



DETERMINATION REPORT VEJU SPEKTRAS, UAB

DETERMINATION OF THE DIDSILIAI WIND POWER PROJECT

REPORT No. LITHUANIA-DET/0007/2010

REVISION No. 04

BUREAU VERITAS CERTIFICATION



DETERMINATION REPORT

Date of first issue: 21/06/2010	Organizational unit: Bureau Veritas Certification Holding SAS
Client: Veju spektras, UAB	Client ref.: Vidmantas Kniukšta, project manager

Summary:
Bureau Veritas Certification has made the determination of the “Didsiliai Wind Power Project” Implementation Project of Veju spektras, UAB located in the territory of Didsiliai, Gnybalai and Rudynai villages, Silute district, Lithuania, on the basis of UNFCCC criteria for the JI, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Supervisory Committee, as well as the host country criteria.

The determination scope is defined as an independent and objective review of the project design document, the project’s baseline study, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final determination report and opinion. The overall determination, from Contract Review to Determination Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

The first output of the determination process is a list of Clarification and Corrective Actions Requests (CL and CAR), presented in Appendix A. Taking into account this output, the project proponent revised its project design document.

In summary, it is Bureau Veritas Certification’s opinion that the project correctly applied and meets the relevant UNFCCC requirements for the JI and the relevant host country criteria.

Report No.: LITHUANIA-DET/0007/2010	Subject Group: JI
Project title: Didsiliai Wind Power Park Joint Implementation Project project	
Work carried out by: Team Leader : Ashok Mammen Team Member : Tomas Paulaitis Team Member, Financial specialist: Gediminas Vaskela	
Work verified by: Internal technical reviewer: Ivan Sokolov	
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Indexing terms

Climate Change, Kyoto Protocol, joint introduction, emissions reduction, determination

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Abbreviations change / add to the list as necessary

CAR	Corrective Action Request
CL	Clarification request
JI	Joint Implementation
ERU	Emission Reduction Unit
CL	Clarification Request
CO ₂	Carbon Dioxide
IE	Independent Entity
GHG	Green House Gas(es)
I	Interview
IETA	International Emissions Trading Association
MoV	Means of Verification
NGO	Non Government Organization
PCF	Prototype Carbon Fund
PDD	Project Design Document
UNFCCC	United Nations Framework Convention for Climate Change
NAP	National Allocation Plan
EU ETS	European Union Emissions Trading Scheme
INPP	Ignalina nuclear power plant
AVIR	Average Value of the Interest Rate
LB	The central bank of the Republic of Lithuania

Table of Contents		Page
1	INTRODUCTION	5
1.1	Objective	5
1.2	Scope	5
1.3	GHG Project Description	5
1.4	Determination team	6
2	METHODOLOGY.....	6
2.1	Review of Documents	8
2.2	Follow-up Interviews	9
2.3	Resolution of Clarification and Corrective Action Requests	9
3	DETERMINATION FINDINGS	9
3.1	Project Design	10
3.2	Baseline and Additionality	11
3.3	Monitoring Plan	13
3.4	Calculation of GHG Emissions	13
3.5	Environmental Impacts	14
3.6	Comments by Local Stakeholders	15
4	COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS.....	15
5	DETERMINATION OPINION	16
6	REFERENCES	17

Appendix A: Determination Protocol

Appendix B: Determination team

1 INTRODUCTION

Veju spektras, UAB has commissioned Bureau Veritas Certification to determine its JI project Didsiliai Wind Power project (hereafter called “the project”) located in the territory of Didsiliai, Gnybalai and Rudynai villages, Silute district, Lithuania.

This report summarizes the findings of the determination of the project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

1.1 Objective

The determination serves as project design verification and is a requirement of all projects. The determination is an independent third party assessment of the project design. In particular, the project's baseline, the monitoring plan (MP), and the project's compliance with relevant UNFCCC and host country criteria are determined in order to confirm that the project design, as documented, is sound and reasonable, and meets the stated requirements and identified criteria. Determination is a requirement for all JI projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of emission reduction units (ERUs).

UNFCCC criteria refer to Article 6 of the Kyoto Protocol, the JI rules and modalities and the subsequent decisions by the JI Executive Board, as well as the host country criteria.

1.2 Scope

The determination scope is defined as an independent and objective review of the project design document, the project's baseline study and monitoring plan and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations.

The determination is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

1.3 GHG Project Description

Project would displace carbon intensive electricity produced from fossil fuel sources in the AB Lietuvos Elektrine. It is foreseen to install 10 Enercon E-82 and 2 Enercon E-53 type wind turbines manufactured by the German company Enercon GmbH. The staff of the company participates in another similar JI project "Rudaiciai Wind Power Park Project". An assumption is made that the same specialists will organise the

DETERMINATION REPORT

maintenance of the Didsiliai Wind Power Project or transfer their knowledge to their colleagues.

The Wind power park, in a conservative approach, will generate about 58,8 GWh of electric power per year. Such wind park's generation will lead 36809 tCO₂/year emission reductions on Lietuvos Elektrine side.

1.4 Determination team

The determination team consists of the following personnel:

Ashok Mammen, PhD

Bureau Veritas Certification Team Leader, Climate Change Verifier

Tomas Paulaitis, M.Sci

Bureau Veritas Certification Team member, Climate Change Verifier

Gediminas Vaskela

Bureau Veritas Certification Team member, financial specialist

Ivan Sokolov

Bureau Veritas Certification, Internal technical reviewer

2 METHODOLOGY

The overall determination, from Contract Review to Determination Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

In order to ensure transparency, a determination protocol was customized for the project, according to the Validation and Verification Manual (IETA/PCF). The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from determining the identified criteria. The determination protocol serves the following purposes:

- It organizes, details and clarifies the requirements a JI project is expected to meet;
- It ensures a transparent determination process where the determinator will document how a particular requirement has been determined and the result of the determination.

The determination protocol consists of five tables. The different columns in these tables are described in Figure 1.

The completed determination protocol is enclosed in Appendix A to this report.



DETERMINATION REPORT

Determination Protocol Table 1: Mandatory Requirements			
Requirement	Reference	Conclusion	Cross reference
The requirements the project must meet.	Gives reference to the legislation or agreement where the requirement is found.	This is either acceptable based on evidence provided (OK), a Corrective Action Request (CAR) or a Clarification Request (CL) of risk or non-compliance with stated requirements. The CAR's and CL's are numbered and presented to the client in the Determination Report.	Used to refer to the relevant protocol questions in Tables 2, 3 and 4 to show how the specific requirement is determined. This is to ensure a transparent determination process.

Determination Protocol Table 2: Requirements checklist				
Checklist Question	Reference	Means of verification (MoV)	Comment	Draft and/or Final Conclusion
The various requirements in Table 1 are linked to checklist questions the project should meet. The checklist is organized in several sections. Each section is then further subdivided. The lowest level constitutes a checklist question.	Gives reference to documents where the answer to the checklist question or item is found.	Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable.	The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached.	This is either acceptable based on evidence provided (OK), or a Corrective Action Request (CAR) due to non-compliance with the checklist question. (See below). Clarification Request (CL) is used when the determination team has identified a need for further clarification.

Determination Protocol Table 3: Baseline and Monitoring Methodologies				
Checklist Question	Reference	Means of verification (MoV)	Comment	Draft and/or Final Conclusion
The various requirements of baseline and monitoring methodologies should be met. The checklist is organized in several sections. Each section is then further subdivided. The lowest level constitutes a checklist question.	Gives reference to documents where the answer to the checklist question or item is found.	Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable.	The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached.	This is either acceptable based on evidence provided (OK), or a Corrective Action Request (CAR) due to non-compliance with the checklist question. (See below). Clarification Request (CL) is used when the determination team has identified a need for further clarification.



DETERMINATION REPORT

Determination Protocol Table 4: Legal requirements				
Checklist Question	Reference	Means of verification (MoV)	Comment	Draft and/or Final Conclusion
The national legal requirements the project must meet.	Gives reference to documents where the answer to the checklist question or item is found.	Explains how conformance with the checklist question is investigated. Examples of means of verification are document review (DR) or interview (I). N/A means not applicable.	The section is used to elaborate and discuss the checklist question and/or the conformance to the question. It is further used to explain the conclusions reached.	This is either acceptable based on evidence provided (OK), or a Corrective Action Request (CAR) due to non-compliance with the checklist question. (See below). Clarification Request (CL) is used when the determination team has identified a need for further clarification.

Determination Protocol Table 5: Resolution of Corrective Action and Clarification Requests			
Report clarifications and corrective action requests	Ref. to checklist question in tables 2/3	Summary of project owner response	Determination conclusion
If the conclusions from the Determination are either a Corrective Action Request or a Clarification Request, these should be listed in this section.	Reference to the checklist question number in Tables 2, 3 and 4 where the Corrective Action Request or Clarification Request is explained.	The responses given by the Client or other project participants during the communications with the determination team should be summarized in this section.	This section should summarize the determination team's responses and final conclusions. The conclusions should also be included in Tables 2, 3 and 4, under "Final Conclusion".

Figure 1 Determination protocol tables

2.1 Review of Documents

The Project Design Document (PDD) submitted by Veju spektras, UAB and additional background documents related to the project design and baseline, i.e. country Law, Guidelines for Completing the Project Design Document (JI-PDD), Approved methodology, Kyoto Protocol, Clarifications on Determination Requirements were reviewed.

To address Bureau Veritas Certification corrective action and clarification requests Veju spektras, UAB revised the PDD (version 03, and later version 04).

The determination findings presented in this report relate to the project as described in the PDD version 04, submitted on 19 July 2010.

2.2 Follow-up Interviews

On 08/02/2010 Bureau Veritas Certification performed interviews with representatives of Veju spektras, UAB project stakeholders to confirm selected information and to resolve issues identified in the document review. At the same time, representatives of Silute municipality were interviewed (see References). The main topics of these interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organization	Interview topics
Veju spektras, UAB	➤ PDD, monitoring plan, stakeholder comments, investment analysis, baseline, additionality
COWI Baltic, UAB	➤ PDD, monitoring plan, investment analysis
Silute municipality	➤ Project approval by local authorities, stakeholder comments

2.3 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the determination is to raise the requests for corrective actions and clarification and any other outstanding issues that needed to be clarified for Bureau Veritas Certification positive conclusion on the project design.

To guarantee the transparency of the determination process, the concerns raised are documented in more detail in the determination protocol in Appendix A.

3 DETERMINATION FINDINGS

In the following sections, the findings of the determination are stated. The determination findings for each determination subject are presented as follows:

- 1) The findings from the desk review of the original project design documents and the findings from interviews during the follow-up visit are summarized. A more detailed record of these findings can be found in the Determination Protocol in Appendix A.
- 2) Where Bureau Veritas Certification had identified issues that needed clarification or that represented a risk to the fulfillment of the project objectives, a Clarification or Corrective Action Request, respectively, have been issued. The Clarification and Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Determination Protocol in Appendix A. The the CAR's and CL's where resolved by adjustments in the PDD versions 2 and 3 and by providing additional information regarding investment

DETERMINATION REPORT

analysis. CAR1 was resolved by providing letter of approval issued by Lithuanian DFP.

3) The conclusions are presented for Veju spektras, UAB.

3.1 Project Design

3.1.1 Findings

The project reflects a standard wind park with modern state-of-the-art turbines. It is not likely that the project technology might be substituted by significant better technologies within the project period. The main infrastructure building work (roads, reconstruction of substation, laying down the power cables) is planned on 02-03/2010. Installation of the wind turbines is planned on 08-09/2010 and commissioning on 11-12/2010.

Detailed plan to build wind power plants and a transformer substation was issued by Silute municipality on 23/07/2009.

