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für Umwelt, Naturschutz
und Reaktorsicherheit

НАЦИОНАЛЬНАЯ ОРГАНИЗАЦИЯ ПОДДЕРЖКИ
ПРОЕКТОВ ПОГЛОЩЕНИЯ УГЛЕРОДА

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немецкое энергетическое
агентство

Joint Implementation Handbook

for Russian Companies

Second Edition 2008

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Contents:

Preface

The Ministry of Economic Development and Trade (MEDT) of the Russian Federation and the German Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), represented by Deputy Minister Kirill Androsov and Minister of State Michael Müller, have agreed to strengthen their cooperation on the promotion of Joint Implementation project activities under the Kyoto Protocol.

Joint Implementation was designed as a market-based mechanism to provide climate benefits by reducing greenhouse gas emissions and to create investment opportunities for the business community, and particularly companies active in the energy sector. Both ministries state that the realization of Joint Implementation as one of the possible financing schemes is particularly important for energy saving projects, for an improvement in energy efficiency and for the increased use of renewable energies. Against the backdrop of the traditionally good relationship between Russia and Germany in economic matters, both ministries are encouraging the business sector to use the potential of Joint Implementation projects to a greater extent. The potential of Joint Implementation in the near future is not limited to business activities: it opens up new opportunities in the technological arena where climate issues and the development of new, innovative projects are concerned.

Both ministers have agreed with the necessity of introducing standards and procedures aimed at the support provided to project developers and investors both in Russia and in Germany.

The MEDT and BMU have established a mechanism for the approval and registration of Joint Implementation projects which regulates the transfer of Emission Reduction Units (ERU).

This edition of the Joint Implementation Handbook incorporates all the latest decisions made by the Joint Implementation Supervisory Committee and the governments of the two countries. It can be used by Russian companies engaged in investment activities aimed at the reduction of greenhouse gas emissions in the energy and industrial sectors.

Both ministries are confident that this handbook will provide the information needed by Russian and German companies and by companies in other countries.

M. Müller

K. Androsov

1. Introduction

The use of the Joint Implementation mechanism offers an interesting co-financing opportunity for the owners and developers of investment projects in the fields of energy efficiency, energy savings and renewable energies focusing on CO_2 emission reductions and on the reduction of other greenhouse gas (GHG) emissions.

The Joint Implementation (JI) mechanism is one of the agreed market-based mechanisms which can be used under Article 6 of the Kyoto Protocol to develop GHG emission reduction projects between industrialized countries (Annex 1 countries). The Kyoto Protocol, which was adopted at the third session of the Conference of the Parties (COP 3) in December 1997, became effective in February 2005 after having been ratified by the Russian State Duma. In the Protocol industrialized (Annex B) countries agreed to take legally binding targets to reduce greenhouse gas (GHG) emissions until 2012. The Protocol introduced three market-based mechanisms to achieve the agreed targets: Joint Implementation, the Clean Development Mechanism and Emissions Trading.

The Joint Implementation mechanism is applicable to projects in Russia. For this mechanism mechanism to be used and tradable certified Emission Reduction Units (ERUs) to be created out of a concrete investment project, a specially defined JI procedure should be followed which demonstrates the additional effect of GHG emission reductions.

The purpose of this handbook is to transfer the relevant knowledge to potential Russian project owners/developers and to strengthen their capabilities to use the JI mechanism efficiently in their investment strategies. The handbook provides user-friendly and practice-oriented guidance through the validation procedure to be undertaken by Russian companies as well as an easily applicable JI project pre-check, which enables potential project owners and project developers to check whether their proposed investment projects would be eligible for the JI mechanism. The handbook particularly aims to help Russian companies identify and support investment projects in the field of energy efficiency and energy savings

and in the area of renewable energies. Its intention is to enhance Russo-German cooperation on technology and to increase the opportunities for economic growth and the development of the relevant companies. The handbook ties up with the Regional Handbook on Procedures for Joint Implementation in the Baltic Sea Region which was revised and updated in 2005 within the framework of BASREC (Baltic Sea Region Energy Cooperation[1]), copies of which can be obtained from basrec.org.

This JI Handbook supplements the BASREC JI Handbook, which explains the basic rules, terminology and procedures of the Joint Implementation Mechanism and gives a short overview of EU Emissions Trading and CDM (Clean Development Mechanism, the second project-based flexible Kyoto mechanism used in developing countries), providing concrete guidance for the development of JI projects within the framework of the respective JI rules in Russia and existing Russian legislation and an overview of the institutions and organizations relevant for the development and implementation of JI projects in Russia.

[1] BASREC's members are Denmark, Estonia, Finland, Germany, Iceland, Latvia, Lithuania, Norway, Poland, Russia and Sweden.

2. Background and Utilization of the Kyoto Protocol Flexible Mechanisms

Russia has huge potential to reduce GHG emissions, in particular by improving energy efficiency and utilizing renewable energies. Although participation in JI projects is voluntary for the countries and legal entities, the JI mechanism offers many Russian companies an opportunity to acquire foreign co-financing for investment into the development of their individual GHG emission reduction potential. It helps companies

- To overcome a potential lack of financing
- To make investment projects economically viable
- To introduce and develop highly sophisticated technologies

It would therefore not only have a substantial impact on accelerating modernization in the Russian energy sector, industry and the communal sector but also help to save scarce and valuable energy resources. It would also create demand for energy-efficient technologies and energy efficiency services and thus stimulate

new business opportunities for Russian companies. JI projects produce real GHG emission reductions and would therefore help Russia meet its obligations in the mitigation of climate change without any influence on the current surplus supply of Assigned Amount Units (AAUs).

The JI mechanism

The key idea of the JI mechanism is the implementation of a corresponding investment project in an Annex I country (host country) with the help of a foreign investor from another Annex I country. In exchange, the investor receives the Certified Emission Reductions (CERs) created by the project. The mechanism allows the transfer and acquisition of ERUs during the period 2008-2012. Early reductions might be sold as an equivalent amount of AAUs if the Annex 1 Parties participating in this JI project agree to sell and buy such early reductions.

In addition to conventional investment projects, JI projects must fulfil certain **additionality criteria** and require special approval. They should be **supplementary to domestic actions** in Annex 1 countries and should be **additional to any other emission reductions which would have occurred without the project.**

Participation of the Russian Federation in the Kyoto Protocol requires that a number of issues in respect of institutional preparedness and compliance are solved.

The Russian Government endorsed the National Action Plan on Implementation of the Kyoto Protocol in Russia (NAPR) in February 2005. The Plan is comprehensive and covers requirements for the prerequisites of compliance, suitable domestic policies and measures, a national greenhouse gas accounting system and historical GHG inventories since 1990, a national registry and reporting procedures, sectoral tasks and responsibilities for future negotiations, as well as the Kyoto mechanisms.

From 2005, a new Interagency Commission (IAC) led by the Ministry of Economic Development and Trade (MEDT) and chaired by MEDT Deputy Minister Andrey Sharonov was set up to facilitate cooperation between the ministries and agencies, the stakeholders in the Kyoto Protocol issues. At its first meeting in the summer of 2005 IAC officially adopted the NAPR, while correcting some dates.

The Interagency Commission has met four times (in June and November 2005, February 2006 and June 2007). The

following issues were discussed during these sessions:

- The progress of work on the implementation of the policy and the measures directed at the reduction of greenhouse gas emissions, an increase in greenhouse gas absorptions and observation of the Kyoto rules; creation of a national system to assessment man-made emissions (the Russian National GHG Accounting System) and the absorption of greenhouse gases; creation and maintenance of the registry of ERU and AAU transfers to other states.
- Legal regulation of greenhouse gas emissions in the Russian Federation
- Establishment of cooperation with international financial organizations and potential investors to facilitate the implementation of Articles 6 and 17 of the Kyoto Protocol
- The stance of the Russian Federation at the 11th Conference of the Parties to the United Nations Framework Convention on Climate Change and at the 1st Conference of the Parties to the Kyoto Protocol in Montreal
- Legal aspects of the implementation of the Kyoto Protocol
- Introduction of alterations to the regulations governing the federal agencies belonging to the ministries in connection with the necessity to comply with the Kyoto commitments
- The progress of work on the preparation of the 4th National Communication of the Russian Federation and the report on achievements in the fulfilment of commitments under the Kyoto Protocol made by the year 2005
- Creation of the Russian registry of carbon units
- The national accounting system for the assessment of man-made emissions (the Russian National GHG Accounting System) and absorption of emissions; preparation of the annual national inventory (cadastral register)
- Preparation for a thorough examination of the national report on the inventory of man-made emissions and absorption

from 1990 to 2004 and of the report on assigned amount units. The examination is to be conducted by the Expert Group of the United Nations Framework Convention on Climate Change

- Major issues on the agenda of the 13th Conference of the Parties to the United Nations Framework Convention on Climate Change and of the 3rd Conference of the Parties to the Kyoto Protocol (Bali, 3-14 December 2007); the stance of the Russian Federation on the determination of possible commitments for the post-Kyoto period
- A complex action plan regarding implementation of the Kyoto Protocol in the Russian Federation

The minutes of the IAC sessions can be found in Russian on the official website of the Ministry of Economic Development and Trade (www.economy.gov.ru) under *Implementation of the Kyoto Protocol in the Russian Federation*.

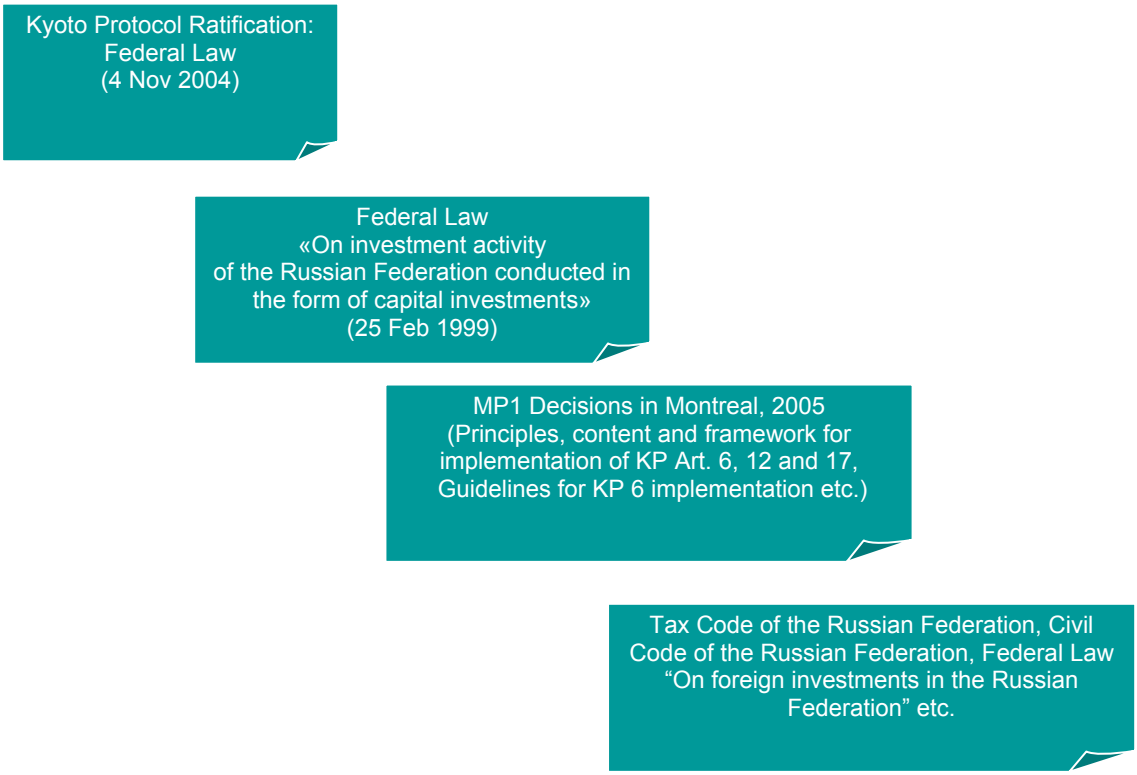
The Russian National Registry was established by Decree no. 215 of the Russian Government of 20 February 2006. The registry aims to record the management, storage, transfer, acquisition, abolition and subtraction of ERUs, CERs, AAUs and absorption units. The Ministry of Natural Resources (MNR) was given responsibility for National Registry issues in Russia.

The state organization Federal Centre of Geo-Ecological Systems was appointed responsible for the Russian National Registry by decree no. 1741 of the Russian Government.

The Russian National GHG Accounting System was established by decree of the Russian Government on 1 March 2006. The Russian Federal Service for Hydrometeorology and Environmental Monitoring (Roshydromet) was given responsibility for National GHG Accounting System issues.

Draft National JI Procedures were developed in April 2006 by MEDT and after a long period of consideration by the ministries and the Russian Government was approved by decree no. 32 of the Russian Government on 28 May 2007. The general approach is clear, however: Russian national JI procedures are regulated by the investment section of national legislation (see Figure 1).

Figure 1: Regulatory basis for the implementation of JI projects in Russia



The federal law on investment activity consists of 23 articles which must be applied to JI projects. About one third of the Tax Code is also relevant for the implementation of JI projects. However, specific JI sections of both the Federal law on investment activity and the Tax Code are yet to be drawn up.

The draft governmental resolution on provisions for the development, approval and control of the implementation of investment projects under Article 6 of the Kyoto Protocol allows for the establishment of a national limit of 300 million tons of CO_2 equivalents for JI activities in 2008-2012 which might be sold as Emission Reduction Units (ERUs) under Article 6 of the Kyoto Protocol.

When we consider that the typical size of a JI project is between one and five million tons of CO_2 equivalent GHG emission reductions for the whole period 2008-2012, Russia has the

potential to implement up to 300 JI projects.

Initial preparation for JI activities started in Russia in 2005. Previous attempts to submit Russian JI project proposals failed in 2003-2004 due to the lack of a decision to ratify the Kyoto Protocol at that time.

According to the information about JI project proposals on the website of the International Committee of JI supervision (www.ji.unfccc.int), serious interest in JI activities has been expressed by Russian companies working in various economic sectors (see Table 1). On 11 March 2008 there were 62 Russian projects on the website, with an expected amount of reductions amounting to 114 million tonnes of CO_2 equivalents for the period 2008-2012.

Table 1: Project proposals initiated as of 11 March 2008

Type of Activity	**Number of projects**	**Expected total emission reductions, million tonnes CO_2 equivalents for the period 2008-2012**
Capture of natural gas (methane) leakages in gas networks	19	58.7
Energy efficiency improvements, energy-savings	12	10.5
Switch to a fuel with lower methane emissions per unit	10	11.9
Biomass usage	6	2.9
Use of methane at the municipal solid waste landfills	5	7.9
Use of casinghead gas	5	9.7
Reduction of nitrous oxide emissions in the chemical industry	2	3.3
Reduction of HFC23, SF6 and perfluorinated hydrocarbons	3	9.1

3. Development Framework for Joint Implementation Projects in Russia

3.1. General framework and conditions for JI projects

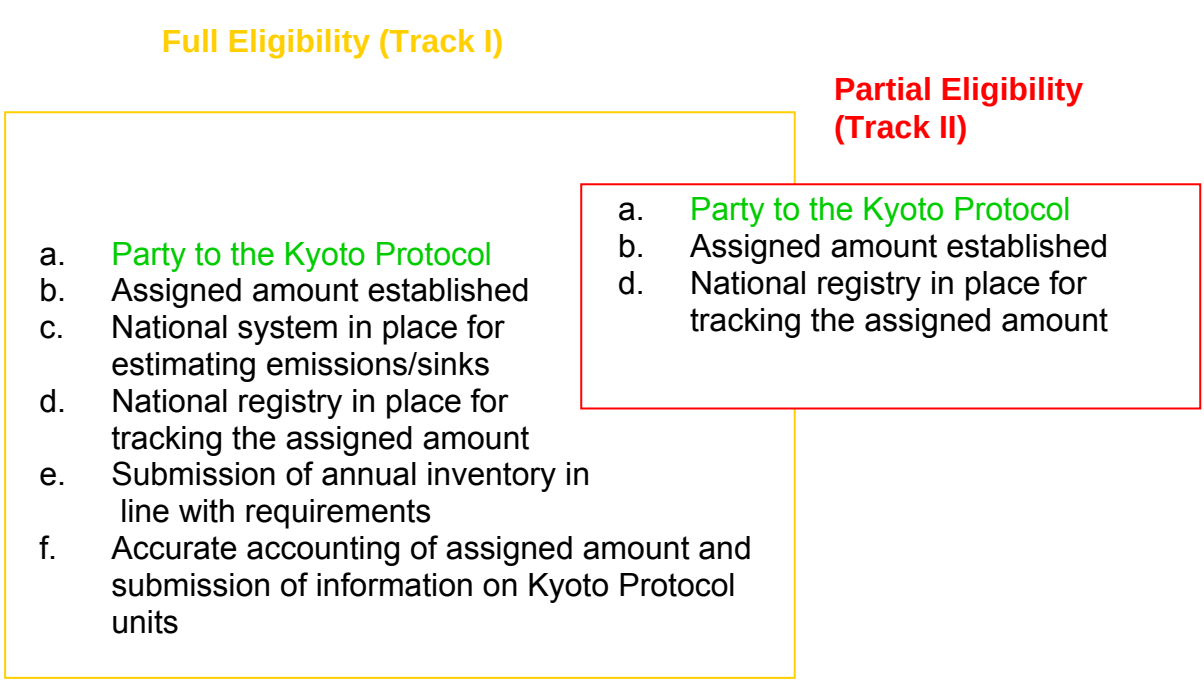
In order to participate in JI projects, Annex 1 parties must meet the following criteria, known as the eligibility criteria:

- The designated national focal point is in charge of approving JI projects
- National standards and procedures have been adopted for the approval of JI projects

In addition, the parties should meet the following requirements if they wish to transfer ERUs resulting from the implementation of the registered projects:

- Be a party to the Kyoto Protocol
- Establish an assigned amount (national quota)
- Establish a national GHG accounting system for the estimation of GHG emissions and sinks
- Establish a national registry to account for the national assigned amount and to allow the transaction of units between parties
- Timely submission of an annual GHG inventory to the UNFCCC

Picture 2: Eligibility Requirements



Depending on whether the involved Parties are in full or partial compliance with the outlined criteria (see Figure 2), they have the option of implementing JI projects via two different tracks –

Track I or Track II.

