

UNFCCC Secretariat  
Martin-Luther-King Strasse 8  
D-53153 Bonn  
Germany

Att.: JI Supervisory Committee

Your ref.  
-

Our ref.  
.....

Date  
18 May 2012

### **Initial response to request for review**

**“Implementation of energy-efficient lighting system in the Donetsk Region with the use of Kyoto Protocol mechanism: replacement of incandescent lamps with energy-efficient ones at budget financed and social entities in the Gorlivka town (under Track 2)”**”.

Dear Members of the JI Supervisory Committee,

TÜV Rheinland appreciates the initiative of JISC members to clarify the issues raised in the requests for review submitted by three JISC Members concerning TUV Rheinland Group/TÜV Rheinland Japan’s determination of the project activity 0290 entitled “Implementation of energy-efficient lighting system in the Donetsk Region with the use of Kyoto Protocol mechanism: replacement of incandescent lamps with energy-efficient ones at budget financed and social entities in the Gorlivka town (under Track 2)”, Ukraine. With reference to this requests for review and in accordance with the “Procedures for Reviews Under the Verification Procedure Under the Joint Implementation Supervision Committee” we would like to provide the following initial response to the issues raised.

#### ***Investments barrier***

*It is claimed by the PP that the state funding for large-scale replacement of ICLs with CFLs in the public sector is not sufficient. However, no documentary evidence of this investments barrier has been provided and determined by the AIE other than just statement included in the PDD.*

#### **TÜV Rheinland response**

Social entities covered by this SSC project are those of ordinary and specialized schools, kindergartens, hospitals, health centers, etc. Such entities in local towns like Gorlivka are financed from regional budgets but not from country national budget. It means that referenced in PDD Ordinance of the Cabinet of Ministers of Ukraine No. 1337-r dated 16-th October 2008 does not have mandatory power for entities included into the project and financed through local budget. Cl. 2 of this Ordinance clearly states: “To recommend to the local governments to take measures outlined in this Ordinance...” (Encl.1).

TUV Rheinland determination team checked this situation during site visit via multiple meetings and interviews with local senior authorities referenced in the DR, namely:

- Mr. Volodymyr Olenyev, First Deputy town mayor, Gorlivka Town Council;
- Mr. Sergey Shkrebits, Deputy mayor, Head of the working group, Gorlivka Town Council;

- 
- Mr. Mikolay Kruzhilin, Head of education department of the Town Council, Deputy head of the Working Group, Gorlivka Town Council;
  - Mr. Oleksandr Porosyanyk, Head of healthcare department of the Town Council, Deputy head of the Working Group, Gorlivka Town Council.
  - Mr. Sergey Hnatiuk, Head of Municipal Development Town Council, Gorlivka Town Council
  - Ms. Irina Galchenko, Head of the economic group of education department of the Town Council, Gorlivka Town Council
  - Ms. Natalia Nikitina, Structural engineer, healthcare department of the Town Council, Gorlivka Town Council
  - Ms. Victoria Panteleeva, Head of Prospective Development UMR Town Council, Gorlivka Town Council.

During these interviews it was confirmed that:

- Ordinance No. 1337-r has only recommendation power for local governments;
- There are no possibilities to allocate financial resources for lighting improvement from local budget;
- There are no plans for such allocation for coming years.

It was cross-checked with Gorlivka town local budgets review for the years 2008, 2009 and 2010 which have been annexed to Project Participant - Gorlivka town Administration request for LoA (Encl.2). It was confirmed that no budget resource have been foreseen for lighting improvement in social sphere of Gorlivka town. Same is stated in a Letter received from Gorlivka town administration on request of Carbon Futures/Ecosystem (Encl. 3). As stated in this letter the main reason for that is the fact that local budget distribution is prioritized to more vital areas requiring financing.

TÜV Rheinland determination team believes that this additional information proves initial statement concerning existence of financial barrier for implementation of the project without using JI scheme.