The wind park calculations done by anemos Gesellschaft für Umweltmeteorologie mbH were presented. The estimated production of electricity corresponds to 60934.0 MWh/year with 50% Transgression Probability. As UAB Veju spektras already has experience with wind turbines produced by Enercon, 97% availability factor and 0.5% electric losses are used for the conservative approach, and estimated annual energy output = mean annual energy output - 3% due to availability - 0.5% due to electric losses = 60934 - 1828,02 - 304,67 = 58800 MWh/annually.

Lithuania is Annex 1 party and ratified the Kyoto protocol on 03 January 2003. The Ministry of Environment is the designate national focal point for Lithuania and Lithuania JI Guidelines are published on the UNFCCC website. The letter of Endorsement was issued on 19 February 2009 by Lithuanian DFP.

The letter of approval was not issued on the time of draft determination report issuance (10 July 2010), therefore CAR 1 is issued. According to Lithuanian JI guidelines the letter of Approval (LoA) might be issued only after draft determination report submission to the Ministry of Environment. The Letter of Approval was issued by Ministry of Environment of the Republic of Lithuania on 01/10/2010 and was found acceptable to close CAR1.

A written project approval (Letter of Approval) from the Investor party was provided, issued by Ministry of Economic Affairs of Netherlands on 18/11/2010.

Issued CARs/CRs

CAR 1 and CL 1-4 were issued, related information is documented in more detail in the determination protocol in Appendix A.

3.1.3 Conclusion

Bureau Veritas confirms that:

- CAR 1 and CL 1-4 has been resolved efficiently;
- The PDD (version 03) is in conformity with requirements to the project design.

3.2 Baseline and Additionality

3.2.1 Findings

In the Didsilai wind power project the baseline is calculated referring to the historic data as this method is the best suited for the Lithuanian electricity market. Approved CDM ACM0002 methodology is not used for the baseline calculation due to the following reasons:

1. Lietuvos Elektrine, power plant with the second largest installed capacity in Lithuania (after Ignalina nuclear power plant –INPP) is operating on the electricity grid as a marginal plant. It covers all electricity demand which is remaining after all other electricity producers have supplied their quota electricity to the grid. Hence, by simply including all these power plants operating on the grid (excl. INPP) would bias the Operating Margin emissions factor.

2. There is an overcapacity of the installed power in Lithuania, so only very few new power plants are built or planned. Because of that, it is impossible to calculate properly the Built Margin emissions factor.

The chosen baseline approach is similar to the approaches already taken in comparable cases (wind power plant JI projects in Lithuania).

The possible alternative baseline scenarios are the following:

A) The proposed project activity to be undertaken as non-JI project activity. This alternative is identical to the project activity but without JI initiative.

B) Power is produced by new cogeneration power plants.

C) Continuation of the current situation - power is produced at the existing power plants

The baseline options considered do not include those options that:

- do not comply with legal and regulatory requirements; or
- depend on key resources such as fuels, materials or technology that are not available at the project site.

Additionality of the Didsilai Wind Power project is proven using the version 05.2 of the CDM Tool for the Demonstration and Assessment of Additionality as approved by the CDM Executive Board.

DETERMINATION REPORT

Initially, the project proponent had chosen investment comparison analysis (Option II). This point of view was not adopted by the verifying team because alternative “b” is based on investment that is out of control of the Project developer, i.e. the project could be developed by a different entity (as described in paragraph 15 in the Annex to the Tool for the demonstration and assessment of additionality Ver.5.02), and therefore CAR 3 was raised. To resolve this CAR revised PDD version 03 was issued, where benchmarking analysis (option III) is used instead of investment analysis.

In order to apply a benchmark comparable to the project IRR the project developer selected to use interest rate of bank deposits on loans for non-financial corporations published by the central Bank of Lithuania (LB). Additional revenues from ERUs sale increase project IRR up to 7,59 %. The average interest rates for deposits for the next 12 months (6 to 12 months period) after the decision has been taken was equal to 8.16% (risk premium is not included). Project IRR is lower than the interest rate for the bank deposits the project has poor economic viability, mainly due to high project risk. The low project IRR does not stimulate private investments.

The sensitivity analysis also confirms the fact that the project is not financially attractive enough and revenues from ERUs sale increase the credibility of the project.

3.2.2 Issued CARs/CRs

Additionally to major CAR 3 described above, also CAR’s 2, 4-11 and CL’s 5-17, 20 were issued. Related information is documented in more detail in the determination protocol in Appendix A.

3.2.3 Conclusion

Bureau Veritas confirms that:

- CARs 3-11 and CL’s 5-17,20 have been resolved efficiently;
- The PDD (version 03) is in conformity with requirements to the baseline and additionality.

3.3 Monitoring Plan

3.3.1 Findings

Monitoring activities are described in the PDD, section D and Annex 3. The only variable to be monitored is net electricity supplied to the grid during the project period data, therefore, the verification team agree that a complex monitoring plan is not necessary and accept it.

3.3.2 Issued CARs/CRs

CAR 13 and CL 19 were issued. Related information is documented in more detail in the determination protocol in Appendix A.

3.3.3 Conclusion

Bureau Veritas confirms that:

- CAR 12 and CL 19 has been resolved efficiently;
- PDD (version 03) is in conformity with requirements to the monitoring plan.

3.4 Calculation of GHG Emissions

3.4.1 Findings

There are not any project emissions. There are no direct or indirect emissions outside the project boundary attributable to the project activity.

The baseline emission sources have been correctly identified: only CO₂ emissions are relevant to this project.

The baseline emissions are calculated as following:

$$E_B = P_{WPP} \times EF_{LE}$$

Where:

E_B - baseline emissions

P_{WPP} – Net annual electricity production at the Didsiliai Wind Power Park.

P_{WPP} is the difference between produced and consumed power at the Didsiliai wind power park in MWh.

EF_{LE} – emission factor for electricity production at Lietuvos elektrine, 0.626tCO₂/MWh.

The project does not lead to any leakage and project emissions.

The estimated annual average of approximately 36 809 tCO₂e over the crediting period of emission reduction represents a reasonable estimation using the assumptions given by the project.

3.4.2 Issued CARs/CRs

DETERMINATION REPORT

None.

3.4.3 Conclusion

Bureau Veritas confirms that the PDD (version 03) is in conformity with requirements to the calculation of GHG emissions.

3.5 Environmental Impacts

3.5.1 Findings

The most relevant environmental aspects are sufficiently described in the PDD.

According to the Klaipeda Regional Department of Environment conclusion No. 9.14.5 - LV4 - 7365 and No. 9.14.5 - LV4 - 7364 of December 4, 2008, the environmental impact assessment (EIA) of the planned economic activity is not required. According to the Environmental Impact Assessment program and reports preparation guidelines, Health Impact Assessment screening was prepared. Decision No. E4-46 on the planned economic activity issued by Klaipeda Public Health Centre on March 24, 2009 stated the necessity of Health Impact Assessment. It has been performed and approved.

Veju spektras, UAB does not have special requirements from state supervisory institutions on Project's environmental impacts monitoring. Based on hygiene norm requirements (HN33:2007) the wind power park's noise level cannot be higher than allowable. After installing the wind-power plants the compulsory measurements of the noise level will be undertaken.

3.5.2 Issued CARs/CRs

CL18 is issued with request to argue way why monitoring of the noise level will not be monitored after installation of wind power park.

3.5.3 Conclusion

Bureau Veritas confirms that:

- CL 18 has been resolved efficiently;
- PDD (version 03) is in conformity with requirements to the analysis of environmental impacts.

3.6 Comments by Local Stakeholders

3.6.1 Findings

In the detailed plan preparation compulsory public consideration procedures were undertaken with possible participation of all



DETERMINATION REPORT

stakeholders. No objections have been expressed from the stakeholders' part.

3.6.2 Issued CARs/CRs
None.

3.6.3 Conclusion

Bureau Veritas confirms that the PDD (version 03) and the Project are in conformity with requirements to stakeholder process.

4 COMMENTS BY PARTIES, STAKEHOLDERS AND NGOS

According to the modalities for the Determination of JI projects, the IAE shall make the project design document publicly available and receive, within 30 days, comments from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available.

Bureau Veritas Certification published the project documents on the UNFCCC JI website (<http://JI.unfccc.int>) on 27/10/2009 and invited comments within 26/11/2009 by Parties, stakeholders and non-governmental organizations.

No comments were received.

5 DETERMINATION OPINION

Bureau Veritas Certification has performed a determination of the Didsiliai wind power project in Lithuania. The determination was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

The determination consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) the resolution of outstanding issues and the issuance of the final determination report and opinion.

Project participant/s used the latest tool for demonstration of the additionality. In line with this tool, the PDD provides analysis of investment, technological and other barriers to determine that the project activity itself is not the baseline scenario.

By building a wind farm the project is likely to result in reductions of GHG emissions. Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. Given that the project is implemented and maintained as designed, the project is likely to achieve the estimated amount of emission reductions.

The review of the project design documentation (version 04) and the subsequent follow-up interviews have provided Bureau Veritas Certification with sufficient evidence to determine the fulfilment of stated criteria. In our opinion, the project correctly applied and meets the relevant UNFCCC requirements for the JI and the relevant host country criteria.

The determination is based on the information made available to us and the engagement conditions detailed in this report.

6 REFERENCES

Category 1 Documents:

Documents provided by Veju spektras, UAB that relate directly to the GHG components of the project.

- /1/ Project Design Document, version 1, 27 October 2009
- /2/ Project Design Document, version 3, 07 May 2010
- /3/ Project Design Document, version 4, 19 July 2010
- /4/ Excel sheet for financial IRR calculation, 02 December 2009
- /5/ Excel sheet for financial IRR calculation, 21 June 2010

Category 2 Documents:

Background documents related to the design and/or methodologies employed in the design or other reference documents.

- /1/ Expertise about the wind potential and the energy output of wind turbines at a site near Didsiliai, Lithuania, made by anemos Gesellschaft für Umweltmeteorologie mbH, 29 May 2009
- /2/ Lithuanian's national allocation plan for greenhouse gas emission allowances for the period 2008 to 2012
- /3/ License to increase power production capacity (for 5.8 MW capacity), 03 December 2008
- /4/ License to increase power production capacity, 03 December 2008
- /5/ Decision of the Silute Municipality regarding the approval of the Project detailed plan, 23 July 2009
- /6/ Klaipeda Regional Department of Environment conclusion No. 9.14.5 - LV4 - 7365 and No. 9.14.5 - LV4 - 7364 of December 4, 2008 (the conclusion, concerning the environmental impact of the planned economic activity)
- /7/ The letter of Endorsement issued by Lithuania Ministry of Environment on 6 November 2009 by the Communication No (10-7)-D8-9629 of the Ministry of Environment of the Republic of Lithuania
- /8/ The letter of Approval issued by Lithuania Ministry of Environment on 01/10/2010 by the Communication No (10-2)-D8-9281 of the Ministry of Environment of the Republic of Lithuania.
- /9/ The letter of Approval issued by Ministry of Economic Affairs of Netherlands on 25/02/2010.



DETERMINATION REPORT

Persons interviewed:

List persons interviewed during the determination or persons that contributed with other information that are not included in the documents listed above.