Track I allows for implementation of a Party's own national rules for selection of JI projects and estimation of emission reductions. It can be followed if the Party is in compliance with all the requirements for full eligibility.

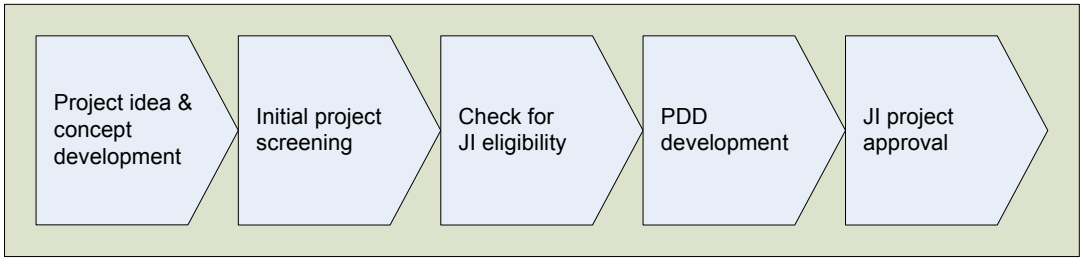
Track II involves a specifically determined international procedure supervised by the Joint Implementation Supervisory Committee (JISC). This track must be followed if the Party fulfils only some of the eligibility requirements at present (partial eligibility).

Common basic elements of the JI project cycle

Independent of the track used for project development and implementation, there are some common basic elements of the JI project cycle which should be met. Thus, the JI project cycle contains steps and activities comparable to those undertaken in the development of any conventional investment project. The specific steps to be undertaken are described in more detail in the Chapters 3.2 and 3.3.

The project cycle can be divided into two main phases: the **development and the implementation phases.**

Figure 3: The JI project development phase



Once a project idea has been developed, the project should be assessed to determine whether it will produce a sufficient number of GHG emissions reductions to warrant further development. For assessment it is helpful to prepare the project idea and the concept of the project's

development in a document summarizing the basic information and providing a short and general description of the project and its participants, applied technologies and preliminary estimations of expected emission reductions. Many potential buyers of ERUs have developed their own formats for Project Identification Notes (PINs), which are all very similar, but do differ slightly from one another.

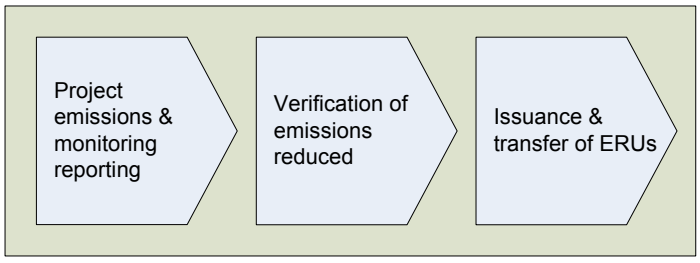
It is helpful to submit the PINs to potential investors and/or to potential buyers so that they can make a first assessment of the project.

If this assessment is positive, many potential investors and buyers also require that the project participants sign a mutual **Letter of Interest or Letter of Intent (LoI)** or **Option Agreement** agreeing the option to buy or sell the ERUs being created by the project exclusively from or to the investor/buyer before implementing the JI project described in the submitted PIN.

Such documents are usually required as a legal basis for financing of the next stage of the JI project preparation, i.e. development of the relevant project documentation including a viable assessment of the emissions reductions to be achieved if the project were implemented. This documentation must follow the set format of a Project Design Document (PDD) endorsed by the international Committee responsible for the supervision of the Joint Implementation where Track II is to be used and may have a different format if Track I is used.

The second phase is the **implementation phase,** which includes all monitoring, reporting and verification of emissions reduced or sequestered, and the transfer of ERUs.

Figure 4: The JI project implementation phase



Main differences between Track I and Track II procedures

Under **Track II** the project and the quantity of ERUs it will generate must be determined (reviewed and endorsed) by an independent determinator under the standards and procedures provided by the Joint Implementation Supervisory Committee and established by the meeting of the first COP/MOP in Montreal in December 2005 for international consideration.

The main task of the JISC is to examine the reductions achieved by implementing the JI projects.

The Committee consists of 20 members elected by the Conference of the Parties to the Kyoto Protocol on the following basis:

- Three representatives from transition countries and three alternate members
- Three representatives from developed countries and three alternate members
- Three representatives from developing countries and three alternate members
- One representative from the small island developing states and one alternate member

The JISC thus consists of 12 representatives of the countries with quantitative obligations to reduce and stabilize their emissions and 8 representatives from countries having no such obligations.

The functions of the JISC encompass:

- Control of the process of independent verification of project documentation and of the reports on the reductions achieved
- Development of the format for JI project dcoumentation and recommendations on how the form should be filled in
- Development of the basic criteria for baseline setting and the monitoring of reductions
- Elaboration of the standards and procedures for the accreditation of independent entities responsible for JI project verification; accreditation of independent entities
- Administrative issues:
    - Development of the JISC work plan
    - Development of a system for financial resources received to cover

administrative expenditure

- Regulation of work with external consultants

- Preparation of annual reports before the Conference of the parties to the Kyoto Protocol and preparation of recommendations on the following issues:
  - Revision of the main principles of the JI mechanism
  - Revision of the main criteria for baseline setting and reduction monitoring
  - Revision of the standards and procedures for the accreditation of independent entities

Under **Track I** the host county (in our case Russia) is responsible for verification of the reduced emissions and determination of the additionality of those emissions, and must establish the relevant rules which might be agreed with the investing party. In fact, verification procedures may vary by host country. However, project documentation must be developed for submission of the project to the host country's institution responsible for project approval. This documentation may differ in detail from the internationally determined Project Design Document (PDD) required under Track II, but the basic information Is similar to that submitted in a PDD. An assessment must therefore be made of whether the emissions reduced by the project are additional to what would have occurred otherwise, and stakeholder comments according to national guidelines for JI approval should be included. Finally, Letters of Approval should be obtained from the involved parties.

Most of the JI projects developed to date have followed Track II JI procedures.

3.2. How to prepare a JI project using Track II

According to the decision taken at the first Conference of the Parties to the Kyoto Protocol in December 2005 in Montreal, the reference point for JI projects is the year 2000. Projects launched before the year 2000 can therefore produce no ERUs. In projects initiated from 2000, only reductions produced between 2008 and 2012 can be transferred to the buyers as ERUs.

JI Track Two Project Cycle

The JI project cycle can be divided into two main phases: the development and implementation phases.

JI Project Development Phase: initial steps and eligibility check

The initial steps are similar to the steps described in 3.1 which are common to both Track I and II.

If the first pre-assessment of the project in form of a PIN shows positive results, the next step of the project cycle is the preparation of specific documentation - the Project Design Document (PDD).

JI Project Development Phase: development of PDD

The PDD development phase includes the development of a full package of carbon documentation. Although the details of the JI procedures under JISC are still being elaborated, the form of the JI Project Design Document (PDD), which is similar to that of the CDM PDD, was approved by the JISC in May 2006 and should be used for development of JI project documentation. Project developers can find the required Model PDD in **Annex 1** to this handbook.

Development of the PDD covers a **baseline study and monitoring plan** which will make it possible to determine whether the project:

- Has an appropriate baseline and monitoring plan
- Would result in additional reductions of GHG emissions
- Has been approved by the parties involved in the project

According to the Kyoto Protocol, GHG emission reductions generated by JI project activities must be additional to those that would otherwise occur (**principle of additionality**). For this reason in is necessary to provide clear and convincing information as to what would happen on the project site without the project and what emission reductions will be achieved by the project.

According to the *Guidance on criteria for baseline setting and monitoring* adopted at the fourth meeting of the JISC, additionality can be demonstrated using one of the following approaches:

(a) If an approved clean development mechanism (CDM) baseline and monitoring methodology is used, all explanations, descriptions and analyses with regard to additionality shall be made in accordance with the selected methodology;

(b) In all other cases one of the following options may be applied:

- Application of the most recent version of the "Tool for the demonstration and assessment of additionality" approved by the CDM Executive Board
- Application of any other method for proving additionality approved by the CDM Executive Board
- Provision of traceable and transparent information showing that the baseline was identified on the basis of conservative assumptions, that the project scenario is not part of the identified baseline scenario and that the project will lead to reductions of anthropogenic emissions by sources or enhancements of net anthropogenic removals by sinks of GHGs
- Provision of traceable and transparent information that an accredited independent entity has already positively determined that a comparable project (to be) implemented under comparable circumstances (same GHG mitigation measure, same country, similar technology, similar scale) would result in a reduction of anthropogenic emissions by sources or an enhancement of net anthropogenic removals by sinks that is additional to any that would otherwise occur and a justification as to why this determination is relevant for the project at hand

The most complicated issue is the development of a **baseline scenario** – a description of the GHG emissions which would occur without the project activity for the whole period of the expected project duration. The results of the baseline study should be used to estimate GHG emission reductions under the project for the duration of the project / crediting period.

New methodologies for baseline scenarios and project activity determination may be proposed, but the current practice is to use methodologies already approved by the CDM Executive Board for the various types of CDM project.

According to decision 10/CMP.1 "Implementation of Article 6 of the

Kyoto Protocol" adopted at COP/MOP 1 in Montreal, methodologies for baseline and monitoring, including methodologies for small-scale projects approved by CDM EB, may be applied by project participants under JI as appropriate. All the CDM methodologies already approved by CDM EB and methodologies under review can be accessed on the UNFCCC site at cdm.unfccc.int/methodologies/. **Annex 3** of the handbook provides a summary of approved baseline methodologies which may be relevant for JI projects in Russia.

But the use of the existing CDM methodologies is not mandatory and project participants may establish their own methodological approach to the baseline setting and monitoring plan. If this option is chosen it is very important to follow and adhere to the *Guidance on criteria for baseline setting and monitoring* adopted at the fourth meeting of the JISC.

The **Monitoring plan** establishes a set of requirements for monitoring and verification of GHG emission reductions archived by the project. Monitoring plans should explain by whom and how often emission reductions should be monitored, which instrumental measurements will be applied or how emission reductions will be calculated during the crediting period, and how results will be documented and verified. In principle, the monitoring plan may be revised, but only if it improves the accuracy or completeness of the information needed to measure and calculate the GHG emissions under the project. The project participant is responsible for monitoring project performance but need not carry out the monitoring activity himself. He may delegate this to other parties.

The JI guidelines state that the project participants must submit an **analysis of environmental impacts**. In Russia, an Environmental Impact Assessment or Ecological Expertise is an obligatory part of any project activities. The project participants should therefore follow national procedures to assess environmental impacts.

During PDD development, information on the proposed project should be made available to the local stakeholders for consideration and comments. The project participants should then provide in the relevant section of the PDD a list of stakeholders from whom comments on the project have been received, the nature of these comments and whether and how the comments have been addressed.

JI Project Development Phase: PDD determination and JI project approval

Once the PDD has been completed it must be submitted for **determination** (independent review) to an Independent Entity (IE) accredited by the JISC. In 2006 the JI Supervisory Committee established its own Accreditation Panel which will accredit independent entities for determination of JI project PDDs. Until such a time as these validators are officially accredited for JI projects, IEs already accredited for CDM projects by the CDM Executive Board may be employed. An overview of IEs is given in **Annex 3**.

The IE will go through the documentation provided and check the validity of all references, assumptions and information. It is also possible that the IE will undertake a field visit to assess whether the information provided and the assumptions made are valid.

The IE will make its determination report publicly available through the JI web site maintained by the UNFCCC Secretariat at ji.unfccc.int/.

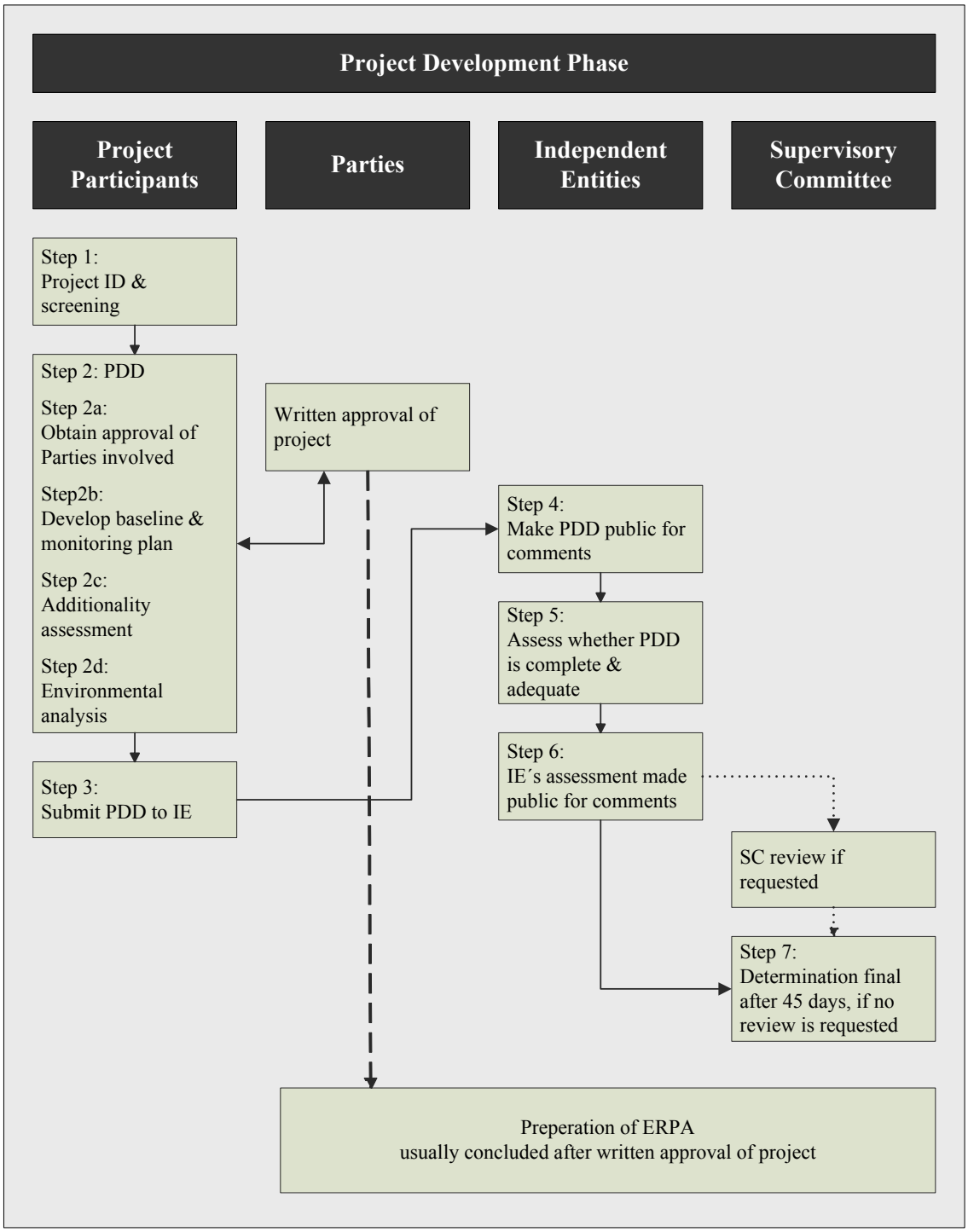
JI Project Development Phase: Emission Reduction Purchase Agreement (ERPA)

The ERPA is an agreement between the project owner and the investor/buyer of the ERUs governing the purchase and sale of GHG emission reductions under the project. Upon conclusion of the ERPA the project goes into the implementation phase. For this Emission Reduction Purchase Agreement a **Letter of Approval (LoA)** is required from the host country which formally approves the project for the purposes of Article 6 of the Kyoto Protocol and confirms that the emission reductions achieved by the project may be transferred to the buyer.