***Baseline conservative assumption***

*Traceable and transparent information showing that the baseline was identified on the basis of conservative assumption along with documentary evidence to back the claim as well as reasons for non-availability of funding could have been asked for by AIE during determination...”*

**TÜV Rheinland response**

As stated in PDD, Table D.5 “To ensure a conservative approach, April, July, October and February were chosen for monitoring.” July is the month of vacations and holidays in a summer time and February is the longest daylight duration month in a winter season. Hence, this is conservative assumption.

In addition to that to ensure conservation assumption of baseline only CO<sub>2</sub> gas was taken into consideration when calculating baseline emission. N<sub>2</sub>O and CH<sub>4</sub> were not considered.

Question related to non-availability of budget funding was commented above.

---

---

***Compliance with local regulations***

*The continuation of the usage of the ICLs does not comply with the local regulation (abovementioned) which imposes the phasing out of the ICLs and their gradual replacement by more energy efficient lamps.*

**TUV Rheinland response**

As was mentioned above Ordinance No. 1337-r of Cabinet of Ministers of Ukraine for social entities covered by the project and financed through local budgets has status of recommendations only (Encl.1, Cl.2). According to “Combined tool to identify the baseline scenario and demonstrate additionality”, v.03.0.1 consistency with applicable laws and regulations should not be considered when these regulations do not have legally-binding status.

***Investment barrier***

*The investment barrier has been demonstrated based only on a qualitative comparison of costs of the ICLs and CFLs and seems not to take into account the costs savings induced by the reduction of energy consumption nor the lifetime of the CFLs which according to the PDD is 8 times that of ICLs.*

**TÜV Rheinland response**

Investment barrier was already commented partly above. According to the letter submitted by Gorlivka town Mayor on request of Project Participants (Encl. 3) saving in electricity costs and bulbs durability increase will be directed to cover more vital town needs. Hence, this savings are not and will not going to be submitted to improve efficiency of lighting in social area buildings. Letter of the Gorlivka town Mayor clearly states that “However, such savings can not be spend on replacing the standart bulbs with energy-efficient bulbs in budget institutions of the city as the current budget deficit prohibits adequate financing even for the top-priority Gorlivka areas” (Encl. 3).

***Impact of CFL penetration rate***

*The baseline scenario identification does not take into account the impact of the CFLs in the Ukrainian market during the project period...In other words there is no data on the actual penetration rate of CFLs as a result of the national regulations.... It should be noted that the project participants should also update the information on the enforcement of the Ordinance No. 1337 in the other cities and locations in Ukraine throughout the crediting period of the project activity(annually) in order to justify that the project continue to be not a common practice.*

**TÜV Rheinland response**

As was mentioned above, project is oriented to improve lighting efficiency in one of the most suffering social area financed through the local budget. With reference to content of enclosed letters received from town administration (Encl.3) and State Agency on Energy Efficiency and Energy Saving of Ukraine (Encl.4) penetration of efficient lighting in this sector to any reasonable level in nearest future does not seem to be realistic. In this respect proposal is to include into verification process requirement to assess CFL’s penetration in social sector of Ukrainian economy.

---

Submitting these comments and responses TÜV Rheinland hopes that all issues raised in a request for review are properly, correctly and adequately addressed and cleared with the support of additional explanations and documents presented as part of the project determination process.

Yours sincerely

Dr. M. Brinkmann  
TUV Rheinland  
AIE Technical Director



Dr. V. Yakubovsky  
TUV Rheinland Ukraine  
TCC Director



**Enclosures:**

1. *Ordinance of the Cabinet of Ministers of Ukraine No. 1337-r of 16 October 2008 "On implementation of measures to reduce electricity consumption by budget institutions";*
  2. *Cover letter of Gorlivka town administration dated 29/08/2011 No. 1-2695 with reference to local budgets for the Years 2008-2010;*
  3. *Letter of Gorlivka town Mayor No.02-1528 dated 14/05/2012;*
  4. *Letter of State Agency on Energy Efficiency and Energy Saving of Ukraine No. 774-01/13/4-12 dated 18 May 2012.*
-



## Enclosure 1

*Translation from Ukrainian into English*

*/Coat of Arms of Ukraine/*

CABINET OF MINISTERS OF UKRAINE

**ORDINANCE**  
**of the Cabinet of Ministers of Ukraine**  
**of 16 October 2008 No.1337-r**

**"On implementation of measures to reduce electricity  
consumption by budget institutions"**

1. To transfer budgetary institutions to use energy efficient lighting equipment of mainly domestic production in buildings and areas of their location, in compliance with illumination sanitary standards the ministries, other central executive bodies, the Council of Ministers of the Autonomous Republic of Crimea, state regional administrations, Kyiv and Sebastopol City State Administrations shall provide:

obligatory usage of energy efficient lighting equipment on replacing the faulty incandescent bulbs (after completing the previously purchased stock) from 01 November 2008;


during the capital and maintenance repair of power management buildings and structures, install only energy efficient lighting approved by the State Sanitary and Epidemiological Service from 01 January 2009.


2. To recommend to the local governments to take measures outlined in this Ordinance so as to ensure a smooth transition during 2008-2009 for institutions funded from local budgets to the use of energy efficient lighting in buildings and areas of their location.


3. State Inspection on Energy Efficiency shall control the transfer of budget institutions to use energy efficient lighting in buildings and areas of their location.

Prime Minister of Ukraine Y. TYMOSHENKO

Ind. 37

15 травня 2012 року  
Переклад даного документу з української мови на англійську виконано в Бюро перекладів «Альфа-Груп».  
Адреса: 01601 Україна, Київ, Печерський узвіз, 3, офіс 204.  
Контактний номер телефону: (+38 044) 229 6239  
Перекладач  Ткаченко Тетяна Олегівна  
Диплом серії КВ № 37385644, виданий Приватним вищим навчальним закладом "Український Інститут лінгвістики і менеджменту" 14.07.2009.

May 15, 2012  
This document is translated from Ukrainian into English in "Alpha-Group", Translation and Interpreting Agency.  
Address: 01601 Ukraine, Kyiv, Pecherskyi uzviz, 3, office 204.  
Phone number: (+38 044) 229 6239  
Translator  Tkachenko Tetiana Olegivna  
Diploma Series KB No. 37385644 issued by Private higher education institution "Ukrainian Institute of Linguistics and Management" on July 14, 2009.



## Enclosure 2

Translation from Ukrainian into English

/Coat of Arms of Ukraine/  
UKRAINE

**EXECUTIVE COMMITTEE OF GORLIVKA TOWN COUNCIL**

67 Peremogy prospect, Gorlivka, Donetsk region, 84646 Ukraine. Phone No.(0624) 52-06-51.

Fax No.(06242) 4-31-69. **Website:** <http://gorlovka.dn.ua>

Dated 29 August 2011 No. 1-2695

ATT: State Environmental  
Investment Agency of Ukraine

Re: documents submission for  
a letter of approval

Please find hereby the list of documents (as shown) required for a letter of approval for the joint implementation project "Implementation of energy-efficient lighting system in the Donetsk region with the use of Kyoto Protocol mechanism: replacement of incandescent lamps with energy-efficient ones at budget financed and social entities in the Gorlivka town".

List of documents:

1. Statement: 1 copy on 1 page.
2. Project Design Documents for the joint implementation project to get a letter of approval by the owner of the premises the joint implementation project will be run: 1 copy in Ukrainian on 44 pages, 1 copy in English on 38 pages.
3. Letter clarifying absence of debts: 1 copy on 1 page.
4. Fiscal balance in 2008: 1 copy on 2 pages.
5. Fiscal balance in 2009: 1 copy on 2 pages.
6. Fiscal balance in 2010: 1 copy on 2 pages.
7. Power of Attorney: 1 copy on 1 page.
8. Decision No.VI/4-32 dated 28 January 2011, issued by Town Council, ownership documents for the premises.
9. A copy of the letter of endorsement: 1 copy on 1 page.
10. Plan of financing: 1 copy on 3 pages.
11. Determination report, copy in English on 71 pages
12. Determination report, copy in Ukrainian on 75 pages
13. Form of determination report on joint implementation, copy in English on 4 pages
14. Form of determination report on joint implementation, copy in Ukrainian on 4 pages
15. Electronic medium: 1 CD.