- /1/ Vidmantas Kniukšta - Project manager, Veju spektras, UAB
- /2/ Inga Valuntienė - Head of Energy division, COWI Lietuva, UAB
- /3/ Darius Biekša - Project manager, COWI Lietuva, UAB

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APPENDIX A: JI PROJECT DETERMINATION PROTOCOL

Table 1 Mandatory Requirements for Joint Implementation (JI) Projects

REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference to this protocol
1. The project shall have the approval of the Parties involved	Kyoto Protocol Article 6.1 (a)	The Letter of Approval was issued by Lithuania Ministry of Environment on 01/10/2010.	Table 2, Section A.5
2. Emission reductions, or an enhancement of removal by sinks, shall be additional to any that would otherwise occur	Kyoto Protocol Article 6.1 (b)	See related CAR's and CL's in Table 2 below.	Table 2, Section B
3. The sponsor Party shall not acquire emission reduction units if it is not in compliance with its obligations under Articles 5 & 7	Kyoto Protocol Article 6.1 (c)	O.K.	
4. The acquisition of emission reduction units shall be supplemental to domestic actions for the purpose of meeting commitments under Article 3	Kyoto Protocol Article 6.1 (d)	O.K.	
5. Parties participating in JI shall designate national focal points for approving JI projects and have in place national guidelines and procedures for the approval of JI projects	Marrakech Accords, JI Modalities, §20	The Ministry of Environment is the designate national focal point for Lithuania and Ministry of Economic Affairs is the designate national focus point for Netherlands (see http://ji.unfccc.int/JI_Parties/index.html)	
6. The host Party shall be a Party to the Kyoto Protocol	Marrakech Accords,	Lithuania is Annex 1 party and has ratified the Kyoto	



DETERMINATION REPORT

REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference to this protocol
	JI Modalities, §21(a)/24	protocol on 03 January 2003.	
7. The host Party's assigned amount shall have been calculated and recorded in accordance with the modalities for the accounting of assigned amounts	Marrakech Accords, JI Modalities, §21(b)/24	O.K.	
8. The host Party shall have in place a national registry in accordance with Article 7, paragraph 4	Marrakech Accords, JI Modalities, §21(d)/24	The national registry was established on 14 November 2005 and is under the supervision of the Lithuanian Environmental Investment Fund (LAAIF).	
9. Project participants shall submit to the independent entity a project design document that contains all information needed for the determination	Marrakech Accords, JI Modalities, §31	The first PDD (Version 01) was submitted to Bureau Veritas on December 2009.	
10. The project design document shall be made publicly available and Parties, stakeholders and UNFCCC accredited observers shall be invited to, within 30 days, provide comments	Marrakech Accords, JI Modalities, §32	Version 02 was published on JISC website on 10 December 2009.	
11. Documentation on the analysis of the environmental impacts of the project activity, including transboundary impacts, in accordance with procedures as determined by the host Party shall be submitted, and, if those impacts are considered significant by the project participants or the Host Party, an environmental impact assessment in accordance with	Marrakech Accords, JI Modalities, §33(d)	According to the Klaipeda Regional Department of Environment conclusion No. 9.14.5 - LV4 - 7365 and No. 9.14.5 - LV4 - 7364 of December 4, 2008, the	Table 2, Section F



DETERMINATION REPORT

REQUIREMENT	REFERENCE	CONCLUSION	Cross Reference to this protocol
procedures as required by the Host Party shall be carried out		environmental impact assessment (EIA) of the planned economic activity is not required.	
12. The baseline for a JI project shall be the scenario that reasonably represents the GHG emissions or removal by sources that would occur in absence of the proposed project	Marrakech Accords, JI Modalities, Appendix B	The baseline is the scenario that reasonably represents the GHG emissions that would occur in absence of the proposed project.	Table 2, Section B
13. A baseline shall be established on a project-specific basis, in a transparent manner and taking into account relevant national and/or sectoral policies and circumstances	Marrakech Accords, JI Modalities, Appendix B	The baseline is established acceptably.	Table 2, Section B
14. The baseline methodology shall exclude to earn ERUs for decreases in activity levels outside the project activity or due to force majeure	Marrakech Accords, JI Modalities, Appendix B	There are no requests to earn such ERUs in the baseline methodology.	Table 2, Section B
15. The project shall have an appropriate monitoring plan	Marrakech Accords, JI Modalities, §33(c)	There is an appropriate monitoring plan in place, see Table 2.	Table 2, Section D
16. A project participant may be: (a) A Party involved in the JI project; or (b) A legal entity authorized by a Party involved to participate in the JI project.	Glossary of Joint Implementation Terms, Version 01	UAB Vejo spektras is legal entity and has not been authorized by the Lithuania DFP yet, see Table 2.	Table 2, Section A

Table 2 Requirements Checklist

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
A. General Description of the project					
A.1 Title of the project					
A.1.1. Is the title of the project presented?		DR	The title "Didsiliai Wind Power Project " is presented.	O.K.	O.K.
A.1.2. Is the current version number of the document presented?		DR	The current version is presented (version 01).	O.K.	O.K.
A.1.3. Is the date when the document was completed presented?		DR	The PDD Version 01 was completed on 27 October 2009.	O.K.	O.K.
A.2. Description of the project					
A.2.1. Is the purpose of the project included?		DR I	The description of the project activity is described in a clear and transparent manner, by explaining how greenhouse gas emissions will be reduced. It is foreseen to install 12 wind power plants with the total capacity of 21.6 MW (2MW x 10 and 0.8 MW x 2) in the western part of Lithuania. Wind power park, in a conservative approach, will generate about 58.8 GWh of electricity per year.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
A.2.2. Is it explained how the proposed project reduces greenhouse gas emissions?		DR	The project will reduce greenhouse gas emissions by partially substituting electricity production in other power plants of Lithuania that run on fossil fuel.	O.K.	O.K.
A.3. Project participants					
A.3.1. Are project participants and Party(ies) involved in the project listed?		DR	Project participants UAB Veju spektras and SIA E kvotas are listed in the PDD Table 1. Parties involved are not listed because LoA's are not issued yet, see CAR1 below (clause A 5.1)	CAR1	O.K.
A.3.2. Are project participants authorized by a Party involved?		DR	Project participants has not been authorized by a Party(ies) yet, see CAR1 below (clause A.5.1)	CAR1	O.K.
A.3.3. The data of the project participants are presented in tabular format?		DR	All the data of the project participants are presented.	O.K.	O.K.
A.3.4. Is contact information provided in annex 1 of the PDD?		DR	Contact information is provided.	O.K.	O.K.
A.3.5. Is it indicated, if it is the case, if the Party involved is a host Party?		DR	The host party is Lithuania, this is indicated in PDD.	O.K.	O.K.
A.4. Technical description of the project					
A.4.1. Location of the project activity					
A.4.1.1. Host Party(ies)		DR	Lithuania is indicated as a host party.	O.K.	O.K.
A.4.1.2. Region/State/Province etc.		DR	Yes.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
A.4.1.3. City/Town/Community etc.		DR	Yes.	O.K.	O.K.
A.4.1.4. Detail of the physical location, including information allowing the unique identification of the project. (This section should not exceed one page)		DR	<u>Clarification action request:</u> Please provide details of the physical location from the “Detailed plan to build wind power plants and a transformer substation“ in the PDD section A.4.1.4. Please provide unique identification of the location (longitude and latitude)	CL1	O.K.
A.4.2. Technology(ies) to be employed, or measures, operations or actions to be implemented by the project					
A.4.2.1. Does the project design engineering reflect current good practices?		DR	The project reflects a standard wind park with new equipment.	O.K.	O.K.
A.4.2.2. Does the project use state of the art technology or would the technology result in a significantly better performance than any commonly used technologies in the host country?		DR	This project is approximately of the same technology level to compare with other wind parks already operating in Lithuania.	O.K.	O.K.
A.4.2.3. Is the project technology likely to be substituted by other or more efficient technologies within the project period?		DR	It is not likely that the project technology might be substituted by better technologies within the project period.	O.K.	O.K.
A.4.2.4. Does the project require extensive initial training and maintenance efforts in order to work as presumed during the project period?		DR	It is planned, that wind power plants will be manufactured, supplied, installed, adjusted and set into action by Enercon GmbH.	O.K.	O.K.
A.4.2.5. Does the project make provisions for meeting training and maintenance needs?		DR	<u>Clarification action request:</u> Please provide provisions for meeting training and maintenance needs.	CL2	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
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. Is it stated how anthropogenic GHG emission reductions are to be achieved? (This section should not exceed one page)		DR	<p>It is stated clearly that GHG emission reductions will be achieved by displacing electricity production from fossil fuel sources with the production produced by the wind power plant. It is explained why the emission reductions would not occur in the absence of the proposed Project.</p> <p><u>Clarification action request:</u> Please make references to the relevant version of the „Regulation on promotion of electricity produced from renewable energy sources“, approved by the Lithuanian government. Please also make references to the legal requirement regarding feed-in-tariff for wind electricity.</p>	CL3	O.K.
A.4.3.2. Is it provided the estimation of emission reductions over the crediting period?		DR	<p>The estimation of emission reductions is provided over all the crediting period.</p> <p><u>Clarification action request:</u> Please make references to calculations indicating that “Didsiliai wind power park” will generate 58.8 GWh of electricity per year (PDD section A.4.3). Please provide these</p>	CL4	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			calculations for determination team.		
A.4.3.3. Is it provided the estimated annual reduction for the chosen credit period in tCO ₂ e?		DR	See above A.4.3.2.		
A.4.3.4. Are the data from questions A.4.3.2 to A.4.3.4 above presented in tabular format?		DR	Data are presented in Table 5, PDD section A.4.3.1.	O.K.	O.K.
A.5. Project approval by the Parties involved					
A.5.1. Are written project approvals by the Parties involved attached?		DR	<p>Written project approvals are not attached. According to Lithuanian JI guidelines the final Project approval might be issued only after the Project determination report submission to the Lithuanian DFP. The letter of Endorsement was issued on 6 November 2009 by the Communication No (10-7)-D8-9629.</p> <p>The Investor party has not been selected yet, the approval from the investor country will be compulsory for first monitoring report verification.</p> <p><u>Corrective action request:</u> The approval letter from the Lithuania DFP should be submitted.</p>	CAR1	O.K.
B. Baseline					
B.1. Description and justification of the baseline chosen					
B.1.1. Is the chosen baseline described?		DR	The chosen baseline is described in detail.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
B.1.2. Is it justified the choice of the applicable baseline for the project category?		DR	The chosen baseline and baseline emission factor are based on methodology used by the Lithuanian Ministry of Environment to allocate allowances for JI projects in the National Allocation Plan for greenhouse gas emission allowances for the period 2008 to 2012. The same baseline was chosen in the few similar wind power PDD in Lithuania (already determined).	O.K.	O.K.
B.1.3. Is it described how the methodology is applied in the context of the project?		DR	The description how the methodology is applied in the context of the project is acceptable.	O.K.	O.K.
B.1.4. Are the basic assumptions of the baseline methodology in the context of the project activity presented (See Annex 2)?		DR	<u>Clarification action request:</u> Please argue, why recent data (e.g. year 2006-2008) of fuel consumption, energy production, production efficiency and CO2 emission in Lietuvos elektrine is not used for determination of the baseline. Moreover, CO2 emissions in Lietuvos elektrine were verified on 2005-2008 according to the requirements of EU ETS, therefore these public data also might be used.	CL5	O.K.
			<u>Clarification action request:</u> Please argue, why statement ("Considering that 4 years of historic data is used for calculation of emission factor, we think, that using emissions factor of 0.626 tCO2/MWhe would represent a conservative approach to	CL6	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			the baseline“) may represent conservative approach in the context of monitoring period (year 2011-2012)?.		
B.1.5. Is all literature and sources clearly referenced?		DR	Referenced sources “Fuel and Energy Balancing Technique” do not include the following data: - Fuel (natural gas, fuel oil, orimulsion) emission factors, table 10; - Efficiency of thermal power at Lietuvos elektrine. <u>Clarification request:</u> Please make references to all data used for determination of the Baseline in Tabular format as required in “Guidelines for users of the joint implementation project design document form, Version 04“.	CL7	O.K.
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.2.1. Is the proposed project activity additional?		DR	The latest Version 05.2 of the CDM tool for the demonstration and assessment was used. However, additionality is not proven correctly, see CAR’s and CL’s below in table sections 1. Additionality of the project activity and 2. Investment analysis.	CAR2- CAR7, CL8- CL12, CL20	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
1. Additionality of a project activity					
a. Does the PDD state the latest version of the additionality tool being used?			The latest methodological tool “Tool for the demonstration and assessment of additionality (version 05.2)” was used.	O.K.	O.K.
b. Has the tool used the following steps to assess additionality 1. Identification of alternatives to the project activity 2. Investment analysis to determine that the proposed project activity is either: 1) not the most economically or financially attractive, or 2) not economically or financially feasible 3. Barriers analysis; and 4. Common practice analysis.	Ver 05.2	DR	The tool has used all steps required by “Tool for the demonstration and assessment of additionality (version 05.2)”.	O.K.	O.K.
c. In Step 1 have all the sub-steps as below followed 1. Sub-step 1a: Define alternatives to the project activity 2. Sub-step 1b: Consistency with mandatory laws and regulations	Ver 05.2	DR	<p>Alternatives to the project activity have been defined: A) Proposed project activity not undertaken as a JI project activity; B) Continuation of the current situation (no project activity or other alternatives undertaken). In this alternative, power is produced in existing or new cogeneration power plants.</p> <p><u>Clarification action request:</u> Please argue, why have not been included other realistic and credible alternative scenario(s) to the proposed CDM project activity scenario that deliver outputs with comparable quality,</p>	CL8	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			properties and application areas? Regarding compliance with mandatory laws see CL9 below.		
d. Have the following alternatives been included while defining alternatives as per sub-step 1a 1. (a) The proposed project activity undertaken without being registered as a JI project activity 2. (b) Other realistic and credible alternative scenario(s) to the proposed JI project activity scenario that deliver outputs services or services with comparable quality, properties and application areas, taking into account, where relevant, examples of scenarios identified in the underlying methodology 3. (c) If applicable, continuation of the current situation (no project activity or other alternatives undertaken).	Ver 05.2	DR	See the CL8 in the row above. Continuation of the current situation is not applicable, because it is a “green field” project.	CL8	O.K.
e. Has the project participant included the technologies or practices that provide outputs or services with comparable quality, properties and application areas as the proposed JI project activity and that have been implemented previously or are currently being introduced in the relevant country/region.	Ver 05.2	DR	Proposed project activity not undertaken as a JI project activity provide the same outputs as proposed JI activity.	O.K.	O.K.
f. Has the outcome of Step 1a: Identified realistic and credible alternative scenario(s) to the project activity done correctly? Please briefly mention the outcome.	Ver 05.2	DR	See e) above.	O.K.	O.K.
g. Is the alternative(s) in compliance with all mandatory applicable legal and regulatory requirements, even if these laws and regulations have objectives other than GHG reductions, e.g. to mitigate local air pollution.	Ver 05.2	DR	<u>Corrective action request:</u> Please describe consistency of the alternatives to the existing legal and regulatory requirements, not favour.	CAR2	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
h. If an alternative does not comply with all mandatory applicable legislation and regulations, has it been shown that, based on an examination of current practice in the country or region in which the law or regulation applies, those applicable legal or regulatory requirements are systematically not enforced and that noncompliance with those requirements is widespread in the country.	Ver 05.2	DR	Not applicable.	O.K.	O.K.
i. Has the outcome of Step 1b identified realistic and credible alternative scenario(s) to the project activity that are in compliance with mandatory legislation and regulations taking into account the enforcement in the region or country and EB decisions on national and/or sectoral policies and regulations done correctly? Please state the outcome.	Ver 05.2	DR	<u>Clarification action request:</u> Please state the outcome of Step 1b.	CL9	O.K.
j. Has PP selected Step 2 (Investment analysis) or Step 3 (Barrier analysis) or both Steps 2 and 3.)	Ver 05.2	DR	Step 2 (Investment analysis) has been selected.	O.K.	O.K.
k. In step 2 have all the sub-steps as below followed? 1. Sub-step 2a: Determine appropriate analysis method 2. Sub-step 2b: Option I. Apply simple cost analysis 3. Sub-step 2b: Option II. Apply investment comparison analysis 4. Sub-step 2b: Option III. Apply benchmark analysis 5. Sub-step 2c: Calculation and comparison of financial indicators (only applicable to Options II and III): 6. Sub-step 2d: Sensitivity analysis (only applicable to Options II and III):	Ver 05.2	DR	Step 2 has all sub-steps for investment comparison analysis (Option II). However, Option III should be used, see CAR3 below.	CAR3	O.K.
l. In sub-step 2a has the determination of appropriate	Ver	DR	<u>Corrective action request:</u> Option III	CAR3	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p>method of analysis done as per the guidance as below</p> <ol style="list-style-type: none"> 1. Simple cost analysis if the JI project activity and the alternatives identified in Step 1 generate no financial or economic benefits other than JI related income (Option I). 2. Otherwise, use the investment comparison analysis (Option II) or the benchmark analysis (Option III). <p>Specify option used with justification.</p>	05.2		(benchmark analysis) should be used because investment alternative is out of control of the Project developer, i.e. the project could be developed by a different entity (as described in paragraph 15 in the Annex to the Tool for the demonstration and assessment of additionality Ver.5.02).		
<p>m. Has the below guideline followed for sub-step 2b Option I. Apply simple cost analysis</p> <ol style="list-style-type: none"> 1. Document the costs associated with the CDM project activity and the alternatives identified in Step1 and demonstrate that there is at least one alternative which is less costly than the project activity. 	Ver 05.2	DR	Not applicable.	O.K.	O.K.
<p>n. Has the below guideline followed for sub-step 2b Option II. Apply investment comparison analysis</p> <ol style="list-style-type: none"> 1. Identify the financial indicator, such as IRR, NPV, cost benefit ratio, or unit cost of service most suitable for the project type and decision-making context. <p>Please specify</p>	Ver 05.2	DR	IRR (Internal rate of return) is used.	O.K.	O.K.
<p>o. Has the below guideline followed for Sub-step 2b: Option III. Apply benchmark analysis</p> <ol style="list-style-type: none"> 1. Identify the financial/economic indicator, such as IRR, most suitable for the project type and decision context. 2. When applying Option II or Option III, the financial/economic analysis shall be based on parameters that are standard in the market, 	Ver 05.2	DR	Investment comparison analysis (Option II) and not Benchmark analysis (Option III) was applied. See CAR3 above.	CAR3	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p>considering the specific characteristics of the project type, but not linked to the subjective profitability expectation or risk profile of a particular project developer. Only in the particular case where the project activity can be implemented by the project participant, the specific financial/economic situation of the company undertaking the project activity can be considered.</p> <p>3. Discount rates and benchmarks shall be derived from: (a) Government bond rates, increased by a suitable risk premium to reflect private investment and/or the project type, as substantiated by an independent (financial) expert or documented by official publicly available financial data; (b) Estimates of the cost of financing and required return on capital (e.g. commercial lending rates and guarantees required for the country and the type of project activity concerned), based on bankers views and private equity investors/funds' required return on comparable projects; (c) A company internal benchmark (weighted average capital cost of the company), only in the particular case referred to above in 2. The project developers shall demonstrate that this benchmark has been consistently used in the past, i.e. that project activities under similar conditions developed by the same company used the same benchmark; (d) Government/official approved benchmark where such benchmarks are used for investment decisions; (e) Any other indicators, if the</p>					