According to the regulation on the approval and examination of the implementation process for projects conducted in accordance with Article 6 of the Kyoto Protocol approved in May 2007 in Russia, applications for the development of specific JI projects must be submitted to the MEDT.

A more detailed description of the JI Track Two project cycle, guidelines and recommendations for PDD development, examples of methodologies for calculations, references etc. is given in the BASREC Regional Handbook on Procedures for Joint Implementation in the Baltic Sea Region (2006) of the **BASREC JI HANDBOOK**, which is published in English and Russian (www.basrec.org).

Figure 5: Summary of the JI project development phase



JI project implementation phase

Under implementation of a JI project the emission reduction units may be transferred through national registries only after they have been properly monitored according to the monitoring plan and confirmed by an independent verification procedure. The monitoring plan and its validation by an Independent Entity is a mandatory part of the Model PDD approved by the JISC (see Annex 1). Detailed national procedures for verification will be developed in Russia, although today it is only possible to predict that they will be similar to the practices common in other countries. In Germany, for example, the monitoring plan is part of the PDD and of validation for both JI Track I and JI Track II.

3.3. Perspectives for Track I in Russia

As discussed in the previous chapter, participation in JI Track I requires less international supervision. The host country (Russia) applies its own criteria for project approval, including the assessment of additionality. For approval, projects must be elaborated and presented in the respective format.

As a precondition for implementation under Track I, Russia, like any other Annex I Party, must fulfil a number of prerequisites.

Status of preparation for the implementation of Track I in Russia

Participating Party is a Party to the Kyoto Protocol:

The Kyoto Protocol to the UN Framework Convention on Climate Change (UNFCCC) was signed on 11 December 1997 and ratified by the Russian Federation on 4 November 2004 (Federal law No. 128-FZ). This means that Russia is already eligible for participation in the Kyoto Protocol under this criterion.

Assigned amount (national quota)

To calculate the assigned amount Russia must draw up annual inventories of GHG emissions and sinks by gases and sources for the years since 1990 in an internationally approved electronic format (the Common Reporting Format CRF) and submit these inventories to the UNFCCC/Kyoto Protocol Secretariat for international review. This process may take up to 16 months. Fulfillment of these requirements will give the Russian national quota of 5 times the 1990 GHG emissions international recognition for the first commitment period under the Kyoto Protocol from 2008 to 2012.

The Russian Federal Service for Hydrometeorology and Environmental Monitoring (Roshydromet) is responsible for the development of inventories of anthropogenic GHG emissions within its mandate to develop the information necessary to implement Article 4 of the FCCC in line with the methodologies adopted by the Intergovernmental Panel on Climate Change (IPCC).

The inventories for 1990-2004 must be submitted to the UNFCCC Secretariat are are currently being prepared. The EC TACIS project is assisting Roshydromet to carry out the work in the required format.

National GHG accounting system

The draft resolution of the Government of the Russian Federation on the establishment of a national system for the estimation of anthropogenic emissions by sources and removal by sinks of all greenhouse gases to be estimated under the Kyoto Protocol was developed by the Russian Federal Service for Hydrometeorology and Environmental Monitoring, agreed with the relevant federal executive bodies and submitted to the Government of the Russian Federation on 21 November 2005. The draft resolution was revised on the basis of comments from the staff of the Government of the Russian Federation, again agreed with the relevant federal executive bodies and submitted to the Government of the Russian Federation on 14 February 2006.

The Russian National GHG Accounting System was established by Resolution № 278-r the of Russian government on 1 March 2006.

To underpin this resolution, Roshydromet issued regulation No. 141 on the "Approval of the formation and function of the Russian GHG Accounting System" dated 30 June 2006.

The Kyoto Protocol allows contributions from forest management activities to be counted in the carbon balance. The Ministry of Natural Resources (MNR) and the Russian Forestry Agency are taking stock of GHG emissions and their absorption by the forest reserves. The presence of unprotected and sporadically protected territories in the forest reserves, as well as insufficiently studied reserve forests excluded from economic use, gives rise to considerable uncertainty in the estimation of carbon budgets. Proposals have been developed on criteria and rules to distinguish managed forests, spatial units under management, carbon pools and flows

included in national records of GHG emissions and sinks.

Submission of annual inventory in line with requirements

According to the requirements under Article 7.1 of the Kyoto Protocol, annual inventories should be submitted to the UNFCCC/Kyoto Protocol Secretariat before 15 April each year. Roshydromet will submit the Russian inventories to the international community on the basis of the information contained in the Russian National GHG Accounting System.

National registry

The national registry was established by resolution № 215-r of the Government of the Russian Federation on 20 February 2006. The Ministry of Natural Resources was given responsibility for national registry issues. The Ministry nominated its organization, the Federal Centre for Geo-Ecological Systems, to act as administrator of the national registry and decided to purchase appropriate software and services from the French registry Seringas. The Russian registry has now undergone all tests and examinations and is ready for work. The official website of the Russian registry can be found at carbonunitsregistry.ru.

The procedure of setting up and maintaining the Russian AAU registry was approved by joint resolutions Nos. 121 and 148 of the Ministry of Natural Resources and MEDT on 7 May 2007 (Annex4).

Coordination centre and national procedures for JI projects

The approval and examination of project implementation in accordance with Article 6 of the Kyoto Protocol was approved by Resolution No. 332 of the Russian government on 28 May 2007 (Annex 5). The status of a coordination centre responsible for the preparation and approval of JI projects was given to MEDT.

Expected timeframe for the implementation of JI Track I

The draft of provisions for JI investment projects covers only the domestic side to such procedures and was developed in such a way as to **allow use of the provisions for both JI Track I and JI Track II.** If the Russian authorities succeed in fulfilling all of the eligibility requirements by 1 January 2008, Russia will be eligible to participate in JI Track I for the whole of the first commitment period from 2008 to 2012.

4. International Types of Cooperation

International experience has shown that in principle two different types of JI projects are possible, depending on the type and extent of the involvement of the foreign investor.

4.1. JI project option: Selling of Emission Reduction Units

In this case the project can be fully developed and implemented by the Russian project owner himself. No intangible knowledge is needed. The expertise and equipment required to implement the project can be purchased on the market. To complete the financing scheme for the project, the anticipated income from the sale of project ERUs is needed. This type of project assumes that the project owner will develop his business and financing plan without outside help.

Advantages: As no specific knowledge transfer is needed for technical project implementation and no additional financing except for income from ERUs is required, the ERUs can be offered to a wide range of carbon investors, including international carbon funds, brokers and foreign companies active in any sector and interested in buying ERUs as a tradable commodity. In demand-driven markets the best offer can be selected.

Disadvantages: At an international level, the number of proposed projects eligible for CDM or JI is constantly increasing. As theses types of JI projects sell ERUs as a commodity, they are facing increasing competition. Information on the lowest number of ERUs expected from a project and the reliability of their delivery are therefore becoming an increasingly important selection criteria for potential carbon investors (buyers of ERUs). High standards regarding the guarantees required from the project owner are set to ensure complete delivery of the expected and agreed number of ERUs. No support for the technical implementation of the project is provided. If new and highly innovative technologies are to be implemented in a project, some obstacles may occur because the technical expertise required to prove and approve an innovative or technically complex project might not be available.

Requirements made by potential investors (buyers of ERUs):

Carbon funds are the most common customers for this type of project. They have drawn up standardized project assessment tools as well as

standardized draft Emission Reduction Purchase Agreements (ERPAs) which enable them to implement project assessment and ERU acquisition efficiently. Price offers are usually publicly announced and transparent. Funds generally offer some financial support for development of the PDD and project implementation. Some carbon funds have set priorities concerning project activities and host countries, but the requirements are usually publicly available. There is strong interest in creating portfolios of different types of projects so as to spread risks.

An overview of the relevant carbon funds operating internationally is given in **Annex 2.**

Commercial banks also purchase ERUs. Many of them do this business for clients obliged to reduce GHG emissions under their national laws, but also for commercial purposes. Some of the banks have set up subsidiaries which also offer preparation of the project documentation, but they also purchase projects which have already received international (Track II) or national (Track I) approval.

Brokers offer services to companies that are prepared to sell or buy ERUs as commodities. These services include the elaboration of the respective documentation (PIN, PDD etc). They help clients to identify potential buyers of ERUs and support the sale of the ERUs, but they do not usually buy ERUs themselves. Some brokers are related to banks which buy ERUs and are also prepared to provide additional investment financing if so required.

Foreign companies, especially those obliged to reduce emissions, tend to buy certificates from projects close to their core businesses in order to lower the risk of project failure. The purchase of certificates from projects unrelated to their own business is usually managed through trusted intermediaries. As standardized ERPAs are generally not available, negotiation of agreements might be more time-consuming. This may change in future once big companies have gained experience in ERU purchasing.

Equipment suppliers provide carbon financing (the purchase of ERUs) by selling contracts to the afore-mentioned institutions, as they are not usually the final buyers of ERUs.

In most cases advanced payment from the purchased ERUs might be offered by the investors on the condition that financial guarantees are provided by the project owner.

Many of the investors discussed above offer part of the ERU purchase price as advanced payment and financial support for the preparation of PDDs and determination. This will, of course, discount the price of the ERUs. The more the project owner has done at his own expense (existence of PDD, LoA etc.), the higher the price that may be achieved per ERU.

4.2. JI project option: Foreign direct investment

This option will be chosen if the project needs a foreign investor for development and implementation. The foreign investor acts as partner of the project owner in some or all of following project phases: project development, financing, project implementation and operation. This type of project requires closer cooperation with the investor.

Advantages: This type of project provides access to intangible knowledge and might have a positive effect on process management and process innovation. The sharing of ERUs might be negotiated where closer institutional cooperation is established (for example creation of a Joint Venture). Access to additional financing might be facilitated because of the investor's access to international financing, and the credit rating can be improved. Carbon financing is part of the general financing scheme. In addition, advanced payment might be possible without a financial guarantee if the investor himself is able to provide the respective guarantee.

Disadvantages: Decision making must be coordinated and agreed between partners.

Requirements made by potential investors:

Potential direct investors might be **equipment suppliers** willing to participate as investors**, financial investors** and **partners in a joint venture or other form of cooperation.** They provide carbon financing (the purchase of ERUs) and access to additional financing where required. Usually the partner or the equipment supplier also provides his own engineering services. Agreements for the purchase of ERUs might take a variety of forms.

Some of the existing carbon funds are related to **banks**, which enables them also to provide investment financing and export financing for the equipment suppliers involved. This is the case with the KfW Carbon Fund, which is related to the KfW Banking Group, and with the TGF, which is managed by NEFCO.

5. German Legislation and Framework Conditions

German legislation

On 30 September 2005 Germany brought the law on project-related mechanisms into force to translate into national law EU Directive 2004/101/EC amending the Directive establishing a scheme for greenhouse gas emission allowance trading within the Community in respect of the Kyoto Protocol's project mechanisms, which is binding for all EU Member States. The law states that project approval must be given by the responsible German institution if the validation report for a project shows the additionality of emission reductions produced by the project, but that a severe negative environmental impact will be created by that project.

The German institution responsible for project approval is the German Emissions Trading Authority (Deutsche Emissionshandelsstelle – DEHST) in Berlin.

Applications for JI project approval should include:

- PDD
- Validation Report
- Letter of Approval of the Host country

The application should be directed to the following address:

Umweltbundesamt
Deutsche Emissionshandelsstelle
Bismarckplatz 1
14193 Berlin
Phone: +49 (0) 30- 8903 50 50
www.dehst.de

The DEHST is obliged to communicate its decision on project approval within two months of receipt of the application documents. After approval the DEHST includes the project in the German registry of project activities. It requires payment of a fee for submission of a Letter of Approval.

EU Directive 2004/101/EC forms the basis for the criteria required for the different types of JI project. ERUs generated by nuclear facilities and credits that may be generated through land use, land use change and forestry (LULUCF) are therefore **excluded for approval in Germany**. For potential ERUs generated from hydro power stations above 20 MW it must be shown that the project is in compliance with the criteria and guidelines of the World Commission on Dams. In addition, ERUs generated on sites listed in the National Allocation Plans (NAP) of the EU Member States are also excluded from approval.

The law on project-related mechanisms focuses on Track I

procedures, expecting that Germany will be able to fulfil the eligibility criteria in time. But the procedures established are very similar to those for JI Track II, and the Law will be amended to include Track II in the near future.

The National Allocation Plan II (NAP II), which allocates emission allowances to German GHG emitting companies with capacities above 20 MW for the second commitment period (2008-2012), allows German companies to use the project mechanisms JI and CDM to fulfil 22% of their overall GHG obligations. In fact, the demand from German companies for GHG emissions from JI or CDM projects could be as much as 90 millions tonnes/year. The German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety negotiates MoUs with potential host countries in order to facilitate the transfer of ERUs. An MoU with Russia is in preparation.

Function and requirements of the German KfW Carbon Fund

In Germany the **KfW Carbon Fund** purchases ERUs and CERs. German and European companies expecting reduction obligations and wishing to use the project-based Kyoto mechanisms as a compliance tool in the ETS will mainly be considered as recipients of these emission credits. The KfW Carbon Fund is a buyers' pool of participating German and European companies with KfW acting as their trustee.

KfW (KfW Bankengruppe) is the promotional bank of the Federal Republic of Germany, 80% of which is owned by the German government. The remaining 20% is held by the German Länder. This structure gives the bank a triple A rating. It is domiciled in Frankfurt am Main.

The German government contributed € 4 million and KfW provided € 10 million from its own funds to the first tranche of the fund. A second tranche was opened in autumn 2006.

KfW intends to acquire a balanced portfolio of Emission Reduction Purchase Agreements by sector, technology, host country and counterparty. In this context Russia plays a major role as a host country with vast potential for Joint Implementation projects and excellent opportunities for investors. In general, such JI projects should be able to deliver a minimum of 50,000t CO_2e per year, ideally from 2008 onwards. The creditworthiness of project proponents should be proven.

For KfW due diligence, the documents required from project proponents

include PIN or PDD, host country Letter of Endorsement or Letter of Approval, validation report, business plan, and an environmental impact assessment report or similar. The fund may provide some financial support for preparation of the documents if so required.

Please see see chapter 4.1 for who to contact.

Aims and requirements of German companies as potential investors

In principle, all companies whose sites are subject to caps on CO_2 emissions imposed by Germany's National Allocation Plan (NAP) for the period of 2008-2012 are interested in using the project based Kyoto mechanisms (JI and CDM) for compliance. These companies belong to the energy sector (energy generators, refineries) and energy intensive sectors such as the chemical industry, pulp and paper manufacturing, manufacturers of building materials and the metallurgical industry. Some of the companies already have experience with CDM projects, the certificates for which (CERs) have been allowed for use in the European Emission Trading System since 2005, and they are involved in the preparation of JI projects. However, the bulk of the companies has not yet had much experience with JI. Experience shows that they are looking for project activities linked with their own core businesses in order to facilitate risk management. In addition, they are interested in special types of project such as the use of mine methane for energy in which standardized approaches approved under CDM methodology are available. Companies from the energy sector are also interested in becoming real investors when the project activity is in the energy sector.

6. Russian Legislation and General Framework

6.1. General background

Russian approach to the Kyoto Protocol regulations

Implementation of the Kyoto Protocol was one of the main issues considered at the meeting of the Government of Russia on 15 March 2006. The report to the Government on Kyoto Protocol implementation was made by the Deputy Minister of Economic Development and Trade and Head of the Interagency Commission on Kyoto Protocol realization in Russia, Andrey Sharonov. The Government made the decision to move towards the implementation of measures aimed at meeting commitments under the Kyoto Protocol.

According to the governmental decision, the main focus of Kyoto Protocol implementation is to be placed on the development of legislation and normative acts of the Russian government aimed at meeting commitments under the Kyoto Protocol. In particular, the Ministry of Economic Development and Trade had to develop within 2 months the concept and terms of reference of the law regulating implementation of the Kyoto Protocol in Russia and a proposal on the governmental resolution regulating the responsibilities of the federal ministries and agencies in respect of Kyoto Protocol implementation.

Mr Andrey Sharonov of the Ministry of Economic Development and Trade stated in his presentation to the Russian Government that the commitments of the countries on Kyoto Protocol issues can be divided into

- Institutional commitments
- Quantitative commitments

Commitments regarding the implementation of policies and measures.

Institutional commitments

The institutional commitments include the establishment of a national system for the estimation of anthropogenic emissions by sources and removals by sinks of all GHGs not controlled by the Montreal Protocol (Article 5.1) and national registry (Article 7.4).

