

Greenhouse Gas Verification Report

Prism Farms Biomass Heating Project - 2006 to 2011

June 2012



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VERIFICATION BODY DETAILS

Name: Internat Energy Solutions Canada Inc.
Address: 294 Richmond St. East, Suite 200
Toronto, Ontario
M5A 1P5 Canada
Accreditation Agency: N/A
Accreditation ID: N/A
Status of Accreditation: N/A

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Engineering Manager
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CLIENT INFORMATION

Client Name: Prism Farms Ltd.

Main Contact Ryan Tiessen
Vice President
731 Mersea Road 7
Leamington, ON, N8H 3V8, Canada
Email: rtiessen@hotmail.com

VERIFICATION DETAILS

Verification Standard

The verification standards used in this report are consistent with ISO 14064-3, guidance from Alberta Quantification Protocol for Diversion of Biomass to Energy from Biomass Combustion Facilities, and any requirements from the CSA GHG CleanProjects™ Registry.

Verification Criteria

The environmental integrity criteria used in this project specify that the Verified Emission Reduction/Removals (VERRs) must be real, surplus, quantifiable, unique, verifiable and permanent. The stated amount of VERRs is a fair and accurate representation of the reduction over the period covered in the report and has been calculated in accordance with the method of quantification specified in the Prism Farms Biomass Heating Project Report (Project Report).

Reporting Period

This verification report covers the period from January 1st, 2006 to December 31st, 2011.

Level of Assurance

A reasonable level of assurance as per ISO 14064-3 was used by Internat Energy Solutions Canada Inc.

Verification Scope

The scope of this verification is the GHG emissions reductions and related assertions in the Prism Farms Biomass Heating Project document covering the period from 2006-2011.

Project description: Verify that the emissions from the Prism Farms Biomass Facility are in accordance with the assertion statement of:

2006 – 4,298 tonnes CO₂ eq VERR's
2007 – 9,038 tonnes CO₂ eq VERR's
2008 – 7,766 tonnes CO₂ eq VERR's
2009 – 6,780 tonnes CO₂ eq VERR's
2010 – 8,724 tonnes CO₂ eq VERR's
2011 – 5,109 tonnes CO₂ eq VERR's

as a result of avoidance in burning fossil fuels for thermal load requirements and the avoidance of methane emissions from the decomposition of organic wood wastes in landfills.

- **Location:** 731 Mersea Road 7, Leamington, ON, N8H 3V8, Canada
- **Ownership of Facility:** Prism Farms Ltd.
- **Intended User:** Project owner, project developer, applicable registry and any relevant stakeholders

Verification Schedule

Verification planning and document review:	May 1 st -7 th , 2012
Site visit:	May 8 th -9 th , 2012
Verification Completion and Reporting:	May 10 th -June 4 th , 2012
Internal Review:	June 5 th -6 th , 2012
Appeals and Re-verification:	June 7 th -12 th , 2012

Materiality

Materiality in this project is determined at the judgment of the verification body, following a full assessment of the VERRs report including methodologies, calculations, and justifications for the baseline scenario, selection of Sources, Sinks and Reservoirs (SSRs) and quantification of the emission reductions, data management and quality control.

Qualitative materiality is determined at the discretion of the verifiers.

Quantitative materiality should not in aggregate exceed 5% of total reported VERRs.

Verification Procedures

The verification procedures included, but were not limited to:

- Examining the Project Report for compliance with the standards, criteria and overall reasonableness
- Conducting interviews, data review and review of source documentation to gain an understanding of the controls over data collection and reporting

- Conducting a site visit to confirm that the project was completed as described in the Project Report
- Clarifying calculation methods used in the Project Report and ensure consistency throughout
- Tracing the figures disclosed in the Project Report back to the source data
- Examining the GHG emissions factor assumptions to assess the reasonableness of the assumptions
- Re-performance of a sample of the emissions calculations to assess the correct calculation of emissions based on the source data and emissions factor selected
- Substantiating natural gas consumption information to third party source documents
- Confirming that the Project Report adheres to the applicable standards, protocols and procedures through a thorough assessment of the Project Report
- Obtaining evidence of ownership of emission reduction rights associated with the project
- Verifying that the monitoring, metering, and recordkeeping procedures conducted by the Project operator (responsible party) provide little risk that materially significant errors could occur that would affect the accuracy of the GHG assertion

Limitations of this Report

Estimating greenhouse gas emissions from energy use and fuel delivery data is inherently imprecise. Emissions are not measured directly, and emission factors must be used in conjunction with observable data. To be sure, some amount of measurement error occurs when using emission factor estimates and when measuring observable data using different instruments. As a result, emission reduction quantifications are limited by some degree of uncertainty. This report has verified that such uncertainties have been reduced as much as possible.

Verification Team

Team Lead:

- Livio Nichilo : P.Eng, EPt(GHG)

Internal Reviewer:

- Erick Lachapelle: B.S.Sc., PhD

Technical Expert:

- Andrea Sabelli : BA, MA

Conflict of Interest Auditor

- Kevin Tse : B.Sc, M.E.S

Report Distribution

- Ryan Tiessen, Prism Farms Ltd.