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p>project participants can demonstrate that the above Options are not applicable and their indicator is appropriately justified.</p> <p>Please specify benchmark and justify.</p>					
<p>p. Has the below guideline followed for Sub-step 2c: Calculation and comparison of financial indicators (only applicable to Options II and III):</p> <ol style="list-style-type: none"> 1. Calculate the suitable financial indicator for the proposed JI project activity and, in the case of Option II above, for the other alternatives. Include all relevant costs (including, for example, the investment cost, the operations and maintenance costs), and revenues (excluding CER revenues, but possibly including inter alia subsidies/fiscal incentives, ODA, etc, where applicable), and, as appropriate, non-market cost and benefits in the case of public investors if this is standard practice for the selection of public investments in the host country. 2. Present the investment analysis in a transparent manner and provide all the relevant assumptions, preferably in the JI-PDD, or in separate annexes to the JI-PDD. 3. Justify and/or cite assumptions. 4. In calculating the financial/economic indicator, the project's risks can be included through the cash flow pattern, subject to project-specific expectations and 	<p>Ver 05.2</p>		<p>The project IRR was calculated comparing project activities with and without ERUs income.</p> <p>1. All relevant costs and revenues have been included to IRR calculation for the proposed JI project activity except the corporate tax, and financial expenses have been included in the calculation of project IRR.</p> <p><u>Corrective action request:</u> The corporate tax should be included as an expense in calculation of the project IRR.</p> <p><u>Corrective action request:</u> The cost of financing expenditures should be eliminated from the calculation of the project IRR.</p> <p>2. The investment analysis is presented in separate annexes.</p> <p><u>Corrective action request:</u> Please add additional input data (loan, depreciation, profit tax calculation etc.), balance sheet</p>	<p>CAR4</p> <p>CAR5</p> <p>CAR6</p>	<p>O.K.</p> <p>O.K.</p> <p>O.K.</p>



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p>assumptions</p> <p>5. Assumptions and input data for the investment analysis shall not differ across the project activity and its alternatives, unless differences can be well substantiated.</p> <p>6. Present in the JI-PDD a clear comparison of the financial indicator for the proposed JI activity</p> <p>Please specify details for above</p>			<p>and profit (loss) statement for each year and assumptions and clearly justify it (preferable with suitable documentation, see CL10 below)</p> <p>3. <u>Clarification action request:</u> Please, highlight all assumptions in a separate sheet (annex) and justify clearly (preferable with suitable documentation):</p> <ul style="list-style-type: none"> -project long term activity assets (Project assets) purchase price; -Project assets technical lifetime; -fair value calculation and evaluation of Project assets at the end of the project and evaluation principles; -sale-price of the ERUs; -applied interest rate; -maintenance calculations; -operation cost calculations. <p>4. No project's risks were included in the IRR calculation.</p> <p>5. The same assumptions and input data were made doing the investment analysis. The project analysis was applied to the same project activity having two alternatives: with and without ERUs income (Will be revised additionally, after CAR's</p>	<p>CL10</p> <p>O.K.</p> <p>O.K.</p>	<p>O.K.</p> <p>O.K.</p> <p>O.K.</p>



