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**Comments to JI project No. 0090: Low-pressure associated petroleum gas utilization at Enisei Ltd., Usinsk, Komi Republic, Russia, Date: 20 November 2007**

To the attention of James Clarke, ukclimatechange@sgs.com

I have had a look on JI project No. 0090: Low-pressure associated petroleum gas utilization at Enisei Ltd., Usinsk, Komi Republic, Russia

I have following comments:

JI project No. 0090 is a well designed and innovative JI project. The only doubts I have are related to additionality, financial attractiveness of the project and state regulations in this sector in Russia.

I have found the following article in internet from AFP from September 19 this year:

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## **Russia to ban gas flaring**

by Staff Writers, Moscow (AFP) Sept 19, 2007

*Russia will stop the practice of gas flaring, in which unwanted gas is burned as it is released from oilfields, acting deputy prime minister Sergei Ivanov said on Wednesday.*

*"We will not allow anyone to flare gas, at least in Russia. The decision has already been taken," Ivanov was quoted as saying by Interfax news agency.*

*"We are not yet rich enough to allow ourselves such a luxury, and that is even before we mention the environment," Ivanov, who is widely tipped to replace President Vladimir Putin in March 2008, told a military-industrial energy committee.*

*He described the practice as "vandalism and waste."*

*The World Bank has named Russia as one of the main practitioners of gas flaring.*

*The Bank says flaring worldwide releases about 390 million tonnes of carbon dioxide, the principal greenhouse gas, into the atmosphere per year.*

*The Siberian region of Khanty-Mansiisk, the biggest oil producing region in Russia, alone flares between 7.3 to 7.6 billion cubic metres of gas a year, its governor Alexander Filippenko told the meeting.*

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My questions are:

Is there a force to conduct this project as normal project due to state regulations already today or in the next years?

Are there incentives from the state – according to the willingness to ban flaring – to conduct this project?

What is common practice – at the moment – in this sector in Russia – there is no information available in the PDD whether such activities are conducted without JI revenues, too, at other locations.

The IRR of 17.6 % is quite high. Is there already a significant increase of the gas prices considered over the next years as it can be expected for the next years (considering the development in the last years)? Is considered that without the project penalties might occur for flaring gas?

Russia's interest is to avoid wasting natural gas – thus is the project not completely in line with the state policy and thus a state requirement?

Information is missing when the project activity started – installation of equipment - and whether it is already implemented.

I hope that the questions can be answered positively for this project in the validation process.