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Track 1 Small Scale Projects and Programme of Activities in Ukraine (draft procedures)

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UKRAINE CARBON MARKET FACILITATION PROGRAMME



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Introduction

EBRD's Ukraine Carbon Market Facilitation Programme is assisting the National Environmental Investment Agency (NEIA) in four areas:

- ❖ Policy and Legal Framework Development for JI and GIS, including PoA, SSC, "late credits", AAUs as collateral, DVM.
- ❖ GIS pilot transaction, possibly to be facilitated by the Bank's Multilateral Carbon Credit Facility (MCCF).
- ❖ Capacity building for NEIA's staff and other Ukrainian Ministries.
- ❖ GHG emission modeling up to 2050.

❖ **Duration:** 18 months (March 2009 to August 2010)

❖ **Consultants:** Gomez-Acebo y Pombo, Factor CO₂, SEC Biomass, Deyco



Legal barriers in existing JI procedure in Ukraine

1. Order #33 does not fully comply with the JI guidelines in:
 - a) demonstration of additionality - proposed to use some elements from CDM Additionality tool (financial, investment additionality);
 - b) establishment of baseline scenario.
2. Number of references to Article 12 KP (CDM)
3. Lack of procedures for PoA and SSC.
4. The requirement of minimal emission reduction of 20,000 t of CO₂-eq./project annually.
5. Problem of “not object owner” JI applications.

Comparison of SSC BUNDLE and JI PoA under T2 and T1 proposal in Ukraine (1)

N	Comparison criteria	Joint implementation <u>small scale projects</u> and bundling (JI SSC and JI SSC BUNDLE)		JI programme of activities (JI PoA)		Ukrainian procedure according to NEIA's orders №32, №33
		Track 2	Track 1	Track 2	Track 1	T2 and T1
1	Applicability	1. RES - up to 15MW el ^{**} . 2. En.eff. Improvement - up to 60 GWh el ^{**} /year. 3. ER up to 60 th.t CO2 eq/year. ** - or appropriate equivalent (thermal, peak)	1. JI projects in priority directions - without limitations in ER. 2 .Other JI Projects with ER up to 20th. t CO2 eq/year	Interrelated types of JPAs which can be replicated		All projects with ER more than 20 th. t. CO2 eq./year
2	Management	One of the BUNDLE'S Project owners		JI PoA Coordinator (can be not from the Project owners)		Owner of emission source = Object owner

Comparison of SSC BUNDLE and JI PoA under T2 and T1 proposal in Ukraine (2)

N	Comparison criteria	Joint implementation <u>small scale projects</u> and bundling (JI SSC and JI SSC BUNDLE)		JI programme of activities (JI PoA)		Ukrainian procedure according to NEIA's orders №32, №33
		Track 2	Track 1	Track 2	Track1	T2 and T1
3	Crediting period	Same for all projects in the BUNDLE		Can be different for all JPAs		One fixed for JI project
4	Composition of the BUNDLE, Programme	Shall not change over time. Submission of all documents to the secretariat at the same time	Shall not change over time. Submission of all documents to the NEIA at the same time	Addition of new JPAs to a JI PoA at any time during the crediting period of the JI PoA		Not applied
5	Design documents	One JI SSC DD for the projects of the same category, technology, host Party + SSC BUNDLE DD		JI PoA DD		JI PDD
6	Additionality is demonstrated on the level of:	Each JI SSC DD		Either JI PoA or each type of JPA	JI PoA	JI project

Comparison of SSC BUNDLE and JI PoA under T2 and T1 proposal in Ukraine (1)

N	Com- pa- ri- son cri- teria	Joint implementation <u>small scale projects</u> and bundling (JI SSC and JI SSC BUNDLE)		JI programme of activities (JI PoA)		Ukrainian procedure according to NEIA's orders №32, №33
		Track 2	Track 1	Track 2	Track1	T2 and T1
7	Addi- tio- na- li- ty	Environmental additionality according to Article 6 (1b) of the KP		Demonstration by using one of three methods (regulatory additionality)	For PoA in priority directions do not require demonstration of additionality. For others: Demonstration is recommended by using one of three methods (regulatory additionality)	<ol style="list-style-type: none"> 1. Order #33 does not fully comply with the JI guidelines in: <ol style="list-style-type: none"> a) Demonstration of additionality - proposed to use some elements from CDM Additionality tool (financial, investment additionality). b) Establishment of baseline scenario 2. Number of references to Article 12 KP (CDM)

Comparison of SSC BUNDLE and JI PoA under T2 and T1 proposal in Ukraine (1)