The national system for the estimation of anthropogenic emissions by sources and removals by sinks was established in Russia by Resolution No. 278-p of the government of 1 March 2006. According to this resolution, the national system was established "for the purpose of estimating GHG emissions and removals by sinks, preparing national communications, informing federal and regional authorities, organizations and the population about the volumes of GHG emissions and removals by sinks, and developing measures aimed at decreasing emissions and/or increasing removals by sinks".

Roshydromet was appointed by the government to be the leading federal agency responsible for the proper operation of the national system and preparation of inventories in accordance with the provisions of the UNFCCC and the Kyoto Protocol. The operation of the national system will be supported by federal budget resources.

In addition to a resolution taken on 24 July 2006, Roshydromet adopted regulations on the basic principles of operation of the national system.

According to these regulations, the national system will be based on the collection of primary information which will include the official statistical data and other data on processes and various activities. The Federal State Statistics Service is responsible for the collection of primary data and other federal authorities and organizations participate in the collection of data in their field of competence. Roshydromet is responsible for data processing and submission together with the requirements and methodologies approved by the decisions of the Conferences of the Parties to the UNFCCC and Kyoto Protocol.

The Russian registry was established by Resolution No. 215 of the federal government of 20 February 2006. According to this resolution, the registry was established for the purpose of recording the assigned amount and emission reductions units. The Ministry of Natural Resources is responsible for the proper operation of the national registry.

The Federal Centre of Geo-Ecological Systems was appointed responsible for the Russian National Registry by Resolution No. 1741 of the Russian Government dated 15 December 2007.

Resolutions Nos. 121 and 148 of the MEDT dated 7 May 2007 approved the procedure of setting up and maintaining the Russian AAU registry. This procedure is described in Annex 4.

Quantitative commitments

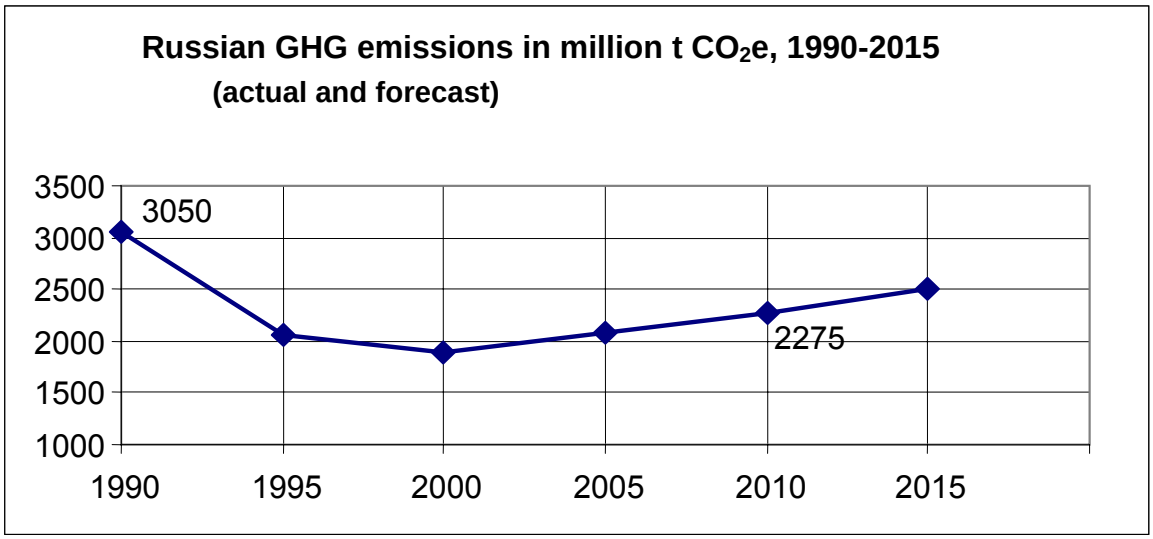
According to the Ministry of Economic Development and Trade, the economy in Russia has grown rapidly over the last few years (Fig. 7). For the period 2001-2005 the average rate of economic growth had reached 106.1% and capital investments had risen to 109.3%.

This economic growth was accompanied by a decline in relative energy consumption in Russia, mainly due to positive structural changes in the economy, including growth in the services sector. According to estimations of the Ministry of Economic Development and Trade, the average annual decrease in carbon end energy intensity during the period 1998-2005 lay at about 5%.

The Ministry of Economic Development and Trade has drawn up a long-term, multi-scenario forecast of economic growth on the basis of different economic policies. According

to the estimations under any of the scenarios, Russia's GHG emissions in the period 2008-2012 will not exceed the level of emissions in 1990. The difference is estimated to be 3-4 billion tonnes of CO_2 equivalents (Fig. 7), which means that formally Russia has no purely "Kyoto" incentive to introduce legislation to reduce emissions. However, emissions per GDP in Russia and energy intensity remain significantly high (cf. Chapter 2). This is one of the reasons for the Russian government's attention to the problems of energy saving and energy efficiency.

Figure 7: Development of Russian GHG emissions



Introduce changes into the picture, look the final version of the Handbook

Commitments regarding the implementation of policies and measures

An analysis of the necessity of developing Russian legislation related to the policies and measures required under Article 2 of the Kyoto Protocol was drawn up by the Ministry of Economic Development and Trade. The results of this analysis are presented in Table 2 below.

Table 2: Summary of teh analysis of the necessity for legal regulations in Russia as regards Kyoto Protocol implementation

Kyoto Protocol commitments	Main elements of Russian legislation	Sphere of regulation or the main clauses of the document	Additional information
Increase of energy efficiency	1. Federal law № 28-FZ "On energy saving" of 3 Apr 1996 2. Resolution № 109 of the federal government of 26 Feb 2004 "On electricity and heat pricing, regional energy saving laws and programmes"	The law on energy saving regulates the relations between stakeholders arising from activities aimed at improving energy efficiency in the sectors of energy production, transportation, processing, storage and consumption	At the moment the Ministry of Industry and Energy and the Ministry of Economic Development and Trade are elaborating the new version of the law, which will be submitted to the government in September 2006; 28 regions will introduce 39 programmes
Protection and enhancement of sinks	"Forest Code of the Russian Federation" of Feb 2006 № 200-FZ and others	Relations between stakeholders in the field of management and protection of forests	
Promotion of sustainable forms of agriculture in the light of climate change considerations	Resolution № 38-r of the federal government of 19 Jan 2006 approving the medium-term programme of socio-economic development (2006-2008)	Formation of economically effective business structures in the sector, stimulation of small business, establishment of conditions for the sustainable development of agricultural areas, attraction of investment, availability of credits, stimulation of the import of efficient technologies	
Research on, and promotion, development and increased use of new and renewable forms of energy	1. Energy strategy of Russia, approved by Resolution № 1234-r of the government of 28 Aug 2003 2. Resolution № 653 of the government of 1 Nov 2005 "On the agreement between the Russian Federation and the World Bank on GEF grants"	Extract from the Energy Strategy of Russia to 2010: "... under state support up to 1000 MW of electrical capacity and 1200 MW of heat capacity can be commissioned by 2010"	The Ministry of Economic Development and Trade is coordinating activities on the development of the programme for the development of renewable energy. The programme must be finalized by September 2006.
Progressive reduction or phasing out of market imperfections, fiscal incentives, tax and duty exemptions and subsidies in all GHG emitting sectors	Resolution № 38-r of the federal government of 19 Jan 2006 approving the medium-term programme of socio-economic development (2006-2008)	Implementation of measures is envisaged in the sectors "Removal of structural barriers to economic growth", "Establishment and development", "Antimonopoly policy", "Reductions in the non-market sector of the economy" etc.	
Stimulation of reforms in the appropriate sectors of the economy	Resolution № 38-r of the federal government of 19 Jan 2006 approving the	The programme envisages the development of mechanisms which aim to improve the efficiency of reforms (reforms of state regulation, tax reforms, budget	

	medium-term programme of socio-economic development (2006-2008)	sector reforms, monopolies reforms etc).	
Measures to reduce GHG emissions in the transport sector	Resolution № 38-r of the federal government of 19 Jan 2006 approving the medium-term programme of socio-economic development (2006-2008)	The strategy to develop the transport sector by 2010 envisages the implementation of of structural reforms to improve competitiveness and modernize transport vehicles according to EURO-4 norms, the use of modern logistics technologies, an increase in the speed of transportation etc.	
Decrease in methane emissions	1. Federal Law No. 7-FZ of 10 Jan 2002 "On environmental protection" 2. Federal Law No. 96-FZ of 4 May 1999 "On protection of the atmosphere" 3. Resolution № 410 of the federal government of 1 Jul 2005	Federal Law 7-FZ regulates relations between mankind and nature in respect of influence on the environment	Resolution No. 410 increased methane emissions penalties a thousand times over

According to the findings of the Ministry of Economic Development and Trade, the policies and measures which need to be implemented under the Kyoto Protocol are mostly covered by existing Russian legislation and programmes and no additional regulations are required.

6.2. Legislation and regulations concerning utilisation of the JI mechanism

Resolution No. 332 of the Russian government dated 28 May 2007 "On the approval and examination of project implementation in accordance with the Kyoto Protocol" and three resolutions of the Ministry of Economic Development and Trade (MEDT) form the legal basis in the Russian Federation regulating application of the JI mechanism. The three MEDT resolutions are as follows:

1. Resolution No. 444 "Approval of the methodological guidelines regarding the preparation of project documentation" dated 20 December 2007. The text of the resolution is reproduced in Annex 6

2. Resolution No. 422 "Approval of the limits in the reduction of greenhouse gas emissions" dated 30 November 2007

3. Resolution No. 424 "On the commission responsible for the consideration of applications for the approval of projects implemented in accordance with Article 6 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change" dated 30 November 2007

The government of the Russian Federation is responsible for the approval of Joint Implementation projects and for the appointment of the federal executive bodies responsible for examination of project implementation.

The Ministry of Economic Development and Trade (MEDT) has been appointed as a coordination centre. Its functions are to:

- Manage project approval
- Develop the methodological instructions for project consideration
- Approve the list of independent expert entities
- Approve and redistribute emission reduction limits among the sectors

In turn, the interested representatives of the state bodies participate in project consideration and examine the process of project implementation.

The commission responsible for the consideration of applications for the approval of projects implemented in accordance with Article 6 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change has the following functions:

- Consideration of project applications with respect to their compliance with Russian legislation
- Selection of independent expert entities
- Preparation of recommendations for the redistribution of emission reduction limits among the sectors
- The first session of the Commission under the chairmanship of the Russian trade and development Minister K. Androsov took place on 21 February 2008. It was decided during this session that the project application process would start on 10 March 2008 and applications should be submitted to the Russian Ministry of Trade and Development. The list of independent entities was also adopted during this session and the following issues were clarified: the provision of expert opinions, the provision of information and the meaning of the target project efficiency indices and confirmation of an applicant's financial solvency. The record of the Commission session is reproduced in Annex 7.

According to Resolution No. 422 of the MEDT dated 30 November 2007, the approved limit for the reduction of greenhouse gas emissions for the period 2008-2012 is 300 million tons of CO_2 equivalents.

This amount is distributed among the sectors as follows:

- Energy - 205 million tons CO_2 equivalents
- Industry – 25 million tons CO_2 equivalents
- Use of dissolvents and similar – 5 million tons CO_2 equivalents
- Agriculture - 30 million tons CO_2 equivalents
- Waste - 15 million tons CO_2 equivalents
- Forestry – 20 million tons CO_2 equivalents

The distribution of the amounts among the sectors can be revised where required.

The process of JI project approval starts with the preparation of an application that must be directed to the national coordination centre, the Ministry of Economic Development.

The application should consist of:

- Project approval
- Project documentation
- Expert opinion prepared by an independent entity from the list of independent entities approved by MEDT
- Project information sheet as approved by Resolution No. 52 of MEDT dated 28 February. It is reproduced in Annex 8.
- Copies of legal documents (certificate of registration, charter, tax registration certificate).
- Proof of financial solvency (own or borrowed capital)
- Proof of absence of tax liabilities
- Confirmation of approval by the owner of the object of project implementation
- Contact information for the project coordinators
- Project implementation plan

The MEDT also publishes information about the project on its website for comments from interested parties and submits the project documentation, project information sheet and the corresponding expert opinion on for consideration by the interested representatives of the executive bodies, who have to produce a positive or a negative response to the project within 30 days.

The next stage is consideration of the project applications at a Commission session. Applications are considered on the basis of the information produced in the text of the application, the expert opinion, comments from the interested parties and responses from the respective ministry.

Next, the Ministry of Economic Development submits a number of projects recommended for approval to the Government together with proposals for the appointment of the ministries responsible for examination of project implementation.

Once the government has announced its approval of the JI projects, MEDT sends the information to the Russian national registry and books a corresponding amount of Assigned Amount Units for each project.

The MEDT will also prepare a separate law regulating issues related to the examination of the JI project implementation process.

Annex 1 Model PDD

JOINT IMPLEMENTATION
PROJECT DESIGN DOCUMENT FORM (JI PDD)
Version 01 - XX Month 2006

CONTENTS

SECTION A. General description of the project

A.1. Title of the project:

>>

A.2. Description of the project:

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A.3. Project participants:

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A.4. Technical description of the project:

A.4.1. Location of the project:

>>

A.4.1.1. Host Party(ies):

>>

A.4.1.2. Region/State/Province etc.:

>>

A.4.1.3. City/Town/Community etc.:

>>

A.4.1.4. Detail of physical location, including information allowing the unique identification of the project (maximum one page):

>>

A.4.2. Technology to be employed by the project:

>>

A.4.3. Brief explanation of how the anthropogenic emissions of greenhouse gases by sources are to be reduced by the proposed JI project, including why the emission reductions would not occur in the absence of the proposed project, taking into account national and/or sectoral policies and circumstances:

>>

A.4.3.1. Estimated amount of emission reductions over the crediting period:

>>

A.5. Project approval by the Parties involved:

>>

SECTION B. Setting of the baseline

B.1. Description and justification of the baseline chosen:

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B.2. Description of how the anthropogenic emissions of greenhouse gases by sources are reduced below those that would have occurred in the absence of the JI project:

>>

B.3. Description of how the definition of the project boundary (relating to the baseline methodology selected) is applied to the project:

>>

B.4. Details of baseline information, including the date of completion of the baseline study and the name of the person(s)/entity(ies) determining the baseline:

>>

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C.1.2. Expected operational lifetime of the project:

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>>

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D.1. Description and justification of monitoring plan chosen:

>>

D.1.1. Option 1 – Monitoring of the emissions in the project scenario and the baseline scenario:

D.1.1.1. Data to be collected in order to monitor emissions from the project, and how these data will be archived:

ID number *(Please use numbers to ease cross-referencing to D.3)*	Data variable	Source of data	Data unit	Measured (m), calculated (c) or estimated (e)	Recording frequency	Proportion of data to be monitored	How will the data be archived? (electronic/ paper)	Comment

D.1.1.2. Description of formulae used to estimate project emissions (for each gas, source, formula/algorithm, emissions units of CO_2 equivalent):

>>

D.1.1.3. Relevant data necessary for determining the baseline of anthropogenic emissions of greenhouse gases by sources within the project boundary, and how such data will be collected and archived:

ID number *(Please use numbers to ease cross-referencing to table D.3)*	Data variable	Source of data	Data unit	Measured (m), calculated (c), estimated (e),	Recording frequency	Proportion of data to be monitored	How will the data be archived? (electronic/ paper)	Comment

D.1.1.4. Description of formulae used to estimate baseline emissions (for each gas, source, formula/algorithm, emissions units of CO_2 equivalent):

>>

D. 1.2. Option 2 – Direct monitoring of emission reductions from the project (values should be consistent with those in section E.):

D.1.2.1. Data to be collected in order to monitor emission reductions from the project, and how these data will be archived:

ID number *(Please use numbers to ease cross-referencing to table D.3)*	Data variable	Source of data	Data unit	Measured (m), calculated (c), estimated (e),	Recording frequency	Proportion of data to be monitored	How will the data be archived? (electronic/ paper)	Comment

D.1.2.2. Description of formulae used to calculate emission reductions from the project (for each gas, source, formula/algorithm, emissions units of CO_2 equivalent):

>>

D.1.3. Treatment of leakage in the monitoring plan:

D.1.3.1. If applicable, please describe the data and information that will be collected in order to monitor leakage effects of the project:

ID number *(Please use numbers to ease cross-referencing to table D.3)*	Data variable	Source of data	Data unit	Measured (m), calculated (c) or estimated (e)	Recording frequency	Proportion of data to be monitored	How will the data be archived? (electronic/ paper)	Comment

D.1.3.2. Description of formulae used to estimate leakage (for each gas, source, formula/algorithm, emissions units of CO_2 equivalent):

>>

D.1.4. Description of formulae used to estimate emission reductions for the project (for each gas, source, formula/algorithm, emissions units of CO_2 equivalent):

>>

D.1.5. Where applicable, in accordance with procedures as required by the host Party, information on the collection and archiving of information on the environmental impacts of the project:

>>

D.2. Quality control (QC) and quality assurance (QA) procedures undertaken for data monitored:

Data *(Indicate table and ID number e.g. 3.-1.; 3.2.)*	Uncertainty level of data (High/Medium/Low)	Explain QA/QC procedures planned for these data, or why such procedures are not necessary.

