

NEPCon Evaluation of Lynemouth Power Ltd Compliance with the SBP Framework: Public Summary Report

Main (Initial) Audit

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Completed in accordance with the CB Public Summary Report Template Version 1.4

*For further information on the SBP Framework and to view the full set of documentation see
www.sbp-cert.org*

Document history

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1 Overview

CB Name and contact:	NEPCon OÜ, Filosoofi 31, 50108 Tartu, Estonia
Primary contact for SBP:	Ondrej Tarabus ot@nepcon.org, +420 606 730 382
Current report completion date:	15-10-2019
Report authors: :	Ondrej Tarabus
Name of the Company:	Lynemouth Power Station, Ashington, Northumberland, NE63 9NW, United Kingdom
Company contact for SBP:	Lisa Markwell, T: 44 7814 97 0241, E: Lisa.Markwell@lynemouthpower.com
Certified Supply Base:	N/A Trader
SBP Certificate Code:	SBP-07-32
Date of certificate issue:	22/Oct/2019
Date of certificate expiry:	21/Oct/2024

This report relates to the Main (Initial) Audit

2 Scope of the evaluation and SBP certificate

Lynemouth Power Ltd is an energy producer from UK with both the office and the power plant located in the same place at Ashington. Lynemouth is procuring wood pellets from USA, Canada or Baltic countries. The organization is under process of getting FSC and PEFC certificates with transfer system implemented (for this evaluation FSC CoC system was used). The assessment audits were conducted in parallel with this SBP assessment. The point of purchase is port of Tyne but theoretically it can be any port in the world depending on the current situation and the agreement with the supplier.

The scope of the evaluation includes all material procured as well as further trade. When the material is purchased it can be re-sell at the same port, delivered directly to the client by vessel or consumed by their own energy plant. The material can potentially be sold to different customers in Europe and therefore the point of sale is very variable. The material is mostly delivered to ports in Europe, but it can be also sold at the same port where the material was purchased.

Description of the scope: Procurement of wood pellets from different ports in the world and further sales. The scope of the certificate does not include Supply Base Evaluation.

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 and PEFC system control points, analysis of the existing FSC and PEFC CoC system;
- Interviews with responsible staff;
- Review of the records and calculations
- GHG data collection analysis;

4 SBP Standards utilised

4.1 SBP Standards utilised

Please select all SBP Standards used during this evaluation. All Standards can be accessed and downloaded from <https://sbp-cert.org/documents/standards-documents/standards>

- SBP Framework Standard 1: Feedstock Compliance Standard (Version 1.0, 26 March 2015)
- SBP Framework Standard 2: Verification of SBP-compliant Feedstock (Version 1.0, 26 March 2015)
- SBP Framework Standard 4: Chain of Custody (Version 1.0, 26 March 2015)
- SBP Framework Standard 5: Collection and Communication of Data (Version 1.0, 26 March 2015)

4.2 SBP-endorsed Regional Risk Assessment

N/A Trader

5 Description of Company, Supply Base and Forest Management

5.1 Description of Company

Lynemouth Power Ltd is an energy producer from UK with both the office and the power plant located in the same place at Selby. Lynemouth Power is procuring wood pellets from USA, Canada, Portugal, Baltic countries, Belorussia or Russia. The organization holds FSC and PEFC certificates with transfer system implemented. The point of purchase is the port of Tyne but hypothetically it might be any port if the conditions will change. The pellets are unloaded and stored in one of the three silos located in port of Tyne. Later on, the pellets are transported by train to the power stations. In case of sales, the whole vessel would be sold.

It is foreseen in the future that the pellets will be sold also from the storage site in port of Tyne but at this moment this option is not in the scope of the certificate.

5.2 Description of Company's Supply Base

N/A

5.3 Detailed description of Supply Base

N/A

5.4 Chain of Custody system

The organization has implemented the FSC and PEFC transfer system for biomass (wood pellets only) in the scope of the certificate. The process covers trade with biomass. The material from different suppliers can be mixed on one ship once it's loaded. However, in such cases individual batches with different claims would remain the same on input and output by using mass balance to distinguish between different materials (in order to follow the GHG, profiling and batch specific characteristics of the material). Furthermore, the organization is storing material in Tyne, but such material could not be sold as certified at the moment, as this storage site is out of the certificate scope. Material from these storage facilities is not traded, but used for generation only. In all cases material received is always at least EUTR compliant biomass. In case the material would be uncertified it would not be received, and non-conforming product procedure would be followed.