N	Comparison criteria	Joint implementation <u>small scale projects</u> and bundling (JI SSC and JI SSC BUNDLE)		JI programme of activities (JI PoA)		Ukrainian procedure according to NEIA's orders №32, №33
		Track 2	Track 1	Track 2	Track1	T2 and T1
8	Monitoring	All projects in the BUNDLE		All JPAs in the PoA		One JI project (all project sites according to PDD)
9	On-site visits during determination and verification	Not specified. Most likely - all projects in the BUNDLE	Sample-based approach. Sampling procedure is proposed.	Sample-based approach. Verification plan needs JISC approval	Sample-based approach. Sampling procedure is proposed.	One JI project (all project sites according to PDD)

Comparison of SSC BUNDLE and JI PoA under T2 and T1 proposal in Ukraine (1)

N	Comparison criteria	Joint implementation <u>small scale projects</u> and bundling (JI SSC and JI SSC BUNDLE)		JI programme of activities (JI PoA)		Ukrainian procedure according to NEIA's orders №32, №33
		Track 2	Track 1	Track 2	Track1	T2 and T1
10	Submission of additional projects/JPAs	IMPOSSIBLE		POSSIBLE, (PoA eligibility criteria, JISC approval)	POSSIBLE, (PoA eligibility criteria, NEIA approval)	Not applied
11	Account opening in the Ukrainian Registry	Not determined	Coordinator of the BUNDLE	JI PoA Coordinator		Object owner

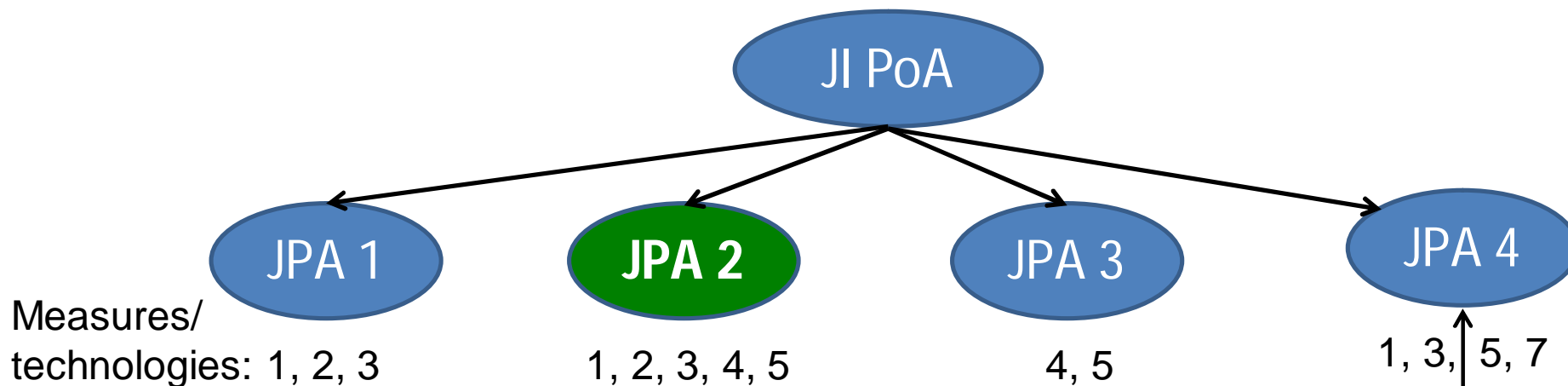
Comparison of SSC BUNDLE and JI PoA under T2 and T1 proposal in Ukraine (1)

N	Comparison criteria	Joint implementation <u>small scale projects</u> and bundling (JI SSC and JI SSC BUNDLE)		JI programme of activities (JI PoA)		Ukrainian procedure according to NEIA's orders №32, №33
		Track 2	Track 1	Track 2	Track1	T2 and T1
12	New definitions	Small scale project (SSC), SSC BUNDLE	Small scale project (SSC), SSC BUNDLE, Coordinator, priority directions for JI projects	JI Programme of activities (JI PoA), JI Programme activity (JPA), Coordinator	JI Programme of activities (JI PoA), JI Programme activity (JPA), Coordinator = Owner of emission reductions, JPA type, priority directions for JI projects	Object of emission source=Object owner

Proposal of priority directions for JI projects

1. Rehabilitation/reconstruction of district heating systems.
2. Landfill gas utilization.
3. Utilization of solid biomass and biogas for energy purposes.
4. All types of renewable energy sources.
5. Coal mine methane utilization.