D.3. Please describe the operational and management structure that the project operator will apply in implementing the monitoring plan:

>>

D.4. Name of person(s)/entity(ies) determining the monitoring plan:

>>

SECTION E. Estimation of greenhouse gas emission reductions

E.1. Estimated project emissions:

>>

E.2. Estimated leakage:

>>

E.3. The sum of E.1 and E.2:

>>

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>>

E.5. Difference between E.4 and E.3 representing the emission reductions of the project:

>>

E.6. Table providing values obtained when applying formulae above:

>>

SECTION F. Environmental impacts

F.1. Documentation on the analysis of the environmental impacts, including transboundary impacts, in accordance with procedures as determined by the host Party:

>>

F.2. If environmental impacts are considered significant by the project participants or the host Party, please provide conclusions and all references to support documentation of an environmental impact assessment undertaken in accordance with the procedures as required by the host Party:

>>

SECTION G. Stakeholders' comments

G.1. Information on stakeholders' comments, as appropriate:

>>

Annex 1

CONTACT INFORMATION ON PROJECT PARTICIPANTS

Organization:	
Street/P.O.Box:	
Building:	
City:	
State/Region:	
Postal code:	
Country:	
Telephone:	
FAX:	
E-Mail:	
URL:	
Represented by:	
Title:	
Salutation:	
Last Name:	
Middle Name:	
First Name:	
Department:	
Mobile tel:	
Direct FAX:	
Direct tel:	
Personal E-Mail:	

Annex 2

BASELINE INFORMATION

Annex 3

MONITORING PLAN

- - - - -

Annex 2 List of relevant players in the JI project market

List of relevant players in the JI project market

Annex 2 gives an extensive overview about relevant actors in order to successfully implement JI-projects. Special focus was put onto their relevance for the Russian market.

The players in the JI-project markets were grouped according to their tasks in the JI-project cycle: official authorities in Russia and Germany and at UN level, Carbon Funds and certain banks; consultancy firms for technical and financial assistance in preparation of JI projects in Russia and officially accredited verifiers.

1. Official authorities

Name	Address	Online-Contact
United Nations Framework Convention on Climate Change - UNFCCC	Martin-Luther-King-Str. 8 51375 Bonn Germany Phone: +49 228-815-1000, Fax: +49 228-815-1999	www.unfccc.int secretariat@unfccc.int
Ministry of Economic Development and Trade (MEDT)	1st Tverskaya-Yamskaya street, 1 125993 Moscow Russia Phones: +7 (495) 209-8640 + 7 (495) 251-9628 Fax: +7 (495) 209-5333	www.economy.gov.ru gavrilov@economy.gov.ru; pluzhnikov@economy.gov.ru
Deutsche Emissionshandelsstelle (DEHST) (Abteilung des Umweltbundesamtes)	Umweltbundesamt Deutsche Emissionshandelsstelle Bismarckplatz 1 14193 Berlin Germany Phone: +49 (0)30 8903-5050 Fax: +49 (0)30 8903-5010	www.dehst.de emissionshandel@uba.de
Federal Ministry of Environment, Nature Conservation and Nuclear Safety	Franzjosef Schafhausen Leiter der Interministeriellen	www.bmu.de Franzjosef.Schafhausen@bmu.bund.de Thomas.Forth@bmu.bund.de

(political support and development of project portfolios)	Arbeitsgruppe „CO2-Reduktion“ Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit Alexanderstr. 3 10178 Berlin Tel. +49 30 28550 3660 Thomas Forth Joint Implementation Koordinierungsstelle (JIKO) Bundesministerium für Umwelt, Naturschutz und Reaktorsicherheit Alexanderstr. 3 10178 Berlin Tel. +49 30 28550 3668	

2. Carbon Funds and Banks

Many of the Carbon Funds are related to banks and are able also to provide additional to ERUs financing for the projects. The three banks which are mentioned as examples are not backed up by carbon funds but are able to acquire ERUs as a commodity. The Carbon funds and banks are listed in alphabetical order.

Name	Address	Online-Contact
The Asia Carbon Fund	Asia Carbon International B.V. 150 Cecil Street # 10-03 069543 Singapore Singapore Phone: +65 6225-1791 Fax: +65 6225-1562	www.asiacarbon.com
Baltic Sea Testing Ground Facility – Nordic Environment Finance Cooperation (NEFCO)	Mr Ash Sharma, Programme Manager or Mrs Janika Blom, Legal Counsel Testing Ground Facility c/o NEFCO P.O.Box 249 FIN-00171 Helsinki Finland Tel: +358 400 811 327 Fax: +358 9 1800 476	www.nefco.fi ash.sharma@nefco.fi
Belgian JI/CDM Tender	Climate Change Section of the Belgian Federal Administration Tine Heyse or Sophie Closson Environment DG Place Victor Horta 40–Box 10 1060 Brussels	www.klimaat.be/jicdmtender/ jicdmtender@health.fgov.be

	Belgium Tel: +32 2 524 95 31 Fax: +32 2 524 96 01	
Carbon Trade and Finance SICAR	6A, route de Treves L-2633 Senningerberg Phone:+352 26 94 57 51 Fax: 352 26 9457 54	www.carbontradefinance.com
Climate Change Capital Carbon Fund	Climate Change Capital Ltd. 49 Grosvenor Street London W1K 3HP Great Britain Phone: +44 20-7290-8618 Fax: +44 20-7290-7041	jburnham@c-c-capital.com www.climatechangecapital.com
Danish Carbon.dk	Ministry of Environment Danish Environmental Protection Agency Climate Change & Environmental Assistance Strandgade 29 DK-1401 Copenhagen K. Denmark Direct phone: +45 32 66 01 00 Direct Fax: +45 32 66 04 79	www.danishcarbon.dk info@DanishCarbon.dk
The Nederland EBRD – Carbon Fond	EBRD One Exchange Square London EC2A 2JN United Kingdom	www.ebrd.com
ERUPT (Emisson Reduction Unit Procurement Tender) CERUPT (Certified Emission Reduction Unit Procurement Tender)	Senter Novem Utrecht Catharijnesingel 59 3511 GG Utrecht P.O.Box 8242 3503 RE Utrecht Phone: +31 (0)30 239 3753 Fax: +31 (0)30 231 6491	http://www.senternovem.nl/carboncredits/index.asp carboncredits@senternovem.nl
European Carbon Fond	European Carbon Fund 12, Avenue de la Liberté, 1930 Luxembourg Luxembourg Phone: +33 15855-6619 Fax: +33 15855-6699	www.europeancarbonfund.com gqueru@ixis.cib.com
Finland: CDM/JI Programm	Merikasarmi, P.O.Box 176 00161 Helsinki Finland Tel: +358 9 160 05 or 578 15	http://www.ymparisto.fi/default.asp?contentid=164100&lan=en
Japan Carbon Finance (JCF)	Japan Carbon Finance Ltd. 1-3 Kudankita 4-chome, 102-0073 Chiyoda-Ku Tokyo Japan Phone: +81 3-5212-8870 Fax: +81 3-5212 8886	www.jcarbon.co.jp j-kimura@jcarbon.co.jp
KfW - "Klimaschutz Fond" (The KfW Carbon Fund)	KfW Förderbank P.O.Box: 11 11 41 60046 Frankfurt am Main Germany Phone: +49 69-7431-0 Fax: +49 69-7431-2944	http://www.kfw-foerderbank.de/EN_Home/Carbon_Fund/index.jsp
Kommunalkredit Public Consulting	Kommunalkredit Public Consulting GmbH Türkenstraße 9 1090 Wien	w.diernhofer@kommunalkredit.at kyoto@kommunalkredit.at www.public-consulting.at www.Klimaschutzprojekte.at

	Austria Phone: +43 1-316310 Fax: +43 1-31631104	
SPAIN FC2E FUND	SPAIN FC2E FUND (ICO and Santander Investment promoters), Paseo del Prado 4, 28014 Madrid Spain Phone: +34 91-5921879 Fax: +34 91-2891194	Carlos.echevarria@ico.es www.fc2e.com
Stiftung Klimarappen	Stiftung Klimarappen Freiestrasse 167 8032 Zürich Switzerland Phone: +41 44-387-9900 Fax: +41 44-387-9909	info@stiftungklimarappen.ch www.stiftungklimarappen.ch
World Bank Prottype Carbon Fund	World Bank Group 1818 H St. NW, Washington, DC 20433 USA Phone: +1 202-473-5423 Fax: +1 202-676-0977	ccormier@worldbank.org www.carbonfinance.org

Banks		
Deutsche Bank AG	Deutsche Bank Sustainability and Environmental Coordination Roßmarkt 18 60262 Frankfurt am Main	mailbox.environment@db.com www.deutsch-bank.de
Dresdner Bank	Dresdner Bank AG Dresdner Kleinwort Wasserstein Theodor-Heuss-Allee 44-46 60486 Frankfurt am Main Germany Phone: +49 69-713-15323 Fax: +49 69-713-25028	www.drkw.com angela.lotz@drkw.com
Standard Bank	Standard Bank Plc 25 Dowgate Hill London EC4R 2SB Phone: +44 20 7815 3000	www.standardbank.com

3. Consultants

The presented list includes German, Russian and international consultancies in the field of JI-project implementation, relevant for development JI projects in Russia. The consultancy services range from financial consultancy over project consultancy to purely technical consultancy

Name	Address	Online-Contact
Germany		
Deutsche Energie-Agentur	Deutsche Energie-Agentur	info@dena.de

GmbH (dena)	GmbH (dena) Chausseestraße 128 a 10115 Berlin Germany Phone: +49 30 726165600 Fax: +49 30 726165699	www.dena.de
Ecofys GmbH	Ecofys GmbH Eupener Str. 59, 50933 Köln Germany Phone: +49 221-510907-0 Fax: +49 221-510907-49	info@ecofys.de www.ecofys.de
Fichtner	Fichtner GmbH & Co. KG Sarweystr. 3 70191 Stuttgart Germany Phone: +49 711-8995-746 Fax: +44 711-8995-459	wahleh@fichtner.de www.klimahandel.info
Future Camp	Future Camp GmbH Chiemgaustr. 116 81549 München Germany Phone: +49 89-68008330 Fax: +49 711-68008333	info@future-camp.de www.future-camp.de
GFA	GFA Consulting Group Dep: GFA Envest Eulenkrugstr. 82 22359 Hamburg Germany Phone: +49 40-60306145 Fax: +49 40-60306149	ksenia.brockmann@gfa-gruop.de www.gfa-envest.de
Lahmeyer International	Lahmeyer International GmbH Friedberger Straße 173 61118 Bad Vilbel Germany Phone: +49 6101-551262 Fax: +49 6101-551808	info@lahmeyer.de www.lahmeyer.de
Perspectives	Perspectives GmbH Bei der Apostelkirche 24 20257 Hamburg Germany Phone: +49 179-4573616 Fax: +49 89-1488280822	info@perspectives.cc www.perspectives.cc
Pro2 Anlagentechnik GmbH	Pro2 Anlagentechnik GmbH Schmelzerstraße 25 47877 Willich Germany Phone: +49 2154-488-111 Fax: +49 2154-488-105	s.rios@pro-2.de www.pro-2.net
3C Climate Change Consulting	3C Climate Change Consulting GmbH Hanauer Landstr. 521 60386 Frankfurt am Main Germany Phone: +49 69-420889813 Fax: +49 69-42088989	info@3c-company.com www.3c-company.com
500ppm	500 PPM GmbH Emmy-Noether-Str. 9 76131 Karlsruhe Germany Phone: +49 721-6105-530	info@500ppm.com www.500ppm.com

	Fax: +49 721-6105-535	
Russia		
CTF Consulting	Business Centre Balchug Plaza, Balchug street, 7, Moscow 115035, Russia	www.carbotradefinance.com Evgeny.Sokolov@carbontradefinance.com
Energy Carbon Fund of JSC "Unified Energy System of Russia"	7, builing 2, Krzhizhanovskogo street, Moscow 117292, Russia	www.carbonfund.ru www.rao-ees.ru gorkovav@ecf.elektra.ru
National Carbon Sequestration Foundation (NCSF)	Floor 2, stroyeniye 8, 36 Varshavskoe chosse, Moscow 115230 Russia	www.ncsf.ru fedorovyn@ncsf.ru; latypovmf@ncsf.ru
National Methane Center	Office 719, Noviy Arbat street 19, Moscow 103024, Russia	kiv@cgazs.ru
Other Countries		
Asja Ambiente Italia	Asja Ambiente Italia S.p.A. Via Ivrea 70, 10098 Rivoli (TO) Italy Phone: +39 11-9579211 Fax: +39 11-9579280	br@asja.biz www.asja.biz
Camco International Ltd.	Camco International Ltd. Carbon Asset Management International AG 47, The Esplanade, St. Helier Jersey JE1 0BD Great Britain Phone: +44 20-7256-7979 Fax: +49 20-7382-0369	info@camco-international.com www.camco-international.com
The Carbon Neutral Company	The Carbon Neutral Company 20 Flaxman Terrace London WC1H 9AT Great Britain Phone: +44 8701-99998 Fax: +44 207-383-7627	bill.sneyd@carbonneutral.com www.carbonneutral.com
Carbon Support	Carbon Support Att. Grue & Hornstrup A/S Nupark 51, DK 7500 Holstebro Denmark Phone: +45 9610-1341 Fax: +45 9610-1349	info@carbonsupport.com www.carbonsupport.com
Carbon Ventures	Carbon Ventures 213 Carnegie Centre, Princeton New Jersey, 08540-6284 USA Phone: +1 6092439811 Fax: +1 6092430321	mscott@environcorp.com www.carbonventures.com
EcoRessources	EcoRessources Consultants 825 rue Raoul-Jobin Quebec-City, G1N 1S6 Canada Phone: +1 514-5705093	Frederic.gagnon-lebrun@ecoressources.com www.ecoressources.com

EcoSecurities Ltd.	EcoSecurities Ltd. Park Central, 40/41 Park End Str. Oxford OX1 1JD Great Britain Phone: +44 1865202635 Fax: +44 1865251438	info@ecosecurities.com www.ecosecurities.com
Evolution Markets	Evolution Markets LLC 10 Bank Street White Plains, NY 10606, USA Phone: +1 9143230200 Fax: +1 9143283701	evan@southardinc.com www.evomarkets.com
greenstream network	Norbert Heidelmann Tel: +49 221-9424-332	www.greenstream.net norbert.heidelmann@ greenstream.net
mgm International	mgm International 801 Brickell Key Dr. Suite 202 Miami, FL 33131 USA Phone: +49 1 768-425-9251 Fax: +49 1 305-675-0968	mariapiai@mgminter.com www.mgminter.com
Mott MacDonald	Mott MacDonald Victory House Trafalgar Place Brighton BN1 4FY Great Britain Phone: +44 1273-865-222	Philip.Napier-Moore@mottmac. com www.mottmac.com
Natsource LLC	Natsource LLC 100 William Street, Suite 2005 NY 10038 New York, USA Phone: +1 212-232-5305 Fax: +1 202-4961416	tsheenan@natsource.com www.natsource.com
Point Carbon	Point Carbon P.O. Box: 7120 St. Olav N-0130 Oslo Norway Phone: +47 22-405340 Fax: +47 22-405341	contact@pointcarbon.com www.pointcarbon.com
PricewaterhouseCoopers Advisory N.V.	PricewaterhouseCoopers Advisory N.V. P.O. Box: 85096 3508 AB Utrecht Netherlands Phone: +31 30-2194678 Fax: +31 30-2195115	hans.schoolderman@nl.pwc.com www.pwc.com
Quality Tonnes	Quality Tonnes 818 Aspen Street N.W. Washington D.C. 20012 USA Phone: +1 202-518-9809 Fax: +1 202-882-0056	sbaruch@qualitytonnes.com www.qualitytonnes.com
SenterNovem	SenterNovem Carboncredits.nl Juliana van Stolberglaan 3 2509 AC Den Haag The Netherlands Phone: +31 70-3735-495 Fax: +31 70-3735-000	carboncredits@senternovem.nl www.carboncredits.nl

4. Verifier

The following table represents a complete list of CDM verifiers that have submitted application for accreditation as verifiers for JI projects. Companies marked with * are already accredited as verifiers for JI.