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			and CL's corrections). 6. IRR comparison for the proposed activity is presented in JI-PDD and separate annexes.	O.K.	O.K.
q. Has the below guideline followed for Sub-step 2d: Sensitivity analysis (only applicable to Options II and III): 1. Include a sensitivity analysis that shows whether the conclusion regarding the financial/economic attractiveness is robust to reasonable variations in the critical assumptions.	Ver 05.2	DR			
r. Has the outcome of Step 2 clearly mentioned with justification?	Ver 05.2	DR	<u>Clarification action request:</u> Please state the outcome of Step 2.	CL11	O.K.
s. In step 3: Barrier analysis have all the sub-steps as below followed? 1. Sub-step 3a: Identify barriers that would prevent the implementation of the proposed CDM project activity 2. Sub-step 3 b: Show that the identified barriers would not prevent the implementation of at least one of the alternatives (except the proposed project activity):	Ver 05.2	DR	Step 3 has sub-steps 3a and 3b.	O.K.	O.K.
t. Has the below guideline followed for Sub-step 3a: Identify barriers that would prevent the implementation of the proposed CDM project 1. (a) Investment barriers: For alternatives undertaken and operated by private entities: Similar activities have only been implemented with grants or other non-commercial finance terms. No private capital is available from domestic or international capital markets due to real or	Ver 05.2	DR	Investment, technological and few other applicable barriers are identified. <u>Clarification action request:</u> The barriers given are not prohibitive enough to prevent the project implementation. Please validate the evidences in line with the guideline of the barriers. It is stated in PDD "Having in mind the	CL20	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p>perceived risks associated with investment in the country where the proposed CDM project activity is to be implemented, as demonstrated by the credit rating of the country or other country investments reports of reputed origin.</p> <p>2. (b) Technological barriers: Skilled and/or properly trained labour to operate and maintain the technology is not available in the relevant country/region, which leads to an unacceptably high risk of equipment disrepair and malfunctioning or other underperformance; Lack of infrastructure for implementation and logistics for maintenance of the technology, Risk of technological failure: the process/technology failure risk in the local circumstances is significantly greater than for other technologies that provide services or outputs comparable to those of the proposed CDM project activity, as demonstrated by relevant scientific literature or technology manufacturer information, The particular technology used in the proposed project activity is not available in the relevant region.</p> <p>3. (c) Barriers due to prevailing practice: The project activity is the “first of its kind”.</p> <p>4. (d) Other barriers, preferably specified in the underlying methodology as examples.</p>			<p>above described conditions banks are not willing in providing loans for wind power projects.” Please provide evidences for the same.</p>		
<p>u. Has the outcome from Step 3a clearly mentioned in PDD?</p>	Ver 05.2	DR	List of the applicable barriers is clear outcome of step 3a.	O.K.	O.K.
<p>v. Has the below guideline followed for Sub-step 3 b: Show</p>	Ver	DR	It is explained how identified barriers affect	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
<p>that the identified barriers would not prevent the implementation of at least one of the alternatives (except the proposed project activity):</p> <ol style="list-style-type: none"> 1. If the identified barriers also affect other alternatives, explain how they are affected less strongly than they affect the proposed CDM project activity. In other words, demonstrate that the identified barriers do not prevent the implementation of at least one of the alternatives. Any alternative that would be prevented by the barriers identified in Sub-step 3a is not a viable alternative, and shall be eliminated from consideration. 2. provide transparent and documented evidence, and offer conservative interpretations of this documented evidence, as to how it demonstrates the existence and significance of the identified barriers and whether alternatives are prevented by these barriers. 3. The type of evidence to be provided should include at least one of the following: (a) Relevant legislation, regulatory information or industry norms; (b) Relevant (sectoral) studies or surveys (e.g. market surveys, technology studies, etc) undertaken by universities, research institutions, industry associations, companies, bilateral/multilateral institutions, etc; (c) Relevant statistical data from national or international statistics; (d) Documentation of relevant market 	05.2		alternative B and proved that identified barriers do not prevent implementation of this alternative.		



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
data (e.g. market prices, tariffs, rules); (e) Written documentation of independent expert judgments from industry, educational institutions (e.g. universities, technical schools, training centres), industry associations and others. Please specify.					
w. Has the outcome from Step 3 clearly mentioned in PDD?	Ver 05.2	DR	<u>Clarification action request:</u> Please state the outcome of Step 3.	CL12	O.K.
x. In step 4: Common practise analysis have all the sub-steps as below followed? 1. Sub-step 4a: Analyze other activities similar to the proposed project activity 2. Sub-step 4b: Discuss any similar Options that are occurring	Ver 05.2	DR	Step 4 has all the sub-steps (sub-step 4a and sub-step 4b).	O.K.	O.K.
y. Has the below guideline followed for Sub-step 4a: Analyze other activities similar to the proposed project activity 1. Provide an analysis of any other activities that are operational and that are similar to the proposed project activity. Other JI project activities are not to be included in this analysis. Provide documented evidence and, where relevant, quantitative information. On the basis of that analysis, describe whether and to which extent similar activities have already diffused in the relevant region.	Ver 05.2	DR	Other wind parks in Lithuania is analysed. Information is provided, that there are no similar projects. All larger scale wind power parks in Lithuania are developed as JI projects.	O.K.	O.K.
z. Has the below guideline followed for Sub-step 4b: Discuss any similar Options that are occurring:	Ver 05.2	DR	See row above, there are no similar wind power projects in Lithuania.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
1. If similar activities are identified, then it is necessary to demonstrate why the existence of these activities does not contradict the claim that the proposed project activity is financially/economically unattractive or subject to barriers. This can be done by comparing the proposed project activity to the other similar activities, and pointing out and explaining essential distinctions between them that explain why the similar activities enjoyed certain benefits that rendered it financially/economically attractive (e.g., subsidies or other financial flows) and which the proposed project activity cannot use or did not face the barriers to which the proposed project activity is subject. In case similar projects are not accessible, the PDD should include justification about non-accessibility of data/information.					
aa. Has the outcome from Step 4 clearly mentioned in PDD?	Ver 05.2	DR	<u>Corrective action request:</u> Outcome from step 4 has not been clearly mentioned in the PDD. This CAR is related to CAR3 above.	CAR7	O.K.
bb. Has it been proved that the project is additional?	Ver 05.2	DR	Additionality will be proved after the resolution of the corrective action request above.	CAR2- CAR7, CL8- CL12, CL20	O.K.
2. Investment Analysis					
a. Is the period of assessment limited to the proposed crediting period of the JI project activity.	EB 41	Ann ex 45	The period of assessment is not limited to the proposed crediting period. The project started in 2010, but project activity started and the first income earned	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			in 2011. The period of assessment is 2011 - 2030 comparing to the crediting period of January 2011 – December 2012.		
b. Does the project IRR and equity IRR calculations reflect the period of expected operation of the underlying project activity (technical lifetime), or - if a shorter period is chosen - include the fair value of the project activity assets at the end of the assessment period.	EB 41	Ann ex 45	The project IRR calculations reflect the period of expected operation of the underlying project activity (technical lifetime).	O.K.	O.K.
c. Does the IRR calculation include the cost of major maintenance and/or rehabilitation if these are expected to be incurred during the period of assessment?	EB 41	Ann ex 45	The cost of major maintenances is included in the IRR calculation.	O.K.	O.K.
d. Do the Project participants justify the appropriateness of the period of assessment in the context of the underlying project activity, without reference to the proposed CDM crediting period?	EB 41	Ann ex 45	The period of IRR assessment reflects the period of expected operation of the underlying project activity.	O.K.	O.K.
e. Does the cash flow in the final year include a fair value of the project activity assets at the end of the assessment period?	EB 41	Ann ex 45	The fair value of the project activity assets was not included as a cash inflow in the final year for purposes of IRR calculation. <u>Corrective action request:</u> The fair value of the project activity assets should be included as the cash inflow at the final project activity year.	CAR8	O.K.
f. Has the fair value been calculated in accordance with local accounting regulations where available, or international best practice.	EB 41	Ann ex 45	<u>Clarification action request:</u> Please, justify the principles of fair value evaluation and calculation at the end of the assessment period.	CL13	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
g. Do the fair value calculations include both the book value of the asset and the reasonable expectation of the potential profit or loss on the realization of the assets?	EB 41	Ann ex 45	See CL13.		O.K.
h. Is depreciation, and other non-cash items related to the project activity, which have been deducted in estimating gross profits on which tax is calculated, added back to net profits for the purpose of calculating the financial indicator (e.g. IRR, NPV)?	EB 41	Ann ex 45	Depreciation was added back to net profit for the purpose of calculating the IRR. <u>Clarification action request:</u> Please justify why the depreciation of investment assets was calculated for the period of 2011 – 2028 and not for 2011-2030.	CL14	O.K.
i. Has taxation been included as an expense in the IRR/NPV calculation in cases where the benchmark or other comparator is intended for post-tax comparisons?	EB 41	Ann ex 45	Corporate tax hasn't been included as an expense in the IRR calculation. <u>Corrective action request:</u> The corporate tax should be included as an expense in calculation of the project IRR.	CAR9	O.K.
j. Are the input values used in all investment analysis valid and applicable at the time of the investment decision taken by the project participant?	EB 41	Ann ex 45	See CL10, and <u>Clarification action request:</u> Please, indicate the time of the investment decision taken.	CL15	O.K.
k. Is the timing of the investment decision and the consistency and appropriateness of the input values with the time when the investment decision was taken?	EB 41	Ann ex 45	See CL15.	CL15	O.K.
l. Have all the listed input values been consistently applied in all calculations?	EB 41	Ann ex 45	See CL10.	CL10	O.K.
m. Does the investment analysis reflect the economic decision making context at point of the decision to recommence the project in the case of project activities for which implementation ceases after the commencement	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
and where implementation is recommenced due to consideration of the JI					
n. Have Project participants supplied the spreadsheet versions of all investment analysis?	EB 41	Ann ex 45	The spreadsheet of investment analysis has been supplied.	O.K.	O.K.
o. Are all formulas used in this analysis readable and all relevant cells viewable and unprotected?	EB 41	Ann ex 45	All formulas used in spreadsheet are readable; all cells are viewable and unprotected.	O.K.	O.K.
p. In cases where the project participant does not wish to make such a spreadsheet available to the public has the PP provided an exact read-only or PDF copy for general publication?	EB 41	Ann ex 45	The spreadsheet will be provided on the UNFCCC internet page.	O.K.	O.K.
q. In case the PP wishes to black-out certain elements of the publicly available version, is it justifiable?	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
r. Does the cost of financing expenditures (i.e. loan repayments and interest) included in the calculation of project IRR?	EB 41	Ann ex 45	The cost of financing expenditures is included in the calculation of project IRR. <u>Corrective action request:</u> The cost of financing expenditures should be eliminated from the calculation of the project IRR.	CAR10	O.K.
s. In the calculation of equity IRR has only the portion of investment costs which is financed by equity been considered as the net cash outflow?	EB 41	Ann ex 45	See CL13.		O.K.
t. Has the portion of the investment costs which is financed by debt been considered a cash outflow in the calculation of equity IRR? (this is not allowed)	EB 41	Ann ex 45	See CL13.		O.K.
u. In cases where a benchmark approach is used, is the applied benchmark appropriate to the type of IRR	EB 41	Ann ex	The benchmark was not applied, see CAR3.		O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
calculated?		45			
v. Has local commercial lending rates or weighted average costs of capital (WACC) selected as appropriate benchmarks for a project IRR?	EB 41	Ann ex 45	The benchmark was not applied, see CAR3.		O.K.
w. Has required/expected returns on equity selected as appropriate benchmark for an equity IRR.	EB 41	Ann ex 45	The benchmark was not applied, see CAR3.		O.K.
x. In case benchmarks supplied by relevant national authorities selected is it applicable to the project activity and the type of IRR calculation presented?	EB 41	Ann ex 45	The benchmark was not applied, see CAR3.		O.K.
y. In the cases of projects which could be developed by an entity other than the project participant, is the benchmark applied based on publicly available data sources which can be clearly validated?	EB 41	Ann ex 45	The benchmark was not applied, see CAR3.		O.K.
z. Does Internal company benchmarks/expected returns (including those used as the expected return on equity in the calculation of a weighted average cost of capital - WACC) been applied in cases where there is only one possible project developer?	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
aa. Has it been demonstrated to have been used for similar projects with similar risks, developed by the same company or, if the company is brand new, would have been used for similar projects in the same sector in the country/region.	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
bb. Is a minimum clear evidence of the resolution by the company's Board and/or shareholders been provided to the effect as above?	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
cc. Has a thorough assessment of the financial statements of the project developer - including the proposed WACC -	EB 41	Ann ex	Not applicable.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
to assess the past financial behavior of the entity during at least the last 3 years in relation to similar projects been conduted?		45			
dd. Do the risk premiums applied in the determination of required returns on equity reflect the risk profile of the project activity being assessed, established according to national/international accounting principles? (It is not considered reasonable to apply the rate general stock market returns as a risk premium for project activities that face a different risk profile than an investment in such indices.)	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
ee. Has an investment comparison analysis and not a benchmark analysis been used when the proposed baseline scenario leaves the project participant no other choice than to make an investment to supply the same (or substitute) products or services?	EB 41	Ann ex 45	Not applicable.	O.K.	O.K.
ff. Have variables, including the initial investment cost, that constitute more than 20% of either total project costs or total project revenues been subjected to reasonable variation (positive and negative) and the results of this variation been presented in the PDD and be reproducible in the associated spreadsheets?	EB 41	Ann ex 45	The energy output, MWh/year and ERUs price were chosen as variables, which constitute more than 20% of the total project revenue. Results of the variations have been presented. <u>Clarification action request:</u> Please justify that there are no any other variables, which constitute more than 20% of either total project costs or total project revenues.	CL16	O.K.
gg. Have a corrective action been raised for a variable to be included in the sensitivity analysis which constitute less than 20% and have a material impact on the analysis ?	EB 41	Ann ex 45	<u>Clarification action request:</u> Please clearly indicate assumptions, that there are no any other variables, which constitute less than 20%, but have material impact on the	CL17	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			sensitivity analysis.		
hh. Is the range of variations selected reasonable in the project context?	EB 41	Ann ex 45	The range of variations is reasonable in the project context.	O.K.	O.K.
ii. Do the departure variations in the sensitivity analysis at least cover a range of +10% and .10%, unless this is not deemed appropriate in the context of the specific project circumstances?	EB 41	Ann ex 45	The departure variations in the sensitivity analysis cover a range of +30% and -30%.	O.K.	O.K.
jj. In cases where a scenario will result in the project activity passing the benchmark or becoming the most financially attractive alternative is an assessment done of the probability of the occurrence of this scenario in comparison to the likelihood of the assumptions in the presented investment analysis, taking into consideration correlations between the variables as well as the specific socio-economic and policy context of the project activity?	EB 41	Ann ex 45	The benchmark was not applied, see CAR3.	CAR3	O.K.
B.2.2. Is the baseline scenario described?		DR	The baseline scenario is described in the PDD Section A.2.	O.K.	O.K.
B.2.3. Is the project scenario described?		DR	The project scenario is described in the PDD Section A.2.	O.K.	O.K.
B.2.4. Is an analysis showing why the emissions in the baseline scenario would likely exceed the emissions in the project scenario included?		DR	Baseline calculations are presented in the PDD Section B.1.	O.K.	O.K.
B.2.5. Is it demonstrated that the project activity itself is not a likely baseline scenario?		DR	It is clearly demonstrated in the PDD Section A.2.	O.K.	O.K.
B.2.6. Are national policies and circumstances relevant to the baseline of the proposed project activity		DR	National policies are summarized in the	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
summarized?			PDD Section B1.		
B.3. Description of how the definition of the project boundary is applied to the project activity					
B.3.1. Are the project's spatial (geographical) boundaries clearly defined?		DR	Spatial boundaries comply with the statements in the PDD.	O.K.	O.K.
B.4. Further baseline information, including the date of baseline setting and the name(s) of the person(s)/entity(ies) setting the baseline					
B.4.1. Is the date of the baseline setting presented (in DD/MM/YYYY)?		DR	The date of the baseline setting: July, 2006. <u>Corrective action request:</u> please provide date of the baseline setting in DD/MM/YYYY format.	CAR11	O.K.
B.4.2. Is the contact information provided?		DR	Contact information is provided in Table 17.	O.K.	O.K.
B.4.3. Is the person/entity also a project participant listed in Annex 1 of PDD?		DR	The person/entity is not a project participant listed in Annex 1.3	O.K.	O.K.
C. Duration of the small-scale project and crediting period					
C.1. Starting date of the project					
C.1.1. Is the project's starting date clearly defined?		DR	<u>Corrective action request:</u> JI guidelines requirement is: "The starting date of a JI project is the date on which the implementation or construction or real action of the project begins." Please, indicate the starting date as above and provide evidence for the same.	CAR12	O.K.
C.2. Expected operational lifetime of the project					



