Sustainability Advisor of Dong Energy - Peter Kofod Kristensen. The overall responsible person is supported by purchase and sales manager Erik Elingaard, and both showed good understanding of the requirements in relation to SBP certification and of the already implemented FSC CoC system.

7.3 Preconditions

No preconditions remain in the audit report.

8 Non-conformities and observations

NCR number: 09849 NCR 01/16	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.1.1		
Description of Non-conformance:			
The organization is under the process of obtaining the FSC and PEFC CoC certificate. The SBP audit was done together with FSC and PEFC CoC audit. At the moment of the SBP certification Dong Energy is not holding CoC certificate and it is a precondition for issuance of SBP certificate.			
Corrective action request:	Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.		
NCR conformance deadline:	3 months after the audit closing date		
Client evidence:	The organization has presented the FSC certificate.		
Evaluation of Evidence:	The auditor evaluated the issued certificate in FSC database http://info.fsc.org/details.php?id=a023300000az1cTAAQ&type=certificate&return=certificate.php		
NCR Status:	Closed		
Comments (optional):	This non-conformity can only be closed when CoC certificate is issued.		
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?			Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

NCR number: 09850 NCR 02/16	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.4.2		
Description of Non-conformance:			
<p>The organization has specified in the SBP procedure that the supplier certificate will be verified each 3 months in the SBP database. The responsible person is aware about the system and showed good knowledge how the validity of the certificates should be verified.</p> <p>However, the customer certificates are not checked and the procedure do not require to record the certificate numbers of the customers to which they supply the biomass.</p>			
Corrective action request:	<p>Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>		
NCR conformance deadline:	12 months from the audit closing date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			
Is the non-conformity likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks?			Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

OBS number: 09852 – OBS 01/16	Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 4B - 1.3
Description of findings leading to observation:	The organization claims that they will not use SBP trademark and in case they will the trademark should be used in line with SBP requirements. However, the SBP procedure of the organization does not provide link to any SBP standard where the individual requirements could be found.	
Observation:	The organization should provide clear link to the SBP standard where the requirements on SBP trademark are mentioned.	

OBS number: 09854 OBS 02/16	Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data - 5.01
Description of findings leading to observation:	The organization does not have described the place of departure and arrival of the material as they claim that it might be potentially all ports of the word. However, the SBP requires to have described all possible transport routes.	
Observation:	The organization should map all possible transport routes and describe them.	

9 Certification decision

Based on Organisation's conformance with SBP requirements, the auditor makes the following recommendation:	
<input checked="" type="checkbox"/>	Certification approved: Upon acceptance of NCR(s) issued above
<input type="checkbox"/>	Certification not approved:
Based on auditor's recommendation and NEPCon quality review following certification decision is taken:	
NEPCon certification decision: The Biomass trader has been certified by NEPCon as meeting the requirements of the specified SBP Standard, the certificate can be issued immediately after SBP technical committee will approve the report. The expiration of the certificate will be then 5 years.	
Certification decision by: Oļesja Puišo	
Date of decision: 15.06.2016	

10 Surveillance updates

Note: Surveillance updates shall be provided to SBP as specified in SBP Standard 3: Certification Systems: Requirements for Certification Bodies.

11 Evaluation details

Primary Responsible Person: (Responsible for control system at site(s))	Peter Kofod Kristensen - SBP responsible person
Auditor(s):	Ondrej Tarabus, Lead auditor Christian Rahbek, Trainee auditor
People Interviewed, Titles:	Peter Kofod Kristensen - SBP responsible person Morten Nielsen – purchasing and sales chips Erik Elingaard – purchasing and sales pellets Charlotte Muff Thygesen - logistics Heidi Flindt Astrup – backoffice, accountant
Brief Overview of Audit Process for this Location:	See audit plan.
Comments:	N/A