Name	Online-Contact
Det Norske Veritas Certification (DNV)*	www.dnv.com birgit.hess@dnv.com
Japan Quality Assurance Organization (CDM Department)*	www.jqa.jp cdm@jqa.jp
Deloitte Tohmatsu Evaluation and Certification Organisation (Deloitte-TECO)*	www.teco.tohmatsu.co.jp
Lloyd's Register Quality Assurance (LRQA)*	www.lrga.ru
JACO CDM.,LTD (JACO)*	www.jaco-cdm.com
Japan Consulting Institute (JCI)*	http://jci-plant.or.jp
Bureau Veritas Certification Holding SAS (BVC Holding S.A.S.)*	www.bvgi.com
Industry Service (TÜV-SÜD)*	www.tuev-sued.com
Spanish Association for Standardisation and Certification (AENOR)*	www.aenor.es
United Kingdom (SGS)*	www.climatechange.sgs.com
TÜV NORD CERT (TÜV NORD)*	www.tuev-nord.de
TÜV Rheinland Japan*	www.tuv.com
SQS, Swiss Association for Quality Management Systems*	www.sqs,ch
KPMG Sustainability (KPMG)*	www.kpmg.nl/sustainability
Germanischer Lloyd Certification (GCL)	www.gl-group.com

The following companies from the list have been accredited by the Ministry of trade and economic development of the Russian Federation:

1. Det Norske Veritas
2. Bureau Veritas
3. SGS
4. TÜV SÜD
5. TÜV NORD

Annex 3 Approved Baseline and Monitoring Methodologies relevant for the Russian JI market

Approved Baseline and Monitoring Methodologies Relevant for the Russian JI Market

Annex 3 gives an overview of the methodologies approved by the UNFCCC which could have relevance for the Russian JI market. Although methodologies currently only exist for CDM projects, it is expected that these methodologies will also be fully valid for JI projects in future. The complete list of methodologies including their history and the corresponding verifying Designated Operational Entities (DOEs) is updated regularly and is available on the UNFCCC website
cdm.unfccc.int/methodologies/
The individual methodologies can be found on this website under the corresponding methodology number (e.g. ACM0002) listed in the table below:

Name of the Methodology	Meth. No.	Type of Methodology
Sectoral Scope: (1) Energy Industries (renewable / non-renewable sources)		
Consolidated methodology for grid-connected electricity generation from renewable sources - Version 7	ACM0002	Large Scale – consolidated
Consolidated methodology for grid-connected electricity generation from biomass residues - Version 6	ACM0006	Large Scale – consolidated
Methodology for conversion from single cycle to combined cycle power generation Version 3	ACM0007	Large Scale – consolidated
Consolidated methodology for industrial fuel switching from coal or petroleum fuels to natural gas - Version 3	ACM0009	Large Scale – consolidated
Consolidated baseline methodology for fuel switching from coal and/or petroleum fuels to natural gas in existing power plants for electricity generation - Version 2	ACM0011	Large Scale - consolidated
Consolidated methodology for GHG emission reductions for waste gas or waste heat or waste pressure based energy systems - Version 2	ACM0012	Large Scale - consolidated
Consolidated baseline and monitoring methodology for new grid-connected fossil fuel fired power plants using a less GHG intensive technology - Version 1	ACM0013	Large Scale - consolidated
Analysis of the least-cost fuel option for seasonally-operating biomass cogeneration plants - Version 1	AM0007	Large Scale
Natural gas-based package cogeneration - Version 4	AM0014	Large Scale
Renewable energy project activities replacing part of the electricity production of one single fossil-fuel-fired power plant that stands alone or supplies electricity to a grid, excluding biomass projects - Version 2	AM0019	Large Scale
Methodology for greenhouse gas reductions through waste heat recovery and utilization for power generation at cement plants - Version 2	AM0024	Large Scale
Avoided emissions from organic waste through alternative waste treatment processes –Version 10	AM0025	Large Scale

Methodology for zero-emissions grid-connected electricity generation from renewable sources in Chile or in countries with merit order dispatch grid - Version 3	AM0026	Large Scale
Methodology for Grid Connected Electricity Generation Plants using Natural Gas – Version 2	AM0029	Large Scale
SF6 emission reductions in electrical grids	AM0035	Large Scale
Fuel switch from fossil fuels to biomass residues in boilers for heat generation - Version 2	AM0036	Large Scale
Grid-connected electricity generation using biomass from newly developed dedicated plantations - Version 2	AM0042	Large Scale
Energy efficiency improvement projects: boiler rehabilitation or replacement in industrial and district heating sectors	AM0044	Large Scale
Grid connection of isolated electricity systems - Version 2	AM0045	Large Scale
Production of biodiesel based on waste oils and/or waste fats from biogenic origin for use as a fuel - Version 2	AM0047	Large Scale
New cogeneration facilities supplying electricity and/or steam to multiple customers and displacing grid/off-grid steam and electricity generation with more carbon-intensive fuels - Version 2	AM0048	Large Scale
Methodology for bas based energy generation in an industrial facility - Version 2	AM0049	Large Scale
Increased electricity generation from existing hydropower stations through Decision Support Supply optimization - Version 2	AM0052	Large Scale
Biogenic methane injection to a natural gas distribution grid - Version 1	AM0053	Large Scale
Energy efficiency improvement of a boiler by introducing oil/water emulsion technology - Version 2	AM0054	Large Scale
Monitoring methodoloty for the recovery and utilization of waste gas in refinery facilities - Version 1.1	AM0055	Large Scale
Efficiency improvement by boiler replacement or rehabilitation and optional fuel switch in fossil fuel fired steam boiler systems	AM0056	Large Scale
Introduction of a new district heating system - Version 1	AM0058	Large Scale
Methodology for rehabilitation and/or energy efficiency improvements in existing power plants	AM0061	Large Scale
Energy efficiency improvements of a power plant through retrofitting turbines	AM0062	Large Scale
Electricity generation for the customers - Version 12	AMS-I.A.	Small Scale (simplified procedure)
Mechanical energy for the user with or without electrical energy - Version 10	AMS-I.B.	Small Scale (simplified procedure)
Thermal energy for the user with or without electricity - Version 10	AMS-I.C.	Small Scale (simplified procedure)
Grid connected renewable electricity generation – Version 13	AMS-I.D.	Small Scale (simplified procedure)
Switch from non-renewable biomass for thermal applications for the customers - Version 1	AMS-I.E.	Small Scale (simplified procedure
Supply side energy efficiency improvements – generation –Version 9	AMS-II.B.	Small Scale (simplified procedure)
Switching fossil fuels – Version 12	AMS-III.B.	Small Scale (simplified procedure)
Sectoral Scope: (2) Energy Distribution		
Supply side energy efficiency improvements –	AMS-II.A.	Small Scale (simplified

transmission and distribution - Version 9		procedure
Sectoral Scope: (3) Energy Demand		
Steam system efficiency improvements by replacing steam traps and returning condensate - Version 2	AM0017	Large Scale
Steam optimization systems – Version1.1	AM0018	Large Scale
Baseline methodology for water pumping efficiency improvements – Version 2	AM0020	Large Scale
Distribution of efficient light bulbs to households - Version 2	AM0046	Large Scale
Power saving through replacement by energy efficient chillers	AM0060	Large Scale
Demand-side energy efficiency activities for specific technologies – Version 9	AMS-II.C.	Small Scale (simplified procedure)
Energy efficiency and fuel switching measures for buildings – Version 10	AMS-II.E.	Small Scale (simplified procedure)
Energy efficiency and fuel switching measures for agricultural facilities and activities	AMS-II.F.	Small Scale (simplified procedure)
Energy-efficiency measures in thermal applications of non-renewable biomass	AMS-II.G.	Small Scale (simplified procedure)
Sectoral Scope: (4) Manufacturing Industries		
Emissions reduction through partial substitution of fossil fuels with alternative fuels in cement manufacture - Version 4	ACM0003	Large Scale – consolidated
Consolidated Methodology for Increasing the Blend in Cement Production - Version 3	ACM0005	Large Scale – consolidated
Consolidated methodology for industrial fuel switching from coal or petroleum fuels to natural gas - Version 3	ACM0009	Large Scale – consolidated
Consolidated baseline methodology for GHG emission reductions for waste gas or waste heat or waste pressure based energy system - Version 2	ACM0012	Large Scale – consolidated
Consolidated baseline and monitoring methodology for project activities using alternative raw materials that do not contain carbonate for clinker manufacturing in cement kilns	ACM0015	Large Scale – consolidated
Analysis of the least-cost fuel option for seasonally-operating biomass cogeneration plants - Version 1	AM0007	Large Scale
Natural gas-based package cogeneration - Version 4	AM0014	Large Scale
Methodology for greenhouse gas reductions through waste heat recovery and utilization for power generation at cement plants – Version 2	AM0024	Large Scale
Fuel switch from fossil fuel to biomass residues in boilers for heat generation - Version 2	AM0036	Large Scale
Reduction of methane emissions in the wood carbonization activity for charcoal production	AM0041	Large Scale
Methodology for gas based energy generation in an industrial facility - Version 2	AM0049	Large Scale
Baseline and monitoring methodology for the recovery and utilization of waste gas in refining facilities - Version 1.1	AM0055	Large Scale
Avoiding emissions from biomass wastes through use as a feed stock in pulp and paper production or in bio-oil production – Version 2	AM0057	Large Scale
Replacement of SF6 with alternate cover gas in the magnesium industry	AM0065	Large Scale
Energy efficiency and fuel switching measures for industrial facilities	AMS –II.D.	Small Scale (simplified procedure)
Avoidance of methane release from charcoal production by shifting from pit method to mechanized charcoaling process - Version 3	AMS-III.K.	Small Scale (simplified procedure)
Avoidance of HFC emissions in rigid polyurethane foam (PUF) manufacturing - Version 2	AMS-III.N.	Small Scale (simplified procedure)

Recovery and utilization of waste gas in refinery facilities	AMS-III.P.	Small Scale (simplified procedure)
Waste gas based energy systems	AMS-III.Q.	Small Scale (simplified procedure)
Sectoral Scope: (5) Chemical Industries		
Baseline Methodology for decomposition of N2O from existing adipic acid production plants – Version 2	AM0021	Large Scale
Substitution of CO2 from fossil or mineral origin by CO2 from renewable sources in the production of inorganic compounds – Version 2.1	AM0027	Large Scale
Catalytic N2O destruction in the tail gas of Nitric Acid or Caprolactum Production Plants	AM0028	Large Scale
Catalytic reduction of N2O inside the ammonia burner of nitric acid plants	AM0034	Large Scale
Reduction of gas flaring and utilization of natural gas at gas and oil plants - Version 1.1	AM0037	Large Scale
Production of biodiesel based on waste oils and waste fats from biogenic origin for use as a fuel - Version 2	AM0047	Large Scale
Feed switch in integrated ammonia-urea manufacturing industry - Version 2	AM0050	Large Scale
Secondary catalytic N2O destruction in nitric acid factories - Version 2	AM0051	Large Scale
Biogenic methane injection to a natural gas distribution grid - Version 1	AM0053	Large Scale
Recovery of CO2 from fuel gas in industrial facilities to substitute the use of fossil fuels for production of CO2 - Version 1	AM0063	Large Scale
Avoidance of fossil fuel combustion for carbon dioxide production to be used as a raw material for industrial processes - Version 3	AMS-III.J.	Small Scale (simplified procedure)
Reduction in consumption of electricity by recovering solda from paper manufacturing process - Version 2	AMS-III.M.	Small Scale (simplified procedure)
Hydrogen production using methane extracted from biogas	AMS-III.O.	Small Scale (simplified procedure)
Sectoral Scope: (6) Construction		
Sectoral Scope: (7) Transport		
Methodology for bus rapid transport projects - Version1	AM031	Large Scale
Emission reductions by low-greenhouse emitting vehicles -Version 11	AMS-III.C.	Small Scale (simplified procedure)
Introduction of low-emission vehicles to commercial vehicle fleets	AMS-III.S.	Small Scale (simplified procedure)
Plant oil production and use for transport applications	AMS-III.T	Small Scale (simplified procedure)
Sectoral Scope: (8) Mining/mineral Production		
Consolidated methodology for coal bed methane and coal mine methane capture and use for power (electrical or motive) and heat and/or destruction by flaring - Version 4	ACM0008	Large Scale - consolidated
Sectoral Scope: (9) Metal Production		
PFC emission reductions from anode effect mitigation at primary aluminium smelting facilities	AM0030	Large Scale
Methodology for improved electrical energy efficiency of an existing submerged electric arc furnace for the production of SiMn - Version 2	AM0038	Large Scale
Reduction in GHG emissions from primary aluminium smelters	AM0059	Large Scale
Replacement of SF6 with an alternate cover gas in the magnesium industry	AM0065	Large Scale

Sectoral Scope: (10) Fugitive emissions from fuels (solid, oil and gas)		
Consolidated methodology for coal bed methane, coal mine methane and ventilation air methane capture and use for power (electrical or motive) and heat and/or destruction by flaring or catalytic oxidation- Version 4	ACM008	Large Scale
Recovery and utilization of gas from oil wells that would otherwise be flared - Version 3	AM0009	Large Scale
Leak reduction from natural gas pipeline compressor or gate stations – Version 3	AM0023	Large Scale
Flare (or vent) reduction and utilization of gas from oil wells as a feedstock	AM0037	Large Scale
Leak reduction from a natural gas distribution grid by replacing old cast iron pipes or steel pipes without cathodic protection by polyethylene pipes	AM0043	Large Scale
Methodology for mine methane capture and utilization or destruction in underground, hard rock, precious and base metal mines	AM0064	Large Scale
Sectoral Scope: (11) Fugitive emissions from production and consumption of halocarbons and sulphur hexafluoride		
Incineration of HFC 23 Waste Streams - Version 5.2	AM0001	Large Scale
SF6 emission reductions in electrical grids	AM0035	Large Scale
Replacement of SF6 with alternate cover gas in the magnesium industry	AM0065	Large Scale
Sectoral Scope: (12) Solvent Use		
Sectoral Scope: (13) Waste handling and disposal		
Consolidated baseline and monitoring methodology for landfill gas project activities - Version 8	ACM0001	Large Scale - consolidated
Consolidated methodology for GHG emission reductions from manure management systems - Version 3	ACM0010	Large Scale - consolidated
Utilization of greenhouse gas emissions from treatment of industrial wastewater	ACM0014	Large Scale - consolidated
Avoided emissions from organic waste through alternative waste treatment processes - Version 3	AM0025	Large Scale
Methane emissions reduction from organic waste water and bioorganic solid waste using co-composting – Version 2	AM0039	Large Scale
Avoided emissions from biomass wastes through use as a feed stock in pulp and paper production or in bio-oil production - Version 2	AM0057	Large Scale
Avoidance of methane production from decay of biomass through controlled combustion, gasification or mechanical/thermal treatment – Version 15.1	AMS-III.E	Small Scale (simplified procedure)
Avoidance of methane production from decay of biomass through composting – Version5	AMS-III.F	Small Scale (simplified procedure)
Landfill methane recovery – Version 5	AMS-III.G.	Small Scale (simplified procedure)
Methane recovery in wastewater treatment - Version 8	AMS-III.H.	Small Scale (simplified procedure)
Avoidance of methane production in wastewater treatment through replacement of anaerobic lagoons by aerobic systems - Version 6	AMS-III.I	Small Scale (simplified procedure)
Avoidance of methane production from biomass decay through controlled pyrolysis - Version 2	AMS-III.L	Small Scale (simplified procedure)
Sectoral Scope: (14) Afforestation and reforestation		
Grid-connected energy generation using biomass from newly developed dedicated plantations - Version 2	AM0042	Large Scale
Reforestation of degraded land	AR-AM0001	Large Scale

Restoration of degraded lands through afforestation/reforestation	AR-AM0002	Large Scale
Afforestation and reforestation of degraded land through tree planting, assisted nature regeneration and control of animal grazing - Version 3	AR-AM0003	Large Scale
Reforestation or afforestation of land currently under agricultural use – Version 2	AR-AM0004	Large Scale
Afforestation and reforestation project activities implemented for industrial or/and commercial uses	AR-AM0005	Large Scale
Afforestation/reforestation with trees supported by shrubs on degraded land	AR-AM0006	Large Scale
Afforestation and reforestation of land currently under agricultural and pastoral use - Version 2	AR-AM0007	Large Scale
Afforestation or reforestation on degraded land for sustainable wood production - Version 2	AR-AM0008	Large Scale
Afforestation or reforestation on degraded lands allowing for silvopastoral activities - Version 2	AR-AM0009	Large Scale
Afforestation and reforestation project activities implemented on unmanaged grassland in reserved/protected areas - Version 2	AR-AM0010	Large Scale
Simplified baseline and monitoring methodology for small-scale afforestation and reforestation project activities under the clean development mechanism implemented on grasslands and croplands - Version 4.1	AR-AMS0001	Small Scale (simplified procedure)
Simplified baseline and monitoring methodologies for small-scale afforestation and reforestation project activities under the CDM implemented on settlements	AR-AMS0002	Small Scale (simplified procedure)
Simplified baseline and monitoring methodology for small-scale CDM afforestation and reforestation project activities implemented on wetlands	AR-AMS0003	Small Scale (simplified procedure)
Sectoral Scope: (15) Agriculture		
Consolidated methodology for GHG emission reductions manure management systems	ACM0010	Large scale - consolidated
Methane recovery in agricultural and agro industrial activities – Version 13	AMS-III.D.	Small Scale (simplified procedure)
Methane recovery in agricultural activities at household/ small farm level	AMS-III.R	Small Scale (simplified procedure)