VERIFICATION FINDINGS

Item No.	GHG data and information or Issue	Verification Activities	Finding	Material Discrepancy
1	Eligibility requirements	-Request statement from CFO stating that the GHG reductions have not been listed elsewhere and that no incentive funds were used for the implementation of the biomass facility -Request ownership documents for farm facility	Documents stating no incentives were received for the construction of the biomass facility and credits have not been transferred for the project years along with ownership proof of the facility obtained	None
2	Natural gas consumption	-Review invoices and calculations completed for baseline year -Review invoices for 2008 and 2009 and check against values used for calculations -Request a list of the annual usage of all heating fossil fuel used at the farm during the project years	Consumption for daily usage was provide along with a sample of invoices that can be verified against the consumption data provided from Union Gas	None
3	Alternative fossil fuel usage	-Review invoices and calculations completed for baseline year	Invoices for the 2005 baseline year to be provided – Not provided in full for oil usage	None
4	Biomass usage	-Review biomass delivery tickets against values used in calculation	Invoices for both years were reviewed on-site. There was an error on the units that were transferred to the Project Report that gave much higher than real biomass consumption values that needs to be addressed. Adjustments made to consumption values	None
5	Biomass testing	- Review document and understand the conditions and who does the testing -Look for consistency of biomass shipments to the farms	Test results for a sample period provided	None

6	Biomass weighing	-Obtain records for the calibration of the weight scales used for delivery of biomass to all farms	Names provided for the weighing of third parties but will need additional information on the calibration for Millwick Waste and Recycling Inc. from biomass supplier Ecostrat. Weighting stops are certified.	None
7	Disposal of ash (fly and bottom) shipment	-Shipment weights and locations determined from records	No shipment are made as all the byproducts of the biomass combustion are used onsite and a letter provided also to confirm that the ash is not shipped off site	None
8	Emissions release from biomass combustion	-Confirm test results from 2007 and 2011 years for emissions resulting from biomass combustion	Test results for one event done by NRCan still to be provided but the anticipated emissions for the boiler and efficiency at the time of project quoting was received through manufacturing specifications.	None
9	Heating space	-Understand heating intensities to look for efficiencies in facilities	Space dimensions provided	None
10	Origin and distance traveled of the biomass	-Enquire with the biomass supplier about the origin and distance traveled of the raw materials used to produce the biomass	Distances from origins of the biomass obtained and travel emissions were calculated	None
11	Biomass boiler and support hardware	-Calculate rough emission values that would be attributed to the duplicate hardware on site since both a biomass and natural gas system are in place	Supplier and model of the equipment was obtained on-site	None
12	VERR's calculations	-Review of all calculations completed in the calculation of the VERR's in the spreadsheet	Errors in the calculation sheets for emission factors found and corrected	None

Material Discrepancies

None were identified in the verification.

Immaterial Discrepancies

The baseline ratio of natural gas and furnace oil usage was used for all project years when it is expected that this ratio would make some changes as the market costs of the fuel relative to each other changed.

Transportation of biomass was not quantified as a source of emissions when the project case significantly would increase the need for shipping. The material discrepancy related to this was under the allowable threshold of the verification but are estimated to be as high as 2-3% of total VERRs.

Aggregate Materiality

The qualitative and quantitative materiality of the VERRs was assessed with the verification and sample plan and no significant discrepancies were found.

OPPORTUNITIES FOR IMPROVEMENT

The following opportunities for improvement were identified during the audit:

1. Ensure that all biomass deliveries are weighed by certified stations.
2. Biomass sample testing for its properties should be kept in an organized manner and completed on a regular bases
3. Include transportation of biomass material as a source
4. Identify more recent sources of data for emissions related to production of furnace oil
5. Conservative baseline fossil fuel usage ratios to reflect annual market conditions
 - a. between natural gas and furnace oil

VERIFICATION STATEMENT

June 15, 2012

To:
 Prism Farms Ltd.
 731 Mersea Road 7
 Leamington, ON, Canada, N8H 3V8

Blue Source Canada contracted Internat Energy Solutions Canada. ("IESC") to review the Prism Farms Biomass Heating Project Report and supporting evidence of Verified Emission Reduction/Removals (VERRs) occurring over the period of January 1st, 2006 – December 31st, 2011. The claims of the VERRs over this period are:

Year	CO ₂ (t)	CH ₄ (tCO ₂ e)	N ₂ O (tCO ₂ e)	Total (tCO ₂ e)
2006	2,402.6	1,903.8	-7.8	4,298
2007	5,051.9	4,003.0	-16.1	9,038
2008	4,854.0	2,916.6	-3.9	7,766
2009	4,210.8	2,573.4	-4.0	6,780
2010	5,469.4	3,259.2	-4.2	8,724
2011	3,248.2	1,862.8	-1.6	5,109
Total				41,715

Blue Source Canada is responsible for the preparation of the Project Report. Our responsibility is to express a conclusion as to whether anything has come to our attention to suggest that the VERRs are not presented fairly in accordance with the methodology outlined in ISO 14064-2 ("Standard"), the Alberta Quantification Protocol for the Diversion of Biomass to Energy from Biomass Combustion Facilities ("Protocol"), and the criteria of the CSA GHG CleanProjects™ Registry.

We planned and performed our work in order to provide a reasonable level of assurance, rather than absolute assurance with respect to the VERRs. Our review criteria were based on the standards, referenced protocols, and the principles of the environmental integrity criteria. We reviewed Blue Source Canada's methodology, VERRs, and associated documentation. We believe our work provides a reasonable basis for our conclusion.

Based on our review, nothing has come to our attention which causes us to believe that the VERRs contained in the GHG Assertion is not presented fairly in accordance with the relevant standards, referenced protocols and criteria, to a reasonable level of assurance.



Lead Verifier
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