Definition of the JPA type



JPA with maximum of measures/technologies
(JPA2) – basic JPA

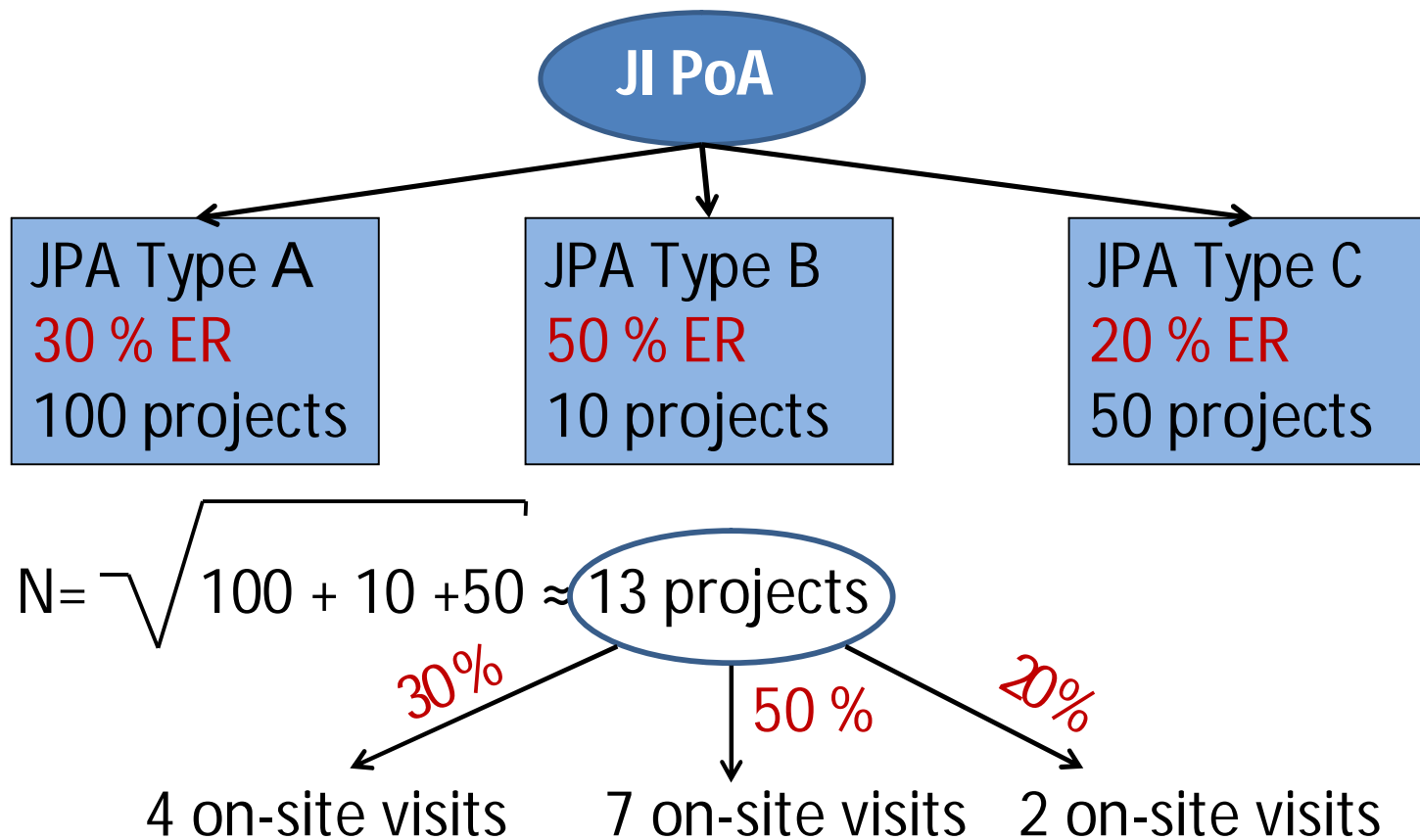
Type A: **JPA2=JPA1=JPA3**

Type B: **JPA4=JPA5**

Type C: **JPA6**



Proposed sample-based approach for on-site visits under determination and verification



N – number of on-site visits

4. Conclusions

Proposed draft design procedures for SSC, PoA under Track 1 in Ukraine:

- . Aimed to overcome the identified barriers in existing JI procedures.
- ?. Has some similarities and differences with corresponding Track 2 documents.

Implementation of SSC and especially PoA may considerably improve JI mechanism in Ukraine under Track 1.

Thank you for attention!

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