Annex 4 Procedure of setting up and maintaining the Russian AAU registry

Approved by order no. 121/148 of the
Russian Ministry of Natural Resources dated 7 May 2007
Registryed in the Ministry of Justice

1. This procedure was developed in the course of implementation of item 3 of order no. 215-p of the Russian Government dated 20 February 2006 (the legislative assembly of the Russian Federation, 2006, N 9, p. 1043) and determines the procedure of setting up and maintaining the Russian AAU registry (hereinafter the Registry).
2. The objective of Registry formation and maintenance is the registration of emission reduction units, certified emission reductions, assigned amount units and absorption units (hereinafter carbon units) required under Item 4 of Article 7 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (hereinafter the Protocol) (the legislative assembly of the Russian Federation, 2005, N 10, p. 764), ratified by the federal law no. 128-FZ of the Russian Federation dated 4 November 2004 (the legislative assembly of the Russian Federation, 2004, N 45, p. 4378).
3. Formation and maintenance of the Registry is carried out by the Registry Administrator.
4. The Registry consists of a hardware and software package and of an information resource.
5. The Registry information resource consists of a publicly available website (hereinafter the Registry Website) and a digital database.
6. The Registry is maintained in the Russian language.
7. Activities in respect of formation, maintenance and updatingof the Registry are carried out by the Conference of the Parties to the United Nations Framework Convention on Climate Change acting as the negotiating body of the Protocol (hereinafter the Conference).
8. The structure and format of Registry data is based on Conference decisions.
9. Information on carbon units is to be included in the Registry.
10. Activities related to formation and maintenance encompass:
    - The creation and maintenance of the Registry Website
    - Reservation of carbon units for projects, including projects implemented under Article 6 of the Protocol
    - Introduction, storage, transfer, acquisition, cancellation, withdrawal and transfer from one account to another of carbon units in accordance with Conference decisions, owner decisions, decisions of the Russian Ministry of Natural Resources and the Russian Ministry of Economic Development and Trade in line with Items 11 and 12 of this procedure
    - Maintenance of the documentation serving as a basis for transactions within the framework of the Registry for the whole period of the Protocol's validity
    - Other activities specified by Conference decisions
11. The introduction, cancellation and withdrawal of carbon units is the responsibility of the Registry Administrator after written decision of the Russian Ministry of Natural Resources on the basis of a Conference decision.
12. Transactions within the framework of the Registry related to the generation, acquisition or transfer of carbon units under Article 6 of the Protocol are

conducted on the basis of a written order of the Russian Ministry of Economic Development and Trade within ten days after submission of the following documents:

- Copy of the project information sheet
- Order of the Russian Ministry of Economic Development and Trade regarding the reservation, generation, transfer or acquisition of the necessary amount of carbon units in the respective accounts of the Russian Federation for each of the projects implemented under Article 6 of the Protocol
- Information for publication on the Registry Website according to a decision of the Conference on each project implemented under Article 6 of the Protocol

13. The Russian Ministry of Economic Development and Trade will provide the Registry Administrator with a list of officials eligible to access the information from the Registry and will determine the scope of information available to each of these officials. The list must contain the following information: First name, surname, father's name of the official Type, number, series, date and place of issue of the identity card and the issuing authority Position Scope of information the person has access to Specimen signature
14. Information from the Registry is provided to the Russian Ministry of Economic Development and Trade on the basis of a written enquiry from the officials referred to under Item 13 of this procedure.
15. The Registry Administrator will submit to Roshydromet on an annual basis (not later than 20 January) the information to be included in the Russian national registry of GHG emissions and absorption and the information to be included in the announcement by the Russian Federation prepared in accordance with Article 12 of the United Nations Framework Convention on Climate Change (the legislative assembly of the Russian Federation, 1996, N 46, p. 5204), ratified by federal law no. 34-FZ of the Russian Federation dated 4 November 1994 (the legislative assembly of the Russian Federation, 1994, N 28, p 2927). The information will be submitted in a format determined by Conference decision.
16. As the state executive body responsible for Registry maintenance, the Ministry of Natural Resources of the Russian Federation may obtain any information required from the Registry Administrator. This latter must also submit to the Ministry a report on the status of the Registry, the accounts, the users and the transactions conducted within the Registry twice a year (20 January and 20 July).

Annex 5 Resolution No. 332 of 28 May 2007 "On the procedure for approval and validation of project implementation under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change"

Date: 30.05.2007 14:53

Press Release

Resolution No. 332, dated May 28, 2007, "On the Procedures for Approval and Implementation Progress Verification As Regards Projects Carried Out under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change"

For the purposes of implementing Article 6 of the Kyoto Protocol to the UN Convention on Climate Change, the Government of the Russian Federation **resolves to:**

1. Approve the attached Procedures for Approval and Implementation Progress Verification As Regards Projects Carried Out under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change.

2. Establish that: The list of projects carried out in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change (hereinafter referred to as Projects) shall be submitted by the Ministry of Economic Development and Trade of the Russian Federation to the Government of the Russian Federation for approval;The Ministry of Economic Development and Trade of the Russian Federation shall carry out the function of the Coordination Center for preparing and approving the Projects;Federal executive authorities shall review project documentation in their respective areas of authority and verify project implementation progress in accordance with the Procedures approved by this Resolution.

3. The Ministry of Economic Development and Trade of the Russian Federation in coordination with the Ministry of Foreign Affairs of the Russian Federation shall submit a draft model international agreement between the Government of the Russian Federation and governments of foreign countries on facilitation of project implementation to the Government of the Russian Federation by September 1, 2007 in accordance with the established procedures.

M. Fradkov

Chairman of the Government

of the Russian Federation

APPROVED
by Resolution No. 332
of the Government of the Russian Federation,
dated May 28, 2007

REGULATION

on Approval and Implementation Progress Verification As Regards Projects Carried Out under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change

1. This Regulation establishes the procedures for approval and implementation progress verification as regards projects carried out under article 6 of the Kyoto Protocol (hereafter referred to as Protocol) to the UN Framework Convention on Climate Change (hereafter referred to as Convention).
2. This Regulation uses the following terms:
"**Party**" – a country included in Annex B to the Protocol;
"**other Party** " – any country included in Annex B to the Protocol excluding the Russian Federation;
"**Project**" – an investment project carried out in accordance with Article 6 of the Protocol, aimed at reducing emissions of greenhouse gases by sources and (or) increasing their removal by sinks to economically and technologically justified and environmentally acceptable levels;
"**Applicant**" – a legal entity or an individual who in accordance with the legislation of the Russian Federation are deemed project investors;
"**Initial Conditions** " – a scenario which reflects such reasonable likelihood of emissions of greenhouse gases by sources and(or) their removal by sinks that would exist without the project;
"**Greenhouse gas emission reduction limit**" – the ceiling value of reducing emissions of greenhouse gases by sectors (categories) of sources identified in Annex A to the Protocol (hereinafter, sector (category) of source), and (or) increasing their removal by sinks, that can be achieved as a result of implementing projects and transferred to other Parties;
"**Target performance indicators of the project** " – indicators confirming the project's compliance with the criteria established by Article 6 of the Protocol, decisions of the Conference of the Parties serving as the meeting of the Parties to the Protocol, and (or) international agreements on project implementation facilitation, including indicators confirming:
reduction of emissions of greenhouse gases by sources and (or) increasing their removal by sinks;
reduction of the specific consumption volume of fuel ensuring functioning of the source, and specific losses of various types of energy;
immunity of Russian organizations from supplies of obsolete and material-intensive, power-consuming and science-consumptive technologies, equipment, structures and materials
"**Model target performance indicators of projects**" – target project performance indicators unified for each sector (category) of source and (or) sinks;
"**Threshold Values of Model target performance indicators of projects** " – boundary (threshold) values of target project performance indicators, non-compliance with which can not confirm the project's compliance with the criteria established in Article 6 of the Protocol, decisions of the Conference of the Parties

serving as the meeting of the Parties to the Protocol, and (or) international agreements on project implementation facilitation.

3. In order to determine a project's compliance with the criteria established in Article 6 of the Protocol, decisions of the Conference of the Parties serving as the meeting of the Parties to the Protocol, and (or) international agreements on project implementation facilitation, as well as to have the project approved as set forth in the said Article, the Applicant shall submit to the Coordination Center for preparing and approving projects (hereinafter referred to as the Coordination Center) an application in three copies prepared in accordance with the methodological guidelines for reviewing project documentation, approved by the Coordination Center in coordination with the Federal executive authorities concerned and published on the Coordination Center's website.

   The Application shall include:

   a) request for approval of the project, specifying the following data:
      name, form of incorporation and domicile (for a legal entity);
      full name, place of residence, data of the identification document (for an individual or a private entrepreneur);
   b) Project documentation;
   c) expert opinion of the project issued by an independent expert organization (chosen by the Applicant) from the list of expert organizations (hereafter referred to as Expert opinion). The said list shall be approved by the Coordination Center as advised by a Committee established by the Center and including representatives of Federal executive authorities responsible for the participation of the Russian Federation in the Convention in accordance with Resolution No. 323 of the Government of the Russian Federation, dated June 3, 2003, "On the Approval of Inter-Agency Distribution of Responsibilities As Regards Ensuring Russian Federation's Participation in UN International Agencies " (Sobraniye Zakonodatelstva of the Russian Federation, 2003, # 23, p. 2238; 2004, # 47, p. 4666) (hereinafter referred to as the Committee).
      The Committee shall select independent expert organizations based on the criteria established in Article 6 of the Protocol, decisions of the Conference of the Parties serving as the meeting of the Parties to the Protocol, and (or) international agreements on project implementation facilitation.
      The list of independent expert organizations shall be published on the Coordination Center's website;
   d) project certificate (in a format approved by the Coordination Center and published on the Coordination Center's website);
      e) copies of the instruments of incorporation and a document confirming the entry of the legal entity into the Uniform State Register for Legal Entities (for a Russian legal entity);
   f) copies of the instruments of incorporation, registration certificates or other documents of title of a foreign corporation (for a foreign legal entity);
   g) copy of the certificate of state registration of an individual as a private entrepreneur (for a private entrepreneur);
   h) copy of an identification document (for an individual);
   i) copy of the Applicant's certificate of tax registration in the country of its domicile;
   j) documents confirming availability of own or borrowed funds exceeding project implementation costs as identified in the project documentation;
   k) statement of the tax authorities confirming that the Applicant has no past-due tax payments to the budgetary system of the Russian Federation (for an entity or individual domiciled in the Russian Federation);

l) document stating consent of the owner of the facility to be used for project activities or of another entity or individual authorized in accordance with the legislation of the Russian Federation, to activities under the project;
m) data on persons who will manage the project including their terms of reference and contact details to facilitate easy communication;
n) a stage-by-stage project implementation plan including timelines for procurement and mounting of the necessary equipment.

4. The project documentation shall show the following data:
a) project name, goals, objectives and its implementation period;
b) type of project (reducing greenhouse gas emissions by sources and (or) increasing their removal by sinks);
c) sector (category) of source and (or) sink selected for the project implementation;
d) features of the project allowing to unambiguously relate the source with the sector (category) of source or identify the sink selected for the implementation of the project, including the address of the source's location;
e) initial project implementation conditions for the whole implementation period;
f) planned rate of reducing greenhouse gas emissions by sources and (or) increasing their removal by sinks resulting from the implementation of the project, for the whole project duration;
g) description of activities designed to ensure the achievement of the project goals and objectives;
h) description of processes, products and activities provided for by the project;
i) summary of the assessment of environmental implications of the project effects, carried out in accordance with the established procedures;
j) description of possible risks related to the implementation of the project and measures designed to minimize the said risks;
k) methodology and plan of monitoring the reduction of greenhouse gas emissions by sources and (or) increasing their removal by sinks.

5. The Project Certificate shall contain the following data:
a) project name, goals, objectives and its implementation period;
b) type of project (reducing greenhouse gas emissions by sources and (or) increasing their removal by sinks);
c) sector (category) of source and (or) sink selected for the project implementation;
d) features of the project allowing to unambiguously relate the source with the sector (category) of source or identify the sink selected for the implementation of the project, including the address of the source's location;
e) planned target performance indicators of the project and their values in accordance with the model target performance indicators of projects and their thresholds as approved by the Coordination Center in coordination with concerned Federal executive authorities and published on the Coordination Center's website;
f) planned rate of reducing greenhouse gas emissions by sources and (or) increasing their removal by sinks resulting from the implementation of the project, for the whole project duration;
g) name, form of incorporation and domicile of the legal entity (for a Russian or foreign legal entity);
h) full name and place of residence of an individual or a private entrepreneur (for an individual or a private entrepreneur).

6. The request for approval of the project, project documentation and the project certificate shall be signed by the Applicant or his trustee.
To confirm validity of non-notarized copies originals shall be presented. A foreign legal entity shall present its documents in the state (official) language of the corresponding country with a translation into Russian authenticated in

accordance with the established procedures.It is forbidden to require that the Applicant submit documents not provided for by the present Regulation.

7. The Coordination Center shall not accept applications that:
   a) contain project documentation providing for reducing greenhouse gas emissions by sources and (or) increasing their removal by sinks before January 1, 2008 or after December 31, 2012;
   b) are improperly executed.
8. The Coordination Center shall accept an application against a countsheet on the day of submission. A copy of the countsheet showing the date of receipt of the documents shall be sent (handed in) to the Applicant.
9. Within 10 days of the receipt of an Application and a full set of documents, the Coordination Center shall register the Application and send copies of the project documentation, project certificate and expert opinion to the Federal executive authorities concerned.
10. The Application data are subject to placement on the Coordination Center's website.The Coordination Center registers application-related claims of concerned legal entities and individuals whose rights may be affected by the project.
11. Within 30 days of the date of receipt of copies of project documentation, project certificate and expert opinion, the concerned Federal executive authority shall:
   a) review the documents in accordance with the methodological guidelines for project documentation review; and
   b) send a reasoned negative or positive opinion of the project to the Coordination Center.
12. The Committee shall review applications on the basis of:
   a) expert opinions;
   b) opinion of the project on the part of the competent Federal executive authorities; and
   c) data contained in the Application.
   In reviewing Applications the Committee shall take into account application-related claims made by concerned parties identified in paragraph 10 hereof.
13. The Committee shall refuse any Application in the following cases:
   a) the application contains incomplete, inappropriately prepared or invalid data;
   b) planned target project performance indicators do not correspond to the model target performance indicator thresholds for a given sector (category) of source and (or) sink;
   c) no positive expert opinion.
14. The following may also be the reasons for refusal:
   a) the project in question may not be implemented before December 31, 2012;
   b) a negative opinion on the project has been received from one or more Federal executive authorities concerned;
   c) the project rate of reducing greenhouse gas emissions by sources in combination with reductions of emissions to be transferred under the approved projects, exceeds the greenhouse gas emission reduction limit for the given sector (category) of source and (or) sink, annually established by the Coordination Center.
15. Should there be no applications for one or several sectors (categories) of source and (or) sink, the Coordination Center as advised by the Committee may decide (but no more often than once in a quarter) to redistribute the corresponding limits to other sectors (categories) of source and (or) sink.
16. The Coordination Center makes the outcomes of the selection of applications available to Applicants and publishes them on its website within 10 working days of the finalization of the minutes of the Committee's meeting attaching thereto a list of the projects recommended for approval.