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
C.2.1. Is the project's operational lifetime clearly defined in years and months?		DR	The planned operational lifetime of the wind park is 20 years. It is validated from the operational life of the equipment. The lifetime is defined in years and months.	O.K.	O.K.
C.3. Length of the crediting period					
C.3.1. Is the length of the crediting period specified in years and months?		DR	The crediting period is clearly defined (2 years – lasting from January 1, 2011 to December 31, 2012).	O.K.	O.K.
D. Monitoring Plan					
D.1. Description of monitoring plan chosen					
D.1.1. Is the monitoring plan defined?		DR	The monitoring plan is defined in Section D and Annex 3.	O.K.	O.K.
D.1.2. Option 1 – Monitoring of the emissions in the project scenario and the baseline scenario.		DR	No project emissions are expected. A formula required to estimate the baseline scenario is defined.	O.K.	O.K.
D.1.3. Data to be collected in order to monitor emissions from the project, and how these data will be archived.		DR	No project emissions are expected.	O.K.	O.K.
D.1.4. Description of the formulae used to estimate project emissions (for each gas, source etc.; emissions in units of CO2 equivalent).		DR	No project emissions are expected.	O.K.	O.K.
D.1.5. 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.		DR	<u>Corrective action request:</u> Retention time of electricity production and monitoring records should be defined. Please define requirements to collect copies of calibration and maintenance documents for commercial power devices (these	CAR13	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
			documents should be reviewed and controlled by Vejo spektras, UAB despite the fact that metering devices are the property of another company). Please define procedure to monitor the power dispatched to the grid in case of emergency (for example, in case of commercial metering device failure).		
D.1.6. Description of the formulae used to estimate baseline emissions (for each gas, source etc,; emissions in units of CO2 equivalent).		DR	A formula required to estimate the baseline scenario emission is defined.	O.K.	O.K.
D.1.7. Option 2 – Direct monitoring of emissions reductions from the project (values should be consistent with those in section E)		DR	Not applicable.	O.K.	O.K.
D.1.8. Data to be collected in order to monitor emission reductions from the project, and how these data will be archived.		DR	Not applicable.	O.K.	O.K.
D.1.9. Description of the formulae used to calculate emission reductions from the project (for each gas, source etc,; emissions/emission reductions in units of CO2 equivalent).		DR	Not applicable.	O.K.	O.K.
D.1.10. If applicable, please describe the data and information that will be collected in order to monitor leakage effects of the project.		DR	No leakage is expected.	O.K.	O.K.
D.1.11. Description of the formulae used to estimate leakage (for each gas, source etc,; emissions in units of CO2 equivalent).		DR	No leakage is expected.	O.K.	O.K.
D.1.12. Description of the formulae used to estimate		DR	Since there are no project emissions, the	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
emission reductions for the project (for each gas, source etc.; emissions in units of CO2 equivalent).			emission reductions are the same as the baseline emissions.		
D.1.13. Is information on the collection and archiving of information on the environmental impacts of the project provided?		DR, I	According to the performed calculations, wind power plant noise level will not exceed allowed level (55 dBA) already on the distance 80 - 150 m from noise source. The noise zones of all wind power plants stay on the planned site border. <u>Clarification action request:</u> Please argue why monitoring of the noise level will not be monitored after installation of wind power park.	CL18	O.K.
D.1.14. Is reference to the relevant host Party regulation(s) provided?		DR, I	References are provided.	O.K.	O.K.
D.1.15. If not applicable, is it stated so?		DR, I	See D.1.12 above.	O.K.	O.K.
D.2. Qualitative control (QC) and quality assurance (QA) procedures undertaken for data monitored					
D.2.1. Are there quality control and quality assurance procedures to be used in the monitoring of the measured data established?		DR	<u>Clarification request:</u> Please argue why QA/QC procedures are not necessary. Please find requirements in CDM monitoring methodology AM0019 "Renewable energy projects replacing part of the electricity production of one single fossil fuel fired power plant that stands alone or supplies to a grid, excluding biomass projects" (Version 02, 19 May 2006).	CL19	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
D.3. Please describe of the operational and management structure that the project operator will apply in implementing the monitoring plan					
D.3.1. Is it described briefly the operational and management structure that the project participants(s) will implement in order to monitor emission reduction and any leakage effects generated by the project		DR	The responsibilities are defined in PDD section D.4.	O.K.	O.K.
D.4. Name of person(s)/entity(ies) establishing the monitoring plan					
D.4.1. Is the contact information provided?		DR	Yes.	O.K.	O.K.
D.4.2. Is the person/entity also a project participant listed in Annex 1 of PDD?		DR	Yes.	O.K.	O.K.
E. Estimation of greenhouse gases emission reductions					
E.1. Estimated project emissions					
E.1.1. Are described the formulae used to estimate anthropogenic emissions by source of GHGs due the project?		DR	No project emissions are expected, therefore section E.1.1 is not applicable.	O.K.	O.K.
E.1.2. Is there a description of calculation of GHG project emissions in accordance with the formula specified in for the applicable project category?		DR	Not applicable.	O.K.	O.K.
E.1.3. Have conservative assumptions been used to calculate project GHG emissions?		DR	Not applicable.	O.K.	O.K.
E.2. Estimated leakage					
E.2.1. Are described the formulae used to estimate leakage due to the project activity where required?		DR	No leakage is expected; therefore section E.2 is not applicable.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
E.2.2. Is there a description of calculation of leakage in accordance with the formula specified in for the applicable project category?		DR	Not applicable.	O.K.	O.K.
E.2.3. Have conservative assumptions been used to calculate leakage?		DR	Not applicable.	O.K.	O.K.
E.3. The sum of E.1 and E.2.					
E.3.1. Does the sum of E.1. and E.2. represent the small-scale project activity emissions?		DR	Not applicable.	O.K.	O.K.
E.4. Estimated baseline emissions					
E.4.1. Are described the formulae used to estimate the anthropogenic emissions by source of GHGs in the baseline using the baseline methodology for the applicable project category?		DR	Not applicable.	O.K.	O.K.
E.4.2. Is there a description of calculation of GHG baseline emissions in accordance with the formula specified in for the applicable project category?		DR	$E_B = P_{WPP} \times EF_{LE}$ (variables explained in D.1.1.4) $P_{WPP} - 58\,800$ MWh $EF_{LE} - 0.626$ tCO ₂ /MWh $E_B - \text{annual baseline emissions} = 36\,809$ t CO ₂ . Calculation of EF_{LE} is presented in B1 and monitoring in D.1.1.4.	O.K.	O.K.
E.4.3. Have conservative assumptions been used to calculate baseline GHG emissions?		DR	Not applicable.	O.K.	O.K.
E.5. Difference between E.4. and E.3. representing the emission reductions of the project					
E.5.1. Does the difference between E.4. and E.3.		DR	Yes.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
represent the emission reductions due to the project during a given period?					
E.6. Table providing values obtained when applying formulae above				O.K.	O.K.
E.6.1. Is there a table providing values of total CO2 abated?		DR	Yes.	O.K.	O.K.
F. Environmental Impacts					
F.1. Documentation on the analysis of the environmental impacts of the project, including transboundary impacts, in accordance with procedures as determined by the host Party					
F.1.1. Has an analysis of the environmental impacts of the project been sufficiently described?		DR, I	The relevant environmental impacts are sufficiently described in the PDD. An environmental impact investment is not necessary (it is confirmed by a letter from the Ministry of Environment).	O.K.	O.K.
F.1.2. Are there any Host Party requirements for an Environmental Impact Assessment (EIA), and if yes, is and EIA approved?		DR, I	See section F.1.1 above.	O.K.	O.K.
F.1.3. Are the requirements of the National Focal Point being met?		DR, I	There were no special requirements from the NFP.	O.K.	O.K.
F.1.4. Will the project create any adverse environmental effects?		DR, I	See section F.1.1 above.	O.K.	O.K.
F.1.5. Are transboundary environmental impacts considered in the analysis?		DR, I	There are no transboundary environmental aspects.	O.K.	O.K.
F.1.6. Have identified environmental impacts been		DR,	The site has been chosen in such a way	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
addressed in the project design?		I	that no residents are disturbed inside the sanitary zone.		
G. Stakeholders' comments					
G.1.Information on stakeholders' comments on the project, as appropriate					
G.1.1. Is there a list of stakeholders from whom comments on the project have been received?		DR	In the detailed plan preparation compulsory public consideration procedures were undertaken with possible participation of all stakeholders. No objections have been expressed from the stakeholders' part.	O.K.	O.K.
G.1.2. The nature of comments is provided?		DR	See G.1.1 above.	O.K.	O.K.
G.1.3. Has due account been taken of any stakeholder comments received?		DR	See G.1.1 above.	O.K.	O.K.