City Mayor

*/Signature/*

*/Official seal:*

Ukraine \* Gorlivka Town Council of Donetsk region  
Identification code/

Executed by Goshko Danylo Ievgenovych  
Phone No.(06242)43192. E-mail: [umrpd2010@gmail.com](mailto:umrpd2010@gmail.com)  
Executed by Trofymova Olena Mykolaivna



18 травня 2012 року

Переклад даного документу з української мови на англійську виконано в Бюро перекладів «Альфа-Груп».

Адреса: 01601 Україна, Київ, Печерський узвіз, 3, офіс 204.

Контактний номер телефону: (+38 044) 229 6239

Перекладач  Ткаченко Тетяна Олегівна

Диплом серії КВ № 37885644, виданий Приватним вищим навчальним закладом "Українським інститутом лінгвістики і менеджменту" 14.07.2009.

May 18, 2012

This document is translated from Ukrainian into English in "Alpha-Group", Translation and Interpreting Agency

Address: 01601 Ukraine, Kyiv, Pecherskyl uzviz, 3, office 204.

Phone number: (+38 044) 229 6239

Translator  Tkachenko Tetiana Olegivna

Diploma Series KB No. 37885644 issued by Private higher education institution "Ukrainian Institute of Linguistics and Management" on July 14, 2009.



## Enclosure 3

*Translation from Ukrainian into English*

/Coat of Arms of Ukraine/  
UKRAINE

### EXECUTIVE COMMITTEE OF GORLIVKA TOWN COUNCIL

67 Peremogy prospect., Gorlivka, Donetsk region, 84646 Ukraine. Phone No.(0624) 52-06-51.  
Fax No.(06242) 4-31-69. E-mail: [support@gorlovka.dn.ua](mailto:support@gorlovka.dn.ua) Website: <http://gorlovka.dn.ua>

Dated *14 May 2012* No. *02-1528*

ATT: General Director  
of Innovation Center "Ecosystem"  
Kuralerko S.S.

Re: Energy-efficient lighting system implementation project

Dear Svyatoslav Sergiiovich!

According to your letter No.17-12/EC dated 07 May 2012 on implementation of the joint implementation project "Implementation of energy-efficient lighting system in the Donetsk region with the use of Kyoto Protocol mechanism: replacement of incandescent lamps with energy-efficient ones at budget financed and social entities in the Gorlivka town" (hereinafter referred to as the Project), we would like to provide the following information:

Ordinance of the Cabinet of Ministers of Ukraine No.1337-r dated 16 October 2008 "On implementation of measures to reduce electricity consumption by budget institutions" is a recommendation for local authorities regarding the transfer of budget institutions to use energy-efficient illumination. We would like you to be informed that the Programs of Gorlivka social and economic development for 2008 and 2009 run the installation of 2,171 energy efficient bulbs in educational institutions in 2008 at the cost of special fund, and installation of 724 energy efficient bulbs in medical institutions in 2009 at the cost of special fund. In 2010 the light bulbs were not replaced with energy-efficient bulbs in the budget institutions at the cost of special funds. Gorlivka current budget deficit did not provide for and allow short-term funding of the measures recommended by the Ordinance because we have to fund the priority directions such as wage payment, nutrition, medication supply and energy supplies.

Within 2011 the Project implementation resulted in installation of 33,408 energy-efficient bulbs in educational and medical institutions. This resulted in savings stipulated in the appropriate budget item in 2011. However, such savings can not be spend on replacing the standard bulbs with energy-efficient bulbs in budget institutions of the city as the current budget deficit prohibits adequate financing even for the top-priority Gorlivka areas.

The city runs "Gorlivka energy saving program for 2011-2015", a part of "Energy saving program for 2011-2015 in Donetsk region", which does not include the measures on replacing standard bulbs with energy-efficient bulbs.

Thus, the large-scale energy-efficient project in Gorlivka budget institutions is possible because it has received investors' funds.

We are looking forward to successful completion of all procedures linked to registration of the Project and sustainable supply of energy-efficient bulbs for Gorlivka budget and social institutions within the project.

We sincerely thank you and Carbon Futures for cooperation and, in turn, reaffirm our commitment to the diligent performance within the Project.

Best Regards,  
First Deputy Mayor

/Signature/

Executed by Panteleieva Viktoriia Anatoliivna  
Executed by Dzhelomanova Iryna Mykhailivna  
Phone No.(0624) 52-08-39






16 травня 2012 року

Переклад даного документу з української мови на англійську виконано в Бюро перекладів «Альфа-Груп».

Адреса: 01601 Україна, Київ, Печерський узвіз, 3, офіс 204.

Контактний номер телефону: (+38 044) 229 6239

Перекладач  Ткаченко Тетяна Олегівна

Диплом серії КВ № 37385644, виданий Приватним вищим навчальним закладом "Українським інститутом лінгвістики і менеджменту" 14.07.2009.

May 16, 2012

This document is translated from Ukrainian into English in "Alpha-Group", Translation and Interpreting Agency.

Address: 01601 Ukraine, Kyiv, Pecherskyi uzviz, 3, office 204.

Phone number: (+38 044) 229 6239

Translator  Tkachenko Tetiana Olegivna

Diploma Series KV No/ 37385644 issued by Private higher education institution "Ukrainian Institute of Linguistics and Management" on July 14, 2009.



## Enclosure 4

*Translation from Ukrainian into English*

*/Coat of Arms of Ukraine/*

**STATE AGENCY ON ENERGY  
EFFICIENCY AND ENERGY  
SAVING OF UKRAINE**

Address: 12 Muzeinyi provulok,  
Kyiv, 01601 Ukraine  
Phone No.(044) 590-59-60; 590-59-74  
Fax No.(044) 590-59-61,590-59-75

**ATT: General Director of Innovation  
Center "Ecosystem"  
Kurulenko S.S.**

Address: 28 S. Petliura str., office 501,  
Kyiv, 01032 Ukraine

*Dear Svyatoslav Sergiiovych!*

State Agency on Energy Efficiency and Energy Saving of Ukraine has considered your letter No.15-12-CFL/EC dated 07 May 2012 to provide information on the status of implementation of the Ordinance No.1337-r dated 16 October 2008 of the Cabinet of Ministers of Ukraine "On implementation of measures to reduce electricity consumption by budget institutions" as well as the existing economic mechanisms and the implementation program of energy efficient lighting, and reports the following.

According to information received from central and local executive bodies the measures to replace incandescent lamps with energy efficiency ones in subordinate budget institutions are made depending on the availability of budget funding for these purposes.

Today the main problem of energy saving luminescent lamps implementation in budget institutions is the lack of budget funding.


Dear Svyatoslav Sergiiovych, we are grateful for your not indifferent attitude to the problems of energy saving and energy efficiency as well as your significant contribution to development of the efficient use of energy resources.

Sincerely yours,  
**Head**

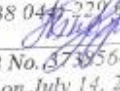
*/Signature!*



Executed by Kysymes M.V.  
Phone No.590-54-10

18 травня 2012 року  
Переклад даного документу з української мови на англійську виконано в Бюро перекладів «Альфа-Груп».  
Адреса: 01601 Україна, Київ, Печерський узвіз, 3, офіс 204.  
Контактний номер телефону: (+38 044) 229 6239  
Перекладач  Ткаченко Тетяна Олегівна  
Диплом серії КВ № 37385644, виданий Приватним вищим навчальним закладом "Український інститутом лінгвістики і менеджменту" 14.07.2009.



May 18, 2012  
This document is translated from Ukrainian into English in "Alpha-Group", Translation Agency.  
Address: 01601 Ukraine, Kyiv, Pecherskyi uzviz, 3, office 204.  
Phone number: (+38 044) 229 6239  
Translator  Tkachenko Tetiana Olegivna  
Diploma Series KB No. 37385644 issued by Private higher education institution "Ukrainian Institute of Linguistics and Management" on July 14, 2009.