17. The Ministry of Economic Development and Trade of the Russian Federation shall within 10 days of the finalization of the minutes of the Committee's meeting (but no more often than once in a quarter), in accordance with the established procedures, submit a list of projects and proposals as to the appointment of a Federal executive authority to be in charge of verifying the implementation progress of each project included into the said list of projects (hereinafter referred to as the Authorized Body), with project certificates attached thereto, for the approval of the Government of the Russian Federation.
18. Upon approval of the list of projects and appointment of the Authorized Body by the Government of the Russian Federation, the Ministry of Economic Development and Trade of the Russian Federation shall:
    a) submit to the Russian register of carbon units data on each project, including a copy of the project certificate, in order to secure a decision to reserve a corresponding number of carbon units for such project;
    б) undertake other actions leading to receipt, transfer or acquisition of greenhouse emission reduction units in accordance with Article 6 of the Protocol.
19. The Authorized Body verifies project implementation progress in accordance with the methodological guidelines for such verification approved by the Coordination Center (subject to agreement of the concerned Federal executive authorities). These guidelines include requirements for reporting documents on project implementation by sector (category) of source and (or) sinks and are published on the Coordination Center's website.
20. The project reporting period coincides with a calendar year (the investor of a project approved later than 3 months before the end of a calendar year shall submit his report for the following calendar year). The project investor, in accordance with the methodological guidelines for project implementation progress verification, shall submit project implementation progress reports to the Authorized Body before February 15 of the year following the reporting period.During the first quarter of the year following the last reporting period the project investor submits the final implementation report.Data on the project implementation progress are subject to placement on the Authorized Body's website.
21. The investor's project implementation progress report for each reporting period shall include data on the difference between the planned and actual greenhouse gas emissions by source and (or) between the planned and actual level of their removal by sink.The planned greenhouse emissions by source and (or) the level of their removal by sink shall be established in accordance with the initial conditions. The project investor submits the final project implementation progress report along with the expert opinion.
22. The Authorized Body shall review the data shown in the project implementation progress report and expert opinion and submit a project implementation progress report for the reporting period to the Coordination Center attaching thereto a corresponding investor's report and expert opinion.
23. During the first quarter of the year following the reporting period the Ministry of Economic Development and Trade of the Russian Federation submits a report on the project implementation outcomes in the Russian Federation for the reporting period to the Government of the Russian Federation.
24. A project may be excluded from the List of Projects based on the corresponding decision of the Government of the Russian Federation as advised by the Coordination Center, in the following cases:
    a) multiple cases of missing the deadlines established hereby for the submission of project implementation progress reports by the project investor, by more than 30 days;

b) identified cases of the investor's non-compliance with the target project performance indicators in the course of implementing the project;
c) non-approval of the project by the other Party within 12 months after its approval by the Government of the Russian Federation;
d) the other Party cancels its decision to approve the project and this decision comes into force in accordance with the legislation of the other Party;
e) dissolution of a legal entity, discontinuation of a private entrepreneur's activity or death of an individual who are the investors of the project;
f) other cases requiring a resolution of the Government of the Russian Federation.

25. Proposal to exclude a project from the List of projects shall be submitted to the Government of the Russian Federation by the Ministry of Economic Development and Trade as advised by the Authorized Body.

26. Upon removal of a project from the List, the Coordination Center shall notify the other Party that approved the project, of the decision taken.

27. In accordance with the procedures set forth by the legislation on international agreements of the Russian Federation, an international agreement on project implementation facilitation may be entered into with a Party which has expressed its intention to cooperate with the Russian Federation in implementing provisions of Article 6 of the Protocol.

28. Any disputes arising in regard of project implementation with the project investor shall be resolved by means of negotiations aimed at reaching a mutually acceptable solution.

If the Parties fail to reach a mutually acceptable solution within 6 months, the dispute shall be resolved by a court or arbitration in accordance with the Federal laws and international agreements of the Russian Federation.

Annex 6 Methodological guidelines on the elaboration of project documentation

MINISTRY FOR ECONOMIC DEVELOPMENT AND TRADE OF THE RUSSIAN FEDERATION

December 20, 2007 Order #444

On Approving Guidelines on Reviewing Project Documentation

Pursuant to para.3 of the Provisions on Approving and Verifying Implementation of Projects Implemented under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change approved by Resolution #332 of the Government of the Russian Federation "On the Procedure for Approving and Verifying Implementation of Projects Implemented under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change" dated May 28, 2007 (Compendium of Laws of the Russian Federation, 2007, #23, p.2797) I HEREBY ORDER:
Approve the Guidelines on Reviewing Project Documentation attached hereto.

Minister E.Nabiulina

Registered with the Ministry of Justice
Registration # 11013
On January 28, 2008

APPROVED
by Order #444 of the MEDT
Dated December 20, 2007

Guidelines on Reviewing Project Documentation

1. Guidelines on Reviewing Project Documentation (further referred to as Guidelines) have been developed pursuant to para.3 of the Provisions on Approving and Verifying Implementation of Projects Implemented under Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change approved by Resolution #332 of the Government of the Russian Federation dated May 28, 2007 (further referred to as Provisions).

2. Project documentation shall be developed in compliance with requirements of the Russian legislation with consideration of requirements provided in para. 4 of the Provisions as well as documents approved by the Conference of the Parties acting as Parties to the Kyoto Protocol to the UN Framework Convention on Climate Change.

3. Project documentation shall include description of the project and practical steps for its implementation.

   Project documentation may include other information to clarify the content of the project, including stakeholder comments. Additional documents may be attached to the project documentation, e.g. extracts, briefing notes and opinions.

   Project documentation shall include:

1) general description of the project containing project name, goals, objectives, project type (GHG emissions reduction from a source and/or increased absorption by sinks), information on applicant and project participants, information on the sector (category) of the source and/or sink selected for the project implementation, project features that allow to clearly correlate the source with the source sector (category) or identify the sink selected for the project implementation, including location of the sink, description of practical project implementation activities, including description of the actions needed to achieve project goals and objectives, description of technologies, products and activities of project, project implementation costs as well as description of possible risks and measures to mitigate the mentioned risks;

2) baseline conditions for the project implementation for the entire implementation period;

3) project implementation timeframe;

4) a method (methodology) and plan for monitoring GHG emissions reduction from a source and /or increase of their absorption by a sink as a result of the project;

5) planned GHG emissions reduction from a source and /or increase of their absorption by a sink as a result of the project;

6) a brief description of the environmental impact caused by the project.

Project documentation may include attachments with clarifications by the applicant to provide rationale for the project design methodology, as well as other project-related information.

5. Information on project participants shall include information on the name, business legal structure and location (country) – for legal entities, last name, first name, partronimic and place of residence – for individuals and individual entrepreneurs. The project applicant shall be indicated first among project participants listed in the project documentation.

6. All-Russia Classifier of Economic Activities should be used to present project characteristics that allow to clearly correlate the source with the source sector (category) or identify a sink.

7. Description of possible project implementation risks shall include description of all risks that are under control of the project participants.

8. Baseline conditions for the project implementation shall be developed:

1) based on actual GHG emissions from sources and\or their absorption by sinks;

2) based on conservative assumptions and with consideration of possible uncertainties regarding the project implementation environment;

3) with consideration of development plans and regulations regarding respective economic activity and/or regulations regarding industrial safety, forest relations, environmental protection.

Reductions in output of goods and services as well as acts of God shall not be considered while establishing baseline conditions.

Should project employ several similar sources and common technologies, baseline for one source may be developed and extrapolated to other sources.

9. Information on project implementation timeframe shall include information on planned start and completion dates as well as on the period between January 1, 2008, and December 31. 2012, when GHG emissions reduction from a source and /or increase of their absorption by a sink as a result of the project shall occur.

Information on the planned implementation start date shall include information on the date of project documentation development and in addition may include information on the date of beginning of construction (installation) of necessary equipment.

10. Rationale for the method (methodology) to monitor GHG emission reductions from a source and /or increase of their absorption by a sink shall indicate advantages of the selected monitoring method (methodology), including with regard to precision of relevant calculations or measurements.

11. Description of methods used to control and assure quality of data obtained from measurements shall be made with consideration of technology procedures and standards adopted in the Russian Federation.

12. The planned quantity of GHG emissions reduction from a source and /or increase of their absorption by a sink as a result of to the project shall be calculated based on the characteristics (specifications) of the equipment, technologies used in the project and other project activities.

    Information on the planned quantity of GHG emissions reduction from a source and /or increase of their absorption by a sink as a result of the project shall be submitted for each year between January 1, 2008, and December 31, 2012.

13. A brief description of the project environmental impact assessment performed following the established procedure shall comprise information in environmental impact mitigation activities scheduled in the course of the project implementation, impact types and related consequences resulting from the project.

14. A relevant federal executive body discharging its duties in the relevant area shall review documents submitted by the MEDT guided by para.3-15 of these Guidelines and shall evaluate the project documentation with respect to:

    1) compliance of the baseline conditions for the project implementation, method (methodology) and monitoring plan with regulations and other acts of the relevant federal executive body;

    2) conditions stipulated by the current regulations and other acts of the relevant federal executive body that directly prevent from implementing the project in line with project documentation.

15. A negative opinion on the project documentation may be produced in case baseline implementation conditions, method (methodology) and monitoring plan contradict to regulations and other acts of the relevant federal executive body or provisions and requirements established by the current regulations and other acts of the relevant federal executive body that directly prevent from implementing the project in line with project documentation are discovered. The negative opinion on the project shall be prepared as a relevant letter from the relevant federal executive body with indication of the project name and reason for the negative opinion.

    In other cases a positive opinion on the project documentation shall be produced.

Annex 7 Record of the first session of the Commission responsible for consideration of applications for projects to be implemented within the framework of Article 6 of the Kyoto Protocol

Record of the first session of the Commission responsible for the consideration of applications for projects to be implemented within the framework of Article 6 of the Kyoto Protocol

Moscow

21 February 2008, №1-КА

CHAIRED BY
The Deputy Minister of Economic Development and Trade, K.G. Androsov

Attended by:

The members of the Commission responsible for the consideration of applications for projects to be implemented within the framework of Article 6 of the Kyoto Protocol, representatives with executive power

V.V. Gavrilov, A.M. Amirkhanov, V.V. Karaganov, O.B. Pluzhnikov, K.V. Gadzatzev, D.I. Kwitko, E.G. Vikulova, M.V. Korznikova

Agenda

I. The Commission agenda

(K. G. Androsov)

1. To accept the agenda proposed by the Commission.

II. Legal regulation of the implementation of projects conducted within the framework of Article 6 of the Kyoto Protocol.

(Androsov, Pluzhnikov, Gavrilov, Karaganov, Korznikova)

1. Information regarding legal acts approved by the Ministry of Economic Development and Trade should be taken into account.
2. Information from the Commission secretariat on the assessment of JI project efficiency provided by OAO RAO "EES Rossi" should be taken into account. This method contains the target indicators of project efficiency in respect of electrical energy and ways of assessing these. The methodological guidelines from OAO RAO "EES Rossi" on the estimation of gross greenhouse gas emissions from heating plants and boilers and the proposals regarding the target indicators of JI project efficiency should be applied. The delivery of materials to the interested federal executive bodies in accordance with Item 5 of the Resolution on the approval and control of the delivery of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change should be approved as reasonable.
3. The Commission's clarification regarding the provision of information on general target indicators of project efficiency (Annex – Clarification № 1) should be accepted.
4. The Commission's clarification regarding confirmation of an applicant's financial solvency should be accepted. (Annex - Clarification № 2).
5. The Commission's approach to the preparation of proposals regarding the appointment of an organization in charge of the project should be accepted once the information regarding the project has been examined by the Commission
6. The information from the Commission secretariat regarding the preparation of a legal act by the Ministry of Economic Development and Trade of the Russian Federation regulating the control of project implementation (including the requirements for project documentation) should be taken into account.

III. List of potential projects implemented within the framework of Article 6 of the Kyoto Protocol

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(Androsov, Pluzhnikov, Karaganov, Gavrilov, Amirkhanov)

The information provided by the Commission secretariat regarding the list of potential projects implemented within the framework of Article 6 of the Kyoto Protocol should be taken into account.

IV. List of independent entities

(Androsov, Pluzhnikov, Karaganov, Gavrilov)

1. The information provided by the Commission secretariat regarding the organizations accredited under the United Nations Framework Convention on Climate Change to provide an expert opinion on the JI projects should be taken into account, as should the information regarding the invitation made by the Ministry of Economic Development and Trade to the independent entities to prepare an expert opinion on the projects.
2. The list of independent entities may only contain those organizations eligible to carry out an expertise on the basis of the criteria established by Article 6 of the Kyoto Protocol, and decisions of the Conference of the Parties to the Kyoto Protocol: they must have an officially registered representation in the Russian Federation and possess sufficiently experienced staff qualified for fulfilment of the necessary functions.
3. The Commission's clarification regarding the submission by an independent entity of an expert opinion which has no set layout should be agreed (Annex - Clarification № 3).

V. Date of JI project application submission

(Androsov, Pluzhnikov, Karaganov, Gavrilov, Amirkhanov, Vikulovaa)

The proposed date from which project applications may be submitted, i.e. 10 March 2008, should be accepted.
Deputy Minister of Economic Development and Trade
of the Russian Federation

K.G. Androsov

Annex

CLARIFICATION № 1

Regarding the provision of information on general target indicators of project efficiency

1. Reasoning

According to Item 3 of Resolution № 332 of the Russian Government dated 28 May 2007 (hereinafter the Resolution) regarding the approval and control of the delivery of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change, an applicant should submit a full application (including the project information sheet) to the coordination centre responsible for project preparation and approval.

According to Article 5 of the Resolution, the project information sheet should contain the targeted efficiency of the project and its value in terms of the standard target indicators of project efficiency and the marginal values. These were approved by the centre and the interested executive bodies and published on the website of the coordination centre.

Item 2 of the Resolution stipulates that:

Target indicators of project efficiency are indicators which confirm the project's correlation with the criteria established by Article 6 of the Kyoto Protocol and by decision of the Conference of the Parties to the Kyoto Protocol and/or by international agreements on project implementation support, and includes indicators which confirm that greenhouse gas emissions have been reduced and/or greenhouse gas absorption has been increased. These include:

Reduction per unit of fuel consumption (causing the emissions), reduction per unit of energy loss;

Prevention of Russian organizations from old-fashioned and energy-intensive equipment and materials.

Standard target indicators of project efficiency are indicators which have been standardized for all types of emission sources and/or absorbents;

The marginal value of a standard target indicator of project efficiency relate to the marginal indicators of project efficiency. If these indicators are not achieved a project cannot be considered to comply with the criteria established by Article 6 of the Kyoto Protocol, decision of the Conference of the Parties to the Kyoto Protocol and/or international agreements on project implementation support.

2. Clarification

The Commission clarifies that interested parties may make proposals regarding the standard target indicators of project efficiency and their marginal values for the various types of emission sources and/or absorbents.

The interested parties may be federal executive bodies, applicants, organizations and natural persons representing business and science as well as public organizations. The interested parties may make their proposals regarding standard target indicators of project efficiency and their marginal values for the various types of emission sources and/or absorbents if there is sufficient reasoning for the revision of these indicators underI Item 2 of the Regulation.
Revision of the list of standard target indicators of project efficiency and their marginal values for the various types of emission sources and/or absorbents will have no effect on previously adopted projects.
The proposals of the interested parties regarding the standard indicators will be submitted by the coordination centre to the federal executive bodies for their consideration in relation to their sphere of responsibility.
The interested parties must submit a conclusion regarding the feasibility of the indicators and their marginal values.

CLARIFICATION № 2
Regarding confirmation of an applicant's solvency

1. Reasoning

According to Item 3 of Resolution № 332 of the Russian Government dated 28 May 2007 (hereinafter the Resolution) regarding the approval and control of the delivery of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change, an applicant should submit his application (including the documents confirming his financial solvency, own or borrowed financial sources in one sum exceeding the expenditure given in the project documentation) to the coordination centre responsible for project preparation and approval.

2. Clarification

The Commission clarifies that the applicant may produce the following documents to confirm his financial solvency (possession of own or borrowed financial sources in one sum exceeding the expenditure given in the project documentation):
Bank statement for the applicant

Balance sheet and profits and loss statement for legal entities and private entrepreneurs registered in the Russian Federation for the most recent accounting period pursuant to regulation № 2

Copy of the decision of the bank providing the applicant with financial support

If at the time of application the project had already been launched, expenditure is understood to mean the sum needed for the completion of the project. In this case the applicant must state which parts of the project have already been completed (in ful or in part).

CLARIFICATION № 3
Regarding the submission of an expert opinion

1. Reasoning

According to Item 3 of Resolution № 332 of the Russian Government dated 28 May 2007 (hereinafter the Resolution) regarding the approval and control of the delivery of projects implemented in accordance with Article 6 of the Kyoto Protocol to the UN Framework Convention on Climate Change, an applicant should submit his application (including the expert opinion of an independent entity) to the coordination centre responsible for project preparation and approval.

2. Clarification

The Commission clarifies that the expert opinion of an independent entity (part of the application) should be prepared in the Russian language. It need not take a set form. The expert opinion must conclude that the project documentation was prepared in accordance with Article 6 of the Kyoto Protocol, the decision of the Conference of the Parties to the Kyoto Protocol and the legislation of the Russian Federation.
The expert opinion may contain proposals made by the independent entity regarding project implementation.

Annex 8 Project information sheet for projects implemented within the framework of Article 6 of the Kyoto Protocol

Project information sheet for projects implemented within the framework of Article 6 of the Kyoto Protocol

APPROVED by resolution
№52 of the Ministry of
Economic Development and
Trade of the Russian
Federation dated 22
February 2008

1. Project name	
2. Project objective	
3. Project tasks	
4. Period of project implementation	
5. Type of project	
6. Sector, type of emission source and or absorbent chosen within the project	
7. Project characteristics allowing the project to be attributed to the emission source or adsorbent chosen for the project	
8. Address of the source's location*	
9. Target indicators of project efficiency and their value	
10. Targeted volume of emission reductions or absorptions for the period of project implementation (million tonnes of CO_2 equivalents)	
11.Name, legal form and registered seat of the applicant	

*if applicable