Table 3 Baseline and Monitoring Methodologies

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
1. Baseline Methodology					
1.1. General					
1.1.1. Does the baseline cover emissions from all gases, sectors and source categories listed in Annex A, and anthropogenic removals by sinks, within the project boundary?		DR, I	The baseline covers emissions from CO2 in electricity production from fossil fuel sources listed in Annex 2.	O.K.	O.K.
1.1.2. Is baseline established on a project-specific basis and/or using a multi-project emission factor?		DR	See B.1.2 above.	O.K.	O.K.
1.1.3 Is baseline established in a transparent manner with regard to the choice of approaches, assumptions, methodologies, parameters, data sources and key factors?		DR	See B.1.2 above.	O.K.	O.K.
1.1.4 Is baseline established taking into account relevant national and/or sectoral policies and circumstances, such as sectoral reform initiatives, local fuel availability, power sector expansion plans, and the economic situation in the project sector?		DR	See B.1.2 above.	O.K.	O.K.
1.1.5 Is baseline established in such a way that ERUs cannot be earned for decreases in activity levels outside the project activity or due to <i>force majeure</i> ?		DR	The baseline is established without a possibility to earn ERUs.	O.K.	O.K.
1.1.6 Is baseline established taking account of uncertainties and using conservative assumptions?		DR	See B.1.2 above.	O.K.	O.K.
1.2. Additionality					
1.2.1. Was the additionality of the project activity demonstrated and assessed?		DR			O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
2. Monitoring Methodology					
2.1. Monitoring plan					
2.1.1. Is a monitoring plan included?		DR	See D.1.1 above.	O.K.	O.K.
2.1.2. Does the monitoring plan provide for the collection and archiving of all relevant data necessary for estimating or measuring anthropogenic emissions by sources and/or anthropogenic removals by sinks of greenhouse gases occurring within the project boundary during the crediting period?		DR	Not applicable.	O.K.	O.K.
2.1.3. Does the monitoring plan provide for the collection and archiving of all relevant data necessary for determining the baseline of anthropogenic emissions by sources and/or anthropogenic removals by sinks of greenhouse gases within the project boundary during the crediting period?		DR	Not applicable.	O.K.	O.K.
2.1.4. Does the monitoring plan provide for the identification of all potential sources of, and the collection and archiving of data on increased anthropogenic emissions by sources and/or reduced anthropogenic removals by sinks of greenhouse gases outside the project boundary that are significant and reasonably attributable to the project during the crediting period?		DR	There are no emission sources and removal by sinks.	O.K.	O.K.
2.1.5. Does the project boundary encompass all anthropogenic emissions by sources and/or removals by sinks of greenhouse gases under the control of the project participants that are significant and reasonably attributable to the JI project?		DR	There are no emission sources and removal by sinks.	O.K.	O.K.
2.1.6. Does the monitoring plan provide for the collection and archiving of information on environmental impacts, in accordance with procedures as required by the host Party, where applicable?		DR	See D.1.13 above.	O.K.	O.K.



DETERMINATION REPORT

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
2.1.7. Does the monitoring plan provide for quality assurance and control procedures for the monitoring process?		DR	The monitoring plan provides quality assurance and control procedures. Also see D.1.5 above.	O.K.	O.K.
2.1.8. Does the monitoring plan provide for procedures for the periodic calculation of the reductions of anthropogenic emissions by sources and/or enhancements of anthropogenic removals by sinks by the proposed JI project, and for leakage effects, if any?		DR	The monitoring plan provides a procedure and form (PDD, Annex 3) for the periodic calculation of the emission reductions. Also see D.1.5 above.	O.K.	O.K.
2.1.9. Does the monitoring plan provide for documentation of all steps involved in the calculations?		DR	The monitoring plan provides for documentation of all steps involved in the calculations. Also see D.1.5 above.	O.K.	O.K.
2.2. Quality Control (QC) and Quality Assurance (QA) Procedures					
2.2.1. Did all measurements use calibrated measurement equipment that is regularly checked for its functioning?		DR	Yes. Also see D.1.5 above.	O.K.	O.K.
2.2.2 Is frequency of monitoring the parameters defined?		DR	The frequency of monitoring is once per month.	O.K.	O.K.

Table 4 Legal requirements

CHECKLIST QUESTION	Ref.	MoV*	COMMENTS	Draft Concl	Final Concl
1. Legal requirements					
1.1. Is the project activity environmentally licensed by the competent authority?		DR, I	According to the Klaipeda Regional Department of Environment conclusion No. 9.14.5 - LV4 - 7365 and No. 9.14.5 - LV4 - 7364 of December 4, 2008, the environmental impact assessment (EIA) of the planned economic activity is not required. According to the Environmental Impact Assessment program and reports preparation guidelines, Health Impact Assessment screening was prepared. By Klaipeda Public Health Centre decision No. E4-46 for planned economic activity given out on March 24, 2009, the Health Impact Assessment is required and it was prepared and approved.	O.K.	O.K.
1.2. Are there conditions of the environmental permit? In case of yes, are they already being met?		DR, I	The environmental permit is not required.	O.K.	O.K.
1.3. Is the project in line with relevant legislation and plans in the host country?		DR, I	Approval of the detailed plan is on the final phase. Constructional permit on wind turbines and substation reconstruction is on preparation phase.	O.K.	O.K.

Table 5 Resolution of Corrective Action and Clarification Requests

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
CAR1: The approval letter from the Lithuanian DFP and the Netherlands should be submitted.	Table 2, A.5.1	Revised PDD (version 3) was provided. Investor country is not indicated in the PDD version 03. Project developer provided LoA, issued by Ministry of Environment of the Republic of Lithuania.	The LoA, issued by Ministry of Environment of the Republic of Lithuania on 01/10/2010 was found acceptable to close CAR1. The approval from the investor country is also provided, issued by Ministry of Economic Affairs of the Netherlands on 18/11/2010. Hence, CAR1 is closed.
CAR2: Please describe consistency of the alternatives to the existing legal and regulatory requirements, not favour.	Table 2, 1. Additionality of a project, g)	Revised PDD (version 2) was provided. Consistency of the alternatives to the existing legal requirement is described in more detailed. The outcome of step 1b clearly specifies now that all alternatives are in compliance with mandatory laws.	The revised PDD (version 2) section B.2 sub step 1b was reviewed and found acceptable. Hence, CAR 2 is closed.
CAR3: Option III (benchmark analysis) should be used because alternative "B" is based on investment that is out of control of the Project developer, i.e. the project could be developed by a different entity (as described in paragraph 15 in the Annex to the	Table 2, 1. Additionality of a project, l)	Revised PDD (version 2) was provided: benchmark analysis have been used instead of investment analysis. In order to apply a benchmark comparable to the project IRR the project developer selected to use average interest for 6 months	The revised PDD (version 2) section B.2 sub step 2a and sub step 2b was reviewed and found acceptable. In order to apply a benchmark comparable to the project IRR the project developer



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
Tool for the demonstration and assessment of additionality Ver.5.02).		deposits in Lithuania published by the central Bank of Lithuania (LB) In June 2008, when the decision on the project development was made.	selected to use average value of the interest rate on loans for non-financial corporations published by the central Bank of Lithuania (LB), these data are public data available on the web-site of the central bank of the Republic of Lithuania (www.lb.lt).
CAR4: The corporate tax should be included as an expense in calculation of the project IRR.	Table 2, 1. Additionality of a project, p)	The corporate tax has been included as expenses in calculation of the project IRR.	Revised corrections found acceptable. Hence, CAR4 is closed.
CAR5: The cost of financing expenditures should be eliminated from the calculation of the project IRR.	Table 2, 1. Additionality of a project, p)	The cost of financing expenditures was eliminated from the calculation of the project IRR	Revised corrections found acceptable. Hence, CAR5 is closed.
CAR6: Please add additional input data (loan, depreciation, profit tax calculation etc.), balance sheet and profit (loss) statement for each year and assumptions and clearly justify it (preferable with suitable documentation, see CL10 below).	Table 2, 1. Additionality of a project, p)	All asked additional input data was added and justified with suitable documentation.	Revised corrections found acceptable. Hence, CAR6 is closed.
CAR7: Outcome from step 4 has not been clearly mentioned in the PDD. This CAR is related to CAR3 above.	Table 2, 1. Additionality of a project, aa)	Outcome of Step 4 is provided in PDD version 02: All larger wind power parks in Lithuania are implemented as JI project activity.	Outcome of Step 4 argued and stated clearly, hence CAR7 is closed.



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
CAR8: The fair value of the project activity assets should be included as the cash inflow at the final project activity year.	Table 2, 2. Investment analysis, e)	The fair value of the project activity assets at the final project activity year will be equal to the value of the debris, i.e. zero.	Explanation considered as reasonable. Hence, CAR8 is closed.
CAR9: The corporate tax should be included as an expense in calculation of the project IRR.	Table 2, 2. Investment analysis, i)	The corporate tax has been included as an expenses in calculation of the project IRR and the 15 % rate of tax has been used.	Revised corrections found acceptable. Hence, CAR9 is closed.
CAR10: The cost of financing expenditures should be eliminated from the calculation of the project IRR.	Table 2, 2. Investment analysis, r)	The cost of financing expenditures has been eliminated from the calculation of the project IRR.	Revised corrections found acceptable. Hence, CAR10 is closed.
CAR11: Please provide date of the baseline setting in DD/MM/YYYY format.	Table 2, B.4.1.	Date of baseline setting is provided in the PDD version 2 in DD/MM/YYYY format: 29/03/2010.	The revised PDD (version 2) section B.4 was reviewed and found acceptable. Hence, CAR 11 is closed.
CAR12: JI guidelines requirement is: "The starting date of a JI project is the date on which the implementation or construction or real action of the project begins." Please, indicate the starting date as above.	Table 2, C.1.1.	Starting date is indicated as the bord decision to start implementation of the project: 27/06/2008. New response: Approval date of the detailed plan is indicated 23/07/2009 (date of detailed plan approval)	Please, indicate date on which the implementation or construction or real action of the project begins (e.g. approval date of technical project). Final conclusion: Detailed plan approval date is found acceptable to indicate starting date, hence CAR 12 is closed.