Each purchased material is recorded in the internal system. These records include the certification status of the material and the sales documents always contain the same type and quantity of material as purchased.

The FSC is mentioned on the sales invoices and SBP claim in the DTS. The sustainability characteristics for each batch are mentioned in an annex to the invoice which always contains the number of the invoice as well.

6 Evaluation process

6.1 Timing of evaluation activities

The audit was carried out on 23rd and 24th September 2019. One and half day was needed for the onsite audit.

Activity	Location	Auditor(s)	Date/time
Opening meeting*	Office,	OT,	23/09/2019 09.00-09.30
Interview with the SBP and CoC responsible person; review of procedures and any open NCR(s) if applicable	Office,	OT,	09:30-11.00
Interview with Purchasing department representative (material sourcing and reception, purchasing documents)	Purchasing department	OT,	11:00-13:00
Break			13:00-13:30
Interviews with the responsible staff members for different sections of the SBP and CoC control system (storage, shipping, labelling, sales documents)	Sales department, logistic department	OT,	13:30-14:30
Interview with legal department (compliance with relevant legislation)	Legal department	OT,	14:30 – 15:00
Review of the summary volume figures,	CoC responsible person	OT,	15:00 – 16:00
Presentation of the results of the first day of annual audit	Office,	OT,	16:00-16:30

Energy data collection and calculation, management of SBP batches and sustainability characteristics	Office,	OT,	24/09/2019 08:30-10:00
Internal team meeting	Office	OT,	10:00 – 10:30
Closing meeting*	Office,	OT,	10:30 – 11:30

OT – Ondřej Tarabus,

6.2 Description of evaluation activities

Auditor was welcomed in Lynemouth Power head office in Ashington and audit started with an opening meeting attended by Lisa Markwell - Commercial & sustainability Analyst and Jonathan Scott - Commercial Director

Lead auditor introduced the himself, provided information about audit plan, methodology and aim of the audit. 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. Later on the purchasing and sales offices were audited. During the process the overall responsible person for SBP system and other responsible staff having key responsibilities within the system were interviewed.

The second day of the audit focused mostly on energy data collection and SREGs issued to the customers and partly on the DDS system in general.

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

Composition of audit team:

Auditor(s), roles	Qualifications
Ondrej Tarabus, Lead auditor for SBP, FSC and PEFC, 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.

6.3 Process for consultation with stakeholders

N/A

7 Results

7.1 Main strengths and weaknesses

Strengths: The internal system is well organized, small number of suppliers, good cooperation between workers – sustainability and finance teams.

Weaknesses: The person dealing with sustainability in the organization does not have a backup. It is recommended to extend the sustainability team in order to ensure that the tasks can be managed appropriately.

7.2 Rigour of Supply Base Evaluation

N/A

7.3 Collection and Communication of Data

Lynemouth Power has previous experience with compilation of GHG and therefore all processes were already in place and the previous experience was materialized. The responsible person has a good overview about the energy data of the supplies and the system for recording this data is well managed.

7.4 Competency of involved personnel

The main responsible person in the company is Lisa Markwell - Commercial & sustainability Analyst. Lisa proved very good knowledge of the certification requirements as well as general knowledge about the sector. However, as expressed above, there is a risk that when the number of tasks will increase, there might be lack of personnel in the department. All interviewed personnel from finance or logistic have provided good understanding of the requirements in relation to SBP certification.

7.5 Stakeholder feedback

N/A

7.6 Preconditions

N/A

8 Review of Company's Risk Assessments

Describe how the Certification Body assessed risk for the Indicators. Summarise the CB's final risk ratings in Table 1, together with the Company's final risk ratings. Default for each indicator is 'Low', click on the rating to change. Note: this summary should show the risk ratings before AND after the SVP has been performed and after any mitigation measures have been implemented.