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
<p>CAR13: Retention time of electricity production and monitoring records should be defined. Please define requirements to collect copies of calibration and maintenance documents for commercial power devices (these documents should be reviewed and controlled by UAB Veju spektras despite the fact that metering devices are the property of another company). Please define procedure to monitor the power dispatched to the grid in case of emergency (for example, in case of commercial metering device failure).</p>	<p>Table 2, D.1.5.</p>	<p>Revised PDD (version 2) was provided. In case of commercial metering device failure, the power dispatched to the grid will be monitored using emergency power metering device. Copies of calibration and maintenance documents for commercial power devices, electricity production accounting documents and compiled monitoring reports will be collected by the business coordinator and will be stored by Veju spektras, UAB 2 years after the end of the monitoring period.</p>	<p>The revised PDD (version 2) section D.3 was reviewed and found acceptable. Hence, CAR 13 is closed.</p>
<p>CL1: Please provide details of the physical location from the “Detailed plan to build wind power plants and a transformer substation“ in the PDD section A.4.1.4. Please get unique identification of the location (longitude and latitude)</p>	<p>Table 2, A.4.1.4</p>	<p>Revised PDD (version 2) was provided, unique identification of the location in Table 2.</p>	<p>The revised PDD (version 2) section A.4.1.4 was reviewed and found acceptable. Hence, CL 1 is closed.</p>
<p>CL2: Please provide provisions for meeting training and maintenance needs.</p>	<p>Table 2, A.4.2.5</p>	<p>It is planned, that wind power plants will be manufactured, supplied, installed, adjusted and set into action by Enercon GmbH. Didsiliai Wind Power Project is implemented by Veju spektras, UAB. Staff of the company participates in other</p>	<p>Veju spektras, UAB has been already implemented similar JI project (project have been successfully determined and 1st monitoring period’s emission monitoring reductions also have</p>



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
		similar JI project Rudaiciai Wind Power Park Project.	been verified). Didsiliai Wind Power Project project is being developed by the same Veju spektras employees, therefore assumption that there is no need for additional training is found acceptable and CL2 is closed.
CL3: Please make references to the relevant version of the „Regulation on promotion of electricity produced from renewable energy sources“, approved by the Lithuanian government. Please also make references to the legal requirement regarding feed-in-tariff for wind electricity.	Table 2, A.4.3.1	Necessary references are made in the PDD (version 2).	Correct references to “Regulation on promotion of electricity produced from renewable energy sources“ and to decision of the National Price and Energy Control Commission is made in the PDD version 02. Therefore CL3 is closed.
CL4: Please make references to calculations indicating that “Didsiliai wind power park” will generate 58.8 GWh of electricity per year (PDD section A.4.3). Please provide these calculations for determination team.	Table 2, B.1.4.	Expertise about the wind potential and the energy output of wind turbines at a site near Didsiliai was performed by German Company Anemos on May, 2009, necessary references are made in the PDD (version 3).	The wind park calculations done by anemos Gesellschaft für Umweltmeteorologie mbH were presented. The estimated production of electricity corresponds is 60934.0 MW/h year with 50 % Transgression Probability. As UAB Veju spektras already has experience with wind turbines produced by Enercon, 97 % availability factor and 0.5%



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
			<p>electric losses are used for the conservative approach, and estimated annual energy output = mean annual energy output - 3% due to availability - 0.5% due to electric losses = 60934 - 1828,02 - 304,67 = 58800 MWh/annually. These evidences and conservative approach are found acceptable and hence CL4 is closed.</p>
<p>CL5: Please argue, why resent data (e.g. year 2006-2008) of fuel consumption, energy production, production efficiency and CO2 emission in Lietuvos elektrine is not used for determination of the baseline. Moreover, CO2 emissions in Lietuvos elektrine were verified on 2005-2008 according to the requirements of EU ETS, therefore these public data also might be used.</p>	<p>Table 2, B.1.4.</p>	<p>Table 14 is provided with 2005-2008 data on energy CO2 emission in Lietuvos elektrine. tCO2/MWhe (sold, or delivered to the grid) is 0,684 according Table 14. However, Lietuvos elektrine electricity production data are not publically available (year 2005-2008), therefore emission factor 0,684 is used only to prove that proposed emission factor (0,626) is representing conservative approach.</p>	<p>Information and assumption provided in the PDD version 3 are found acceptable, hence CL5 is closed.</p>
<p>CL6: Please argue, why statement ("Considering that 4 years of historic data is used for calculation of emission factor, we think, that using emissions factor of 0.626</p>	<p>Table 2, B.1.4.</p>	<p>This argument was deleted from the PDD version 02. Instead of that argument, Table 14 is provided (see CL5 also), and reliable information is provided that</p>	<p>Assumptions is found acceptable and CL6 is closed</p>



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
tCO ₂ /MWh would represent a conservative approach to the baseline") may represent conservative approach in the context of monitoring period (year 2011-2012)?.		Lietuvos elektrine will continue use fuel with high emissions factor (heavy fuel oil or emulsified fuel).	
CL7: Please make references to all data used for determination of the Baseline in Tabular format as required in "Guidelines for users of the joint implementation project design document form, Version 04".	Table 2, B.1.4.	References to requested data are provided in the PDD Version 02, Table 15.	The revised PDD (version 2) Table 15 was reviewed and found acceptable. Hence CL7 is closed.
CL8: Please argue, why have not been included other realistic and credible alternative scenario(s) to the proposed CDM project activity scenario that deliver outputs with comparable quality, properties and application areas?	Table 2, 1. Additionality of a project, c)	Alternative B "Power is produced in the new cogeneration power plants" is included in the PDD Version 02.	The revised PDD (version 2) section B.2 Sub step 1a reviewed and found acceptable. Hence, CL 8 is closed.
CL9: Please state the outcome of Step 1b.	Table 2, 1. Additionality of a project, i)	Outcome of Step 1b is stated in the PDD Version 2: <ul style="list-style-type: none"> • all alternatives are in compliance with mandatory laws, • existing regulatory requirements are more favourable to the alternatives B and C. 	Outcome of Step 1b is argued stated clearly, hence CL9 is closed.
CL10: Please, highlight all assumptions in a separate sheet (annex) and justify clearly (preferable with suitable documentation): -project long term activity assets (Project	Table 2, 1. Additionality of a project, p)	All assumptions are disclosed in a separate sheet (annex).	All assumptions are disclosed in a separate sheet (annex) clearly and reasonably: - purchase prices of Project



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
assets) purchase price; -Project assets technical lifetime; -fair value calculation and evaluation of Project assets at the end of the project and evaluation principles; -sale-price of the ERUs; -applied interest rate; -maintenance calculations; -operation cost calculations.			assets was validated with the main Contract agreement No. W-04225 and No. 7033, signed with ENERCON GmbH. - Bank interest rate have been validated with Final proposal for long-term financing which was presented by Swedbank at 09/11/2009; - Project assets technical lifetime was validated in the internet website presented in assumption sheet (annex); - sales price of the ERUs, maintenance, operation cost and fair value calculations were clearly explained in the assumption sheet. Revised corrections found acceptable. Hence, CL10 is closed.
CL11: Please state the outcome of Step 2.	Table 2, 1. Additionality of a project, r)	Outcome of Step 2 is provided in PDD version 02.	Outcome of Step 2 is argued stated clearly, hence CL11 is closed.
CL12: Please state the outcome of Step 3.	Table 2, 1. Additionality of	Outcome of Step 3 is provided in PDD version 02:	Outcome of Step 3 is argued stated clearly, hence CL12 is



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
	a project, w)	identified barriers create difficulties for the implementation of the proposed project activity - construction of wind power park. Identified barriers would not prevent implementation of the other alternatives, neither B) Power is produced new cogeneration power plants, nor C) Continuation of the current situation - power is produced in existing power plants.	closed.
CL13: Please, justify the principles of fair value evaluation and calculation at the end of the assessment period.	Table 2, 2. Investment analysis, f)	The fair value of the project activity assets at the final project activity year will be equal to the value of the debris, i.e. zero. Explanation considered as reasonable.	Explanation considered as reasonable. Hence, CL13 is closed.
CL14: Please justify why the depreciation of investment assets was calculated for the period of 2011 – 2028 and not for 2011-2030.	Table 2, 2. Investment analysis, h)	The depreciation of investment assets has been calculated for the right period – 2011 – 2030 years.	Revised corrections found acceptable. Hence, CL14 is closed.
CL15: Please, indicate the time of the investment decision taken.	Table 2, 2. Investment analysis, j)	The project developer provided Veju spektras, UAB Board meeting Minutes No. 2008/2 signed 27 June 2008 where general manager of the company has informed about the new wind park project possibilities and preliminary financial calculation. Board meeting has approved the development of the new wind park	The time of the investment decision taken is 27 June 2008. Provided explanation considered as reasonable. Hence, CL15 is closed.



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
		project in Silute region on 27 June 2008.	
CL16: Please justify that there are no any other variables, which constitute more than 20% of either total project costs or total project revenues.	Table 2, 2. Investment analysis, ff)	The energy output, MWh/year and ERUs price were chosen as variables, which constitute more than 20% of the total project revenue. Results of the variations have been presented.	Provided explanation is reasonable. Hence, CL16 is closed.
CL17: Please clearly indicate assumptions, that there are no any other variables, which constitute less than 20%, but have material impact on the sensitivity analysis.	Table 2, 2. Investment analysis, gg)	Sensitivity analysis regarding electric power price after year 2021 is carried out (because current price is guaranteed by legislation until 2021).	Provided explanation is reasonable (PDD version 3, page 18). Hence, CL17 is closed.
CL18: Please argue why monitoring of the noise level will not be monitored after installation of wind power park.	Table 2, D.1.13	Section D.1.5 is corrected (PDD version 3): "It is planned to perform noise level monitoring in accordance to the Article No. 11 of the Law on Health Impact Monitoring (Official Gazette, 2002, Nr. 72-3022)".	CL18 is closed.
CL19: Please argue why QA/QC procedures are not necessary. Please find requirements in CDM monitoring methodology AM0019 "Renewable energy projects replacing part of the electricity production of one single fossil fuel fired power plant that stands alone or supplies to a grid, excluding biomass projects" (Version 02, 19 May 2006).	Table 2, D.2.1.	Revised PDD (version 2) was provided, Table D.2 column "Explain QA/QC procedures planned for these data, or why such procedures are not necessary" is now as follows: PWPP will be monitored via the commercial power metering device that is regularly calibrated. To ensure the quality of the data, the data are double-checked using sales record and electricity	The revised PDD (version 2) section D.2 reviewed and found acceptable. Hence, CL 21 is closed.



DETERMINATION REPORT

Draft report clarifications and corrective action requests by determination team	Ref. to checklist question in tables 2, 3 and 4	Summary of project owner response	Determination team conclusion
		production records (see more on D.3).	
CL20: The barriers given are not prohibitive enough to prevent the project implementation. It is stated in PDD “Having in mind the above described conditions banks are not willing in providing loans for wind power projects.” Please provide evidences for the same.	Table 2, 1. Additionality of a project, t)	Barrier analysis is not applied in the revised PDD (version 3), because Step 2 concludes, that the proposed project activity without the additional revenues from the sale of the ERUs is unlikely to be economically and financially attractive to investors.	This approach is allowed by Tool for the demonstration and assessment of additionality Ver.5.02, hence CL20 is closed.

APPENDIX B: DETERMINATION TEAM

The verification team consists of the following personnel:

Ashok Mammen, PhD

Bureau Veritas Certification Team Leader, Climate Change Verifier

Dr. Mammen is a lead auditor for the environment, safety and quality management systems and a lead tutor and verifier for GHG projects with over 20 years of experience in chemical and petrochemical field with a Ph. D. in oils and lubricants. He has been involved in the validation and verification processes of more than 100 CDM/JI and other GHG projects.

Tomas Paulaitis, M.Sci

Bureau Veritas Certification Team member, Climate Change Verifier

Tomas Paulaitis is a lead auditor for the environment and quality management systems and a lead GHG verifier (EU ETS, JI) with over 5 years of experience and was/is involved in the determination/verification of more than 10 JI projects. He holds a Master's degree in chemical engineering.

Gediminas Vaskela

Finance specialist

Gediminas Vaskela is certified auditor with over 8 years of experience in auditing, due-diligence, reorganisation, special review and other assurance projects. He was/is involved in the determination/verification of 3 JI projects financial investment analysis.

Ivan Sokolov

Dr. Sci. (biology, microbiology)

Bureau Veritas Certification Internal technical reviewer, Climate Change Lead Verifier, Local Climate Change Product Manager for Ukraine.



DETERMINATION REPORT

He has over 25 years of experience in Research Institute in the field of biochemistry, biotechnology, and microbiology. He is a Lead auditor of Bureau Veritas Certification for Environment Management System (IRCA registered), Quality Management System (IRCA registered), Occupational Health and Safety Management System, and Food Safety Management System. He performed over 140 audits since 1999. Also he is Lead Tutor of the IRCA registered ISO 14000 EMS Lead Auditor Training Course, and Lead Tutor of the IRCA registered ISO 9000 QMS Lead Auditor Training Course. He is Lead Tutor of the Clean Development Mechanism /Joint Implementation Lead Verifier Training Course and he was involved in the determination/verification of 50 JI/CDM projects.