N/A

9 Review of Company's mitigation measures

N/A

10 Non-conformities and observations

Identify all non-conformities and observations raised/closed during the evaluation (a tabular format below may be used here). Please use as many copies of the table as needed. For each, give details to include at least the following:

- applicable requirement(s)
- grading of the non-conformity (major or minor) or observation with supporting rationale
- timeframe for resolution of the non-conformity
- a statement as to whether the non-conformity is likely to impact upon the integrity of the affected SBP-certified products and the credibility of the SBP trademarks.

10.1 Open Non-Conformity Reports (NCRs)

NCR number: 40558 NCR 01/19	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.2.6		
Description of Non-conformance:			
<p>The Organisation has demonstrated understanding of the requirement that upon receipt of material or prior to further sales, the supplier invoice and supporting documentation are checked.</p> <p>Checks are carried out at financial department and the responsible person (Amanda Whiles) has provided good understanding of the requirements to be checked on the incoming documentation. However, the SBP procedure does not specify in detail how the responsible person would be aware about the fact that specific delivery shall be received as SBP certified, how this will be recorded in the internal system and by who.</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:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

NCR number: 40560 NCR 03/19	NC grading:	Major <input type="checkbox"/>	Minor <input checked="" type="checkbox"/>
Standard & Requirement:	Instruction Document 5A - Collection and Communication of Data V-1.1 - 2.1.3		
Description of Non-conformance:			
The organization does not plan to be responsible for transport as the purchase and sale should always happen in the same place. In case there would be transport taking place during the ownership of the organization the responsible person is aware about the requirement. However, the SBP procedure does not contain the description on how the energy content would be obtained, recorded and in which cases it would be shared with the client.			
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:	By next audit, but not later than 12 months after report finalisation date		
Client evidence:			
Evaluation of Evidence:			
NCR Status:	Open		
Comments (optional):			

10.2 Closed Non-Conformity Reports (NCRs)

NCR number: 40559 NCR 02/19	NC grading:	Major <input checked="" type="checkbox"/>	Minor <input type="checkbox"/>
Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 4B - 1.2		
Description of Non-conformance:			
The Trade Mark Licence Agreement was not signed at the time of the assessment.			
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:	Before issue/reissue of certificate		
Client evidence:	The organisation has provided signed TLA just after the audit.		
Evaluation of Evidence:	The signed TLA was received and the NCR was closed.		
NCR Status:	Closed		
Comments (optional):			

10.3 Observations

OBS number: 40561 OBS 01/19	Standard & Requirement:	Standard #4 V1.0 - Chain of Custody - 5.2.7
Description of findings leading to observation:	It was identified in the older version of the contracts the specific SBP claim was not mentioned and therefore there was a risk that the supplier would not feel obliged to deliver the SBP compliant but only SBP controlled claim instead.	
Observation:	The organization should update the contracts to make sure the exact claim is mentioned there.	

<p>OBS number: 40562 OBS 02/29</p>	<p>Standard & Requirement:</p>	<p>Standard #4 V1.0 - Chain of Custody - 6.1.2</p>
<p>Description of findings leading to observation:</p>	<p>The organization does import material from non-EU countries – US and Canada. There is a procedure in place which describes how the DDS system should be carried out. The organization has a checklist, which is filled in for each supplier and the risk in terms of legality is evaluated (as part of the sustainability evaluation). During the evaluation of the checklist it was revealed, that there is missing some of the legality elements such as taxes, debts which were not covered by the document and might therefore be omitted. Considering the fact, that the only countries used are US and Canada, this is considered to be an observation.</p>	
<p>Observation:</p>	<p>The organization should update their due diligence system to control the legality of the imported material in full extend as required by EUTR.</p>	

11 Certification decision

Based on the auditor’s recommendation and the Certification Body’s quality review, the following certification decision is taken:	
Certification decision:	Certification approved
Certification decision by (name of the person):	Pilar Gorría
Date of decision:	15-10-2019
Other comments:	<i>Click or tap here to enter